

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Wright State University Foundation, Inc.
Foundation Building 341
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We have reviewed the *Independent Auditor's Report* of the Wright State University Foundation, Inc., Greene County, prepared by FORVIS, 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 Wright State University Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Columbus, Ohio

November 22, 2023

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wright State University Foundation, Inc., 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wright State University Foundation, Inc., 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 Consolidated Financial Statements" section of our report. We are required to be independent of the Wright State University Foundation, Inc., 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Wright State University Foundation, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wright State University Foundation, Inc.'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 Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The management's discussion and analysis and the supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of Wright State University Foundation, Inc.'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 Wright State University Foundation, Inc.'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 Wright State University Foundation, Inc.'s internal control over financial reporting and compliance.

FORVIS,LLP

Cincinnati, Ohio
October 12, 2023

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2023

Overview

This section of the Wright State University Foundation's (the "WSU Foundation" or "Foundation") annual financial report presents management's discussion and analysis of the financial performance of the WSU Foundation during the fiscal years ended June 30, 2023 and 2022. This discussion has been prepared by management along with the consolidated financial statements and related note disclosures and should be read in conjunction with the statements and notes thereto.

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

The discussion below relates to the WSU Foundation's basic consolidated financial statements, including the statements of financial position, statements of activities and statements of cash flows. The statements of financial position present the Foundation's financial situation at June 30, 2023 and 2022. The statements of activities summarize the financial transactions and consequent changes in net assets for the same fiscal years. The statements of cash flows provide details on the changes in cash levels for the same time period.

Financial Highlights

Statements of Financial Position

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

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

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2023

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

Condensed Statements of Financial Position							
(in thousands of dollars)							
	<u>2023</u>	<u>2022</u>	<u>Change, 2022 to 2023</u>		<u>2021</u>	<u>Change, 2021 to 2022</u>	
			Dollars	Percent		Dollars	Percent
Total Assets	\$ 160,143	\$ 149,282	\$ 10,861	7.3%	\$ 166,065	\$ (16,783)	-10.1%
Total Liabilities	\$ 3,934	\$ 3,693	\$ 241	6.5%	\$ 3,505	\$ 188	5.4%
Net Assets:							
Without donor restrictions	12,352	11,218	1,134	10.1%	14,047	(2,829)	-20.1%
With donor restrictions	143,857	134,371	9,486	7.1%	148,513	(14,142)	-9.5%
Total Net Assets	156,209	145,589	10,620	7.3%	162,560	(16,971)	-10.4%
Total Liabilities and Net Assets	\$ 160,143	\$ 149,282	\$ 10,861	7.3%	\$ 166,065	\$ (16,783)	-10.1%

The healthy growth in in the Foundation's total assets was the result of both improved fundraising efforts and investment performance compared to the previous fiscal year. Despite this positive result, the Foundation's total asset value failed to return to FY21 levels. Total asset growth of 7.3% in FY23 was led by an increase in the market value of investments as of the end of the year. Although the markets performed poorly in the first half of the fiscal year, they turned around in the second half resulting in solidly positive returns for the year. Also adding to their value was the decision to return some assets from cash equivalent investments to the public markets, which also had the effect of lowering the Foundation's cash position in contrast to the previous year. Altogether, Foundation portfolios increased in value by \$13.7 million ending the year with a value of \$147.1 million. Also contributing to overall asset growth was an increase in pledges receivable, which saw a 10% increase over FY22. Most of this increase was attributable to a six-figure corporate pledge made during the year, as well as several similarly sized pledges from individuals. Most other asset values remained at a level similar to the previous fiscal year or slightly smaller.

The Foundation's liabilities rose 6.5% year-over-year as both trade accounts payable and amounts held in custody for others saw significant increases by year-end. The latter increase was the result of positive investment performance that increased the value of assets the Foundation invests for two related entities. The increase in accounts payable related to two large billings, one in support of the Boonshoft School of Medicine's geriatric program and the other due to the WSU Alumni Association as a reimbursement for some of its operating expenses.

Given the impact of positive investment performance and fundraising results, it is no surprise that the Foundation's total net asset position increased significantly as well. Total net asset value rose 7.3% or \$10.6 million for the year. Unrestricted net assets, that is those net assets without donor restrictions, also rose, increasing by \$1.1 million or 10.1%. Unrestricted net assets ended the year with a value of \$12.4 million, up from previous year's value of \$11.2 million. Despite the positive net asset position in FY23, the increase experienced in FY23 did not restore values to FY21 levels. .

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2023

Statements of Activities

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

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

Condensed Statements of Activities							
(in thousands of dollars)							
	2023	2022	Change, 2022 to 2023		2021	Change, 2021 to 2022	
			Dollars	Percent		Dollars	Percent
Revenues							
Gifts and contributions	\$ 9,183	\$ 5,568	\$ 3,615	64.9%	\$ 3,265	\$ 2,303	70.5%
Investment earnings (losses)	10,714	(13,497)	24,211	179.4%	31,276	(44,773)	-143.2%
Other	400	(472)	872	184.7%	665	(1,137)	-171.0%
Total revenues	<u>20,297</u>	<u>(8,401)</u>	<u>28,698</u>	<u>341.6%</u>	<u>35,206</u>	<u>(43,607)</u>	<u>-123.9%</u>
Expenses							
Program services	7,593	6,659	934	14.0%	5,628	1,031	18.3%
Fund raising	761	686	75	10.9%	620	66	10.6%
Management and general	1,323	1,224	99	8.1%	1,139	85	7.5%
Total expenses	<u>9,677</u>	<u>8,569</u>	<u>1,108</u>	<u>12.9%</u>	<u>7,387</u>	<u>1,182</u>	<u>16.0%</u>
Change in net assets	<u>\$ 10,620</u>	<u>\$ (16,970)</u>	<u>\$ 27,590</u>	<u>162.6%</u>	<u>\$ 27,819</u>	<u>\$ (44,789)</u>	<u>-161.0%</u>

After reaching a ten-year low in FY21, gifts and contributions to the Foundation have increased significantly for the past two fiscal years. In FY23, over \$9 million in gift revenue was generated surpassing the previous year by 65% or \$3.6 million. Most of that result can be traced to a seven-figure endowed gift from a local corporate partner of the University, as well as several smaller pledges from the same entity. Investment earnings increased over the previous year even more spectacularly, increasing 179%. That increase represented a positive swing of over \$24 million year-over-year. While some of the earnings were unrealized, most were in the form of dividends and interest (\$8.5 million). Total revenues amounted to \$20.3 million for the year and easily surpassed total expenses.

Like revenues, Foundation expenses also increased over the previous year. Total expenses amounted to \$9.7 million, a nearly 13% increase over FY22. Costs related to program expenses increased 14% for the year. Within this category, several areas saw increased activity. Student scholarship awards increased 5.2% as the University sought additional resources in its efforts to recruit and retain students. Academic and support programs also increased spending levels over the previous year. Within this category, a significant increase in capital purchases took place, the majority of which related to the renovation of lab space in the College of Engineering and Computer Science. Spending in support of athletic programs also increased for the year, up 28% versus FY22. Fundraising costs also increased in FY23 as activity returned to pre-COVID levels. Most of this increase went towards direct fundraising and alumni relations activities. Overall, revenues exceeded expenses by \$10.6 million in FY23, a \$27.6 million positive swing over FY22.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2023

Statements of Cash Flows

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

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

Condensed Statements of Cash Flows							
(in thousands of dollars)							
	2023	2022	Change, 2022 to 2023		2021	Change, 2021 to 2022	
			Dollars	Percent		Dollars	Percent
Operating activities	\$ 3,843	\$ 12,168	\$ (8,325)	-68.4%	\$ 1,296	\$ 10,872	838.9%
Investing activities	(11,265)	(9,819)	(1,446)	-14.7%	(2,143)	(7,676)	-358.2%
Financing activities	4,181	1,233	2,948	239.1%	622	611	98.2%
Net change in cash and equivalents	<u>\$ (3,241)</u>	<u>\$ 3,582</u>	<u>\$ (6,823)</u>	<u>-190.5%</u>	<u>\$ (225)</u>	<u>\$ 3,807</u>	<u>1692.0%</u>

The Foundation's cash level dropped during FY23 as a result of the decision to reinvest approximately \$3.7 million in the public markets which had been moved to cash equivalent investments last year. This was the leading factor in the \$3.2 million decline in cash. Cash generated by operations was positive once again, although significantly less than the previous year (-68%). This resulted from an anticipated decline in dividend and interest income as well as increased spending levels in FY23. Both of these results were partially offset by a nearly 30% increase in gift receipts and pledge payments processed by the Foundation. Investing activities resulted in an \$11.3 million decline in cash in FY23, significantly higher than FY22 (+14.7%). The main contributing factor to this result was the reinvestment of dividends and interest earnings, the reinvestment of cash equivalent investments mentioned earlier and investment of the large corporate gift mentioned under the Statements of Activities section. Financing activities also saw a large increase in FY23, most of which can be traced to the corporate gift just referenced.

Investment Performance

The Foundation maintains two significant investment pools with its investment manager, SEI Investments (Oaks, PA). One pool represents endowed assets and the second, all other assets. As discussed above, market returns in FY23 were robust. For the endowed portfolio, that equated to an investment return of 8.30% (net of fees) for the year versus a negative return of 9.91% in FY22. The FY23 one-year endowment return underperformed the Foundation's target return as defined in its investment policy statement. The non-endowed portfolio, which is not invested as aggressively, experienced a net gain of 6.87% (versus an FY22 return of -8.93%). The non-endowed return also failed to surpass its associated weighted benchmark in FY23. Throughout the year, actual asset allocation amounts were close to targets and within tolerances established by the Foundation's investment policy statement.

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Endowment

During the fiscal year ended June 30, 2023, the value of the Foundation's endowment increased by approximately \$7.5 million or 7.6%, finishing the year with a value of \$105.2 million. The increase was driven by the robust investment earnings described elsewhere in this section. Total earnings related to the endowment amounted to \$8.5 million in FY23, a nearly \$18.8 million swing over the previous year. New endowment gifts were nearly \$3 million more than the amount received last year, most of that related to the large corporate gift described above. The endowment generated a distribution of \$4.0 million for the year ended June 30, 2023, a 5.4% decline over the previous fiscal year. For fiscal years 2023 and 2022, the Foundation's spending rate was 4.50%.

Losses experienced in FY22 drove some of the Foundation's endowment values below their original values, that is, below the amount of the original gift and any subsequent gifts made to the fund. When this condition exists, the funds are known as "underwater endowments." The number and value of underwater endowments declined during FY23. The value of underwater endowments fell from (\$212) thousand to (\$117) thousand. There were adequate reserves in all the endowment funds to distribute the full amount of earnings (4.50%) without reducing any funds below 80% of original donated value, as required by Foundation policy.

Debt and Debt Guaranty

The Foundation terminated its line of credit with a local bank during FY23. No new draws on the line of credit were initiated during the year, nor were any debt service payments made for either principal or interest.

During FY11, the Foundation agreed to guarantee debt related to a project initiated by an organization closely related to Wright State University and its mission. During FY23, the Foundation continued to designate a portion of its unrestricted net assets (\$600 thousand) in fulfillment of covenants contained in the debt guaranty. Management does not believe that this guaranty will be needed in the near future. More details about the guaranty may be found in Note 13 to the consolidated financial statements.

Requests for Information

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

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,286,610	\$ 5,527,170
Pledges receivable (net)	5,634,200	5,088,800
Gifts receivable from trusts held by others	1,507,600	1,521,700
Investment in securities	147,128,404	133,476,052
Other investments	193,599	359,566
Interest and dividends receivable	402,236	252,902
Capital assets (net)	1,691,663	1,809,685
Annuity assets	803,867	787,881
Other assets	494,941	458,386
	<u>\$ 160,143,120</u>	<u>\$ 149,282,142</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable:		
Wright State University	\$ 643,260	\$ 699,346
Trade and other	666,893	478,775
Deposits held in custody for others	2,298,714	2,175,462
Annuities payable	324,800	338,900
	<u>3,933,667</u>	<u>3,692,483</u>
 NET ASSETS:		
Without donor restrictions		
Designated by Board	3,260,970	2,474,025
Undesignated	9,091,179	8,744,158
With donor restrictions		
Purpose/time restricted	87,467,380	82,264,100
Perpetually restricted	56,389,924	52,107,376
	<u>156,209,453</u>	<u>145,589,659</u>
TOTAL NET ASSETS	<u>156,209,453</u>	<u>145,589,659</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 160,143,120</u>	<u>\$ 149,282,142</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2023 with comparative 2022 totals

	<u>Without</u> Donor <u>Restriction</u>	<u>With</u> Donor <u>Restriction</u>	<u>Total</u> <u>2023</u>	<u>Total</u> <u>2022</u>
REVENUE AND OTHER SUPPORT:				
Gifts and contributions	\$ 70,570	\$ 9,112,099	\$ 9,182,669	\$ 5,568,439
Gift fee charged to certain restricted gifts	150,085	(150,085)	-	-
Investment earnings:				
Interest and dividends	1,606,784	6,885,558	8,492,342	15,037,908
Net realized and unrealized gains/(losses)	354,006	1,867,840	2,221,846	(28,534,468)
Administrative fee charged to certain restricted account	1,356,775	(1,356,775)	-	-
Change in value of split interest agreements	-	(51,183)	(51,183)	(407,083)
Other income (loss)	140,098	311,195	451,293	(65,448)
Net assets released from restrictions	<u>7,131,121</u>	<u>(7,131,121)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>10,809,439</u>	<u>9,487,528</u>	<u>20,296,967</u>	<u>(8,400,652)</u>
EXPENSES AND LOSSES:				
Program services:				
Scholarships	3,144,682	-	3,144,682	2,987,939
University programs	3,325,109	-	3,325,109	2,528,637
Athletic programs	768,341	-	768,341	598,013
Research	320,171	-	320,171	456,917
Miscellaneous grants	31,234	-	31,234	22,695
Other program expenses and losses (gains)	1,650	1,700	3,350	64,453
Fund raising	761,439	-	761,439	686,079
Management and general	<u>1,322,847</u>	<u>-</u>	<u>1,322,847</u>	<u>1,224,289</u>
Total expenses	<u>9,675,473</u>	<u>1,700</u>	<u>9,677,173</u>	<u>8,569,022</u>
CHANGE IN NET ASSETS	1,133,966	9,485,828	10,619,794	(16,969,674)
NET ASSETS				
Beginning of year	<u>11,218,183</u>	<u>134,371,476</u>	<u>145,589,659</u>	<u>162,559,333</u>
End of year	<u>\$12,352,149</u>	<u>\$143,857,304</u>	<u>\$156,209,453</u>	<u>\$145,589,659</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	Total <u>2022</u>
REVENUE AND OTHER SUPPORT:			
Gifts and contributions	\$ 149,929	\$ 5,418,510	\$ 5,568,439
Gift fee charged to certain restricted gifts	174,353	(174,353)	-
Investment earnings:			
Interest and dividends	2,532,423	12,505,485	15,037,908
Net realized and unrealized gains/(losses)	(5,070,044)	(23,464,424)	(28,534,468)
Administrative fee charged to certain restricted account	1,526,310	(1,526,310)	-
Change in value of split interest agreements	-	(407,083)	(407,083)
Other income (loss)	7,552	(73,000)	(65,448)
Net assets released from restrictions	6,548,050	(6,548,050)	-
Change in donor restrictions	<u>(133,498)</u>	<u>133,498</u>	<u>-</u>
Total revenue and other support	<u>5,735,075</u>	<u>(14,135,727)</u>	<u>(8,400,652)</u>
EXPENSES AND LOSSES:			
Program services:			
Scholarships	2,987,939	-	2,987,939
University programs	2,528,637	-	2,528,637
Athletic programs	598,013	-	598,013
Research	456,917	-	456,917
Miscellaneous grants	22,695	-	22,695
Other program expenses and losses (gains)	59,053	5,400	64,453
Fund raising	686,079	-	686,079
Management and general	<u>1,224,289</u>	<u>-</u>	<u>1,224,289</u>
Total expenses	<u>8,563,622</u>	<u>5,400</u>	<u>8,569,022</u>
CHANGE IN NET ASSETS	(2,828,547)	(14,141,127)	(16,969,674)
NET ASSETS			
Beginning of year	<u>14,046,730</u>	<u>148,512,603</u>	<u>162,559,333</u>
End of year	<u>\$11,218,183</u>	<u>\$134,371,476</u>	<u>\$145,589,659</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Cash received from contributors	\$ 8,559,068	\$ 6,586,079
Less: Gifts and contributions received for permanently restricted accounts	(4,181,336)	(1,233,494)
Interest and dividends received	8,513,680	14,852,863
Cash received (expended) from other revenue sources	466,468	5,255
Cash paid to students	(3,408,589)	(3,123,260)
Cash paid to employees	(2,279,069)	(2,478,029)
Cash paid to suppliers	(3,798,079)	(2,391,565)
Custodial deposits received	10,500	-
Custodial deposits returned	(40,000)	(50,000)
Net cash provided by operating activities	<u>3,842,643</u>	<u>12,167,849</u>
INVESTING ACTIVITIES:		
Cash paid for investments	(19,444,748)	(19,076,579)
Cash received from investments	8,180,209	9,257,085
Net cash used in investing activities	<u>(11,264,539)</u>	<u>(9,819,494)</u>
FINANCING ACTIVITIES:		
Gifts and contributions received for permanently restricted accounts	4,181,336	1,233,494
Net cash provided by financing activities	<u>4,181,336</u>	<u>1,233,494</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(3,240,560)	3,581,849
CASH AND EQUIVALENTS - Beginning of year	<u>5,527,170</u>	<u>1,945,321</u>
CASH AND EQUIVALENTS - End of year	<u>\$ 2,286,610</u>	<u>\$ 5,527,170</u>

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

NOTE 1 - ORGANIZATION AND OPERATION

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

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

The 651-acre Wright State campus is located near Dayton, Ohio and was founded in 1964. Wright State is a four-year institution operating under the auspices of the State of Ohio’s public university system. Financial statements for the University may be obtained from the Controller’s Office, University Hall, 3640 Colonel Glenn Highway, Dayton, Ohio 45435-0001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2023 and 2022, management has concluded that they are unaware of any impairments to be recorded.

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2023 and 2022, respectively.

The Foundation and Raider Food Pantry do not have any tax benefits recorded at June 30, 2023 and do not expect that position to significantly change in the next year. The Foundation and Raider Food Pantry would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2023 and 2022.

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

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2023. Management has performed their analysis through October 12, 2023, the date the consolidated financial statements were available to be issued.

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

NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

The Foundation’s financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2023, the Foundation’s cash accounts exceeded federally insured limits by approximately \$1,809,000.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

For the year ended June 30, 2023, approximately 42 percent of the Foundation's gift revenue was from a single donor. There were no material gift revenue concentrations for the year ended June 30, 2022.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2023 and 2022.

	Fair Value Measurements at June 30, 2023 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,507,600	\$ -	\$ 1,507,600
Investment in securities:					
Cash and equivalents	-	-	-	-	-
Mutual funds:					
Equity	80,456,701	-	-	-	80,456,701
Fixed income	44,442,457	-	-	-	44,442,457
Alternative assets:					
Hedge funds	-	-	-	17,247,215	17,247,215
Private equity	-	-	-	4,136,307	4,136,307
Distressed debt	-	-	-	845,724	845,724
Total investment in securities	124,899,158	-	-	22,229,246	147,128,404
Other investments - limited partnerships	-	-	-	193,599	193,599
Other assets - equity	211,389	-	-	-	211,389
Annuity assets					
Cash and equivalents	30,447	-	-	-	30,447
Mutual funds-securities	773,420	-	-	-	773,420
Total annuity assets	803,867	-	-	-	803,867
Total	<u>\$ 125,914,414</u>	<u>\$ -</u>	<u>\$ 1,507,600</u>	<u>\$ 22,422,845</u>	<u>\$ 149,844,859</u>
	Fair Value Measurements at June 30, 2022 Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	Totals
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,521,700	\$ -	\$ 1,521,700
Investment in securities:					
Cash and equivalents	-	-	-	-	-
Mutual funds:					
Equity	70,853,253	-	-	-	70,853,253
Fixed income	41,415,766	-	-	-	41,415,766
Alternative assets:					
Hedge funds	-	-	-	13,572,347	13,572,347
Private equity	-	-	-	3,822,101	3,822,101
Distressed debt	-	-	-	3,812,585	3,812,585
Total investment in securities	112,269,019	-	-	21,207,033	133,476,052
Other investments - limited partnerships	-	-	-	359,566	359,566
Other assets - equity	182,814	-	-	-	182,814
Annuity assets					
Cash and equivalents	26,733	-	-	-	26,733
Mutual funds-securities	761,148	-	-	-	761,148
Total annuity assets	787,881	-	-	-	787,881
Total	<u>\$ 113,239,714</u>	<u>\$ -</u>	<u>\$ 1,521,700</u>	<u>\$ 21,566,599</u>	<u>\$ 136,328,013</u>

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

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

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

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The tables below present a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2023 and 2022:

	2023
	Gifts Receivable from Trusts Held by Others
Beginning balance, July 1	\$ 1,521,700
Redemptions	-
Change in value of split interest agreements	(14,100)
Ending balance, June 30	\$ 1,507,600
	2022
	Gifts Receivable from Trusts Held by Others
Beginning balance, July 1	\$ 1,890,000
Redemptions	-
Change in value of split interest agreements	(368,300)
Ending balance, June 30	\$ 1,521,700

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

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

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

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

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Part of the Foundation's hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2023, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

The Foundation's second hedge fund allocation is structured more like a mutual fund, but also sited offshore. The fund's investment objective is to seek to generate attractive risk-adjusted returns by employing a "global macro" thematic investment strategy, which is based on a top-down assessment of global monetary and fiscal policies, economic conditions, political developments, market expectations and other "macro" factors. The focus of the fund's investment strategy is targeted on liquid asset classes with most trading strategies expressed in markets for global government fixed income, currency and equity, typically via derivatives and primarily with medium to longer-term investment horizons. Other asset classes such as commodities and credit may also be employed as a part of the fund's investment strategy. The main focus of the investment strategy will be on developed markets, though opportunities may arise in various emerging markets from time to time. There is no lock-up period for this fund. Liquidation requests may be made quarterly with 95 days prior notification and subject to a 10% holdback of total redemptions on the final payment pending completion of the fund's final audit. At June 30, 2023, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

The Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a highly diversified pool of long-term investments in non-publicly traded companies with relatively short durations and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2023, the Foundation's total capital commitment of \$6,400,000 was 80.3% (\$5,142,018) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

The Foundation's latest investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to achieve an attractive risk-adjusted return relative to other asset class alternatives through the identification and selection of a set of private assets managers that manage underlying funds across a broad spectrum of venture capital, buyouts, debt, real estate and real asset/infrastructure investments. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2023, the Foundation's total capital commitment of \$6,400,000 was 18.4% (\$1,175,883) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2023. The fund's lockup period of three years ended in August 2018. However, upon recommendation of the fund manager and in order to enhance the fund's performance, the Foundation agreed to a further three-year lockup period, which ended in April 2022. Liquidations may be requested on a semi-annual basis with a 95-days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2023 and 2022, by fund type, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 4,172	\$ 2,652,116	\$ 2,656,288
One to five years	-	1,739,589	1,739,589
Six years or greater	-	2,071,970	2,071,970
Gross pledges receivable	4,172	6,463,675	6,467,847
Present value discount	(72)	(774,075)	(774,147)
Allowance for uncollectible pledges	-	(59,500)	(59,500)
Pledges receivable (net)	\$ 4,100	\$ 5,630,100	\$ 5,634,200
	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 6,117	\$ 2,354,657	\$ 2,360,774
One to five years	-	1,491,876	1,491,876
Six years or greater	-	1,979,470	1,979,470
Gross pledges receivable	6,117	5,826,003	5,832,120
Present value discount	(17)	(685,503)	(685,520)
Allowance for uncollectible pledges	-	(57,800)	(57,800)
Pledges receivable (net)	\$ 6,100	\$ 5,082,700	\$ 5,088,800

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.29% to 4.13%.

NOTE 6 - GIFTS RECEIVABLE FROM TRUSTS HELD BY OTHERS

The Foundation is a party to charitable gift trusts. Third-party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor, less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balances at June 30, 2023 and 2022 were \$1,507,600 and \$1,521,700, respectively, and are included in net assets with donor restrictions.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Mutual funds:		
Equity	\$ 80,456,701	\$ 70,853,253
Fixed income	44,442,457	41,415,766
Alternative assets	<u>22,229,246</u>	<u>21,207,033</u>
Totals	<u>\$ 147,128,404</u>	<u>\$ 133,476,052</u>

Net realized gains on sales of investments were \$269,795 and \$1,025,582 for the years ended June 30, 2023 and 2022, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains/(losses) amounted to \$1,952,051 and (\$29,560,050) for the years ended June 30, 2023 and 2022, respectively.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

NOTE 8 - OTHER ASSETS

Included in other assets are unrestricted funds set aside for a specific group of University students to invest to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2023 and 2022 was \$211,389 and \$182,814, respectively. Gains and losses generated from the project are included in other income. Total net gains and losses for 2023 and 2022 amounted to \$28,575 and (\$70,704), respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2023 and 2022 is summarized as follows:

	2023		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	28,632	-	28,632
Total capital assets	2,845,763	-	2,845,763
Less accumulated depreciation:			
Buildings and improvements	1,007,446	118,022	1,125,468
Machinery and equipment	28,632	-	28,632
Total accumulated depreciation	1,036,078	118,022	1,154,100
Capital assets, net	\$ 1,809,685	\$ (118,022)	\$ 1,691,663
	2022		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	28,632	-	28,632
Total capital assets	2,845,763	-	2,845,763
Less accumulated depreciation:			
Buildings and improvements	889,424	118,022	1,007,446
Machinery and equipment	28,632	-	28,632
Total accumulated depreciation	918,056	118,022	1,036,078
Capital assets, net	\$ 1,927,707	\$ (118,022)	\$ 1,809,685

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 – RELATED PARTY TRANSACTIONS

Most of the Foundation’s expenses are processed by the University Controller’s Office. For the years ended June 30, 2023 and 2022, the University processed expenses of \$7,532,834 and \$6,824,018, respectively, on the Foundation’s behalf. The Foundation reimburses the University monthly for those checks written on its behalf. At June 30, 2023 and 2022, the balance owed to the University was \$643,260 and \$699,346, respectively.

NOTE 11 - DEPOSITS HELD IN CUSTODY FOR OTHERS

Assets currently held by the Foundation in custody for others consist primarily of resources deposited by the Western Ohio Education Foundation (WEOF), an educational Foundation that benefits the Lake Campus branch of Wright State University, and the Wright State University Alumni Association. As of June 30, 2023 and 2022, the balances of these deposits were as follows:

	<u>2023</u>	<u>2022</u>
WEOF	\$ 1,267,127	\$ 1,211,848
WSU Alumni Association	1,031,187	963,214
Rental deposits	400	400
Totals	<u>\$ 2,298,714</u>	<u>\$ 2,175,462</u>

NOTE 12 - LINE OF CREDIT

During the year ended June 30, 2022 and for part of the year ended June 30, 2023, the Foundation maintained a line-of-credit agreement with a bank that provided up to \$1.5 million of borrowings at the bank’s prime rate or BSBY, plus 1.00%. The line of credit expired March 31, 2023, and was not renewed. The line of credit was collateralized with a portion of the Foundation’s investments. There were no outstanding borrowings at June 30, 2023 or at June 30, 2022.

NOTE 13 - DEBT GUARANTY

During fiscal year 2011, the Foundation entered into an agreement with Dayton Regional STEM Schools, Incorporated (“STEM”) guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM’s fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2023, no amounts have been recognized as a liability under the financial guaranty in the Foundation’s consolidated statements of financial position, as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 14 - NET ASSETS

Net assets, as of June 30, 2023 and 2022, are available for the following purposes:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Scholarships	\$ 1,106,538	\$ 54,465,666	\$ 55,572,204
University programs	250,000	76,717,637	76,967,637
Athletic programs	-	810,042	810,042
Research	-	11,863,959	11,863,959
Market stabilization	1,304,432	-	1,304,432
Debt guaranty	600,000	-	600,000
Undesignated	9,091,179	-	9,091,179
Totals	\$ 12,352,149	\$ 143,857,304	\$ 156,209,453

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Scholarships	\$ 358,948	\$ 51,708,496	\$ 52,067,444
University programs	250,000	70,349,060	70,599,060
Athletic programs	-	885,541	885,541
Research	-	11,428,379	11,428,379
Market stabilization	1,265,077	-	1,265,077
Debt guaranty	600,000	-	600,000
Undesignated	8,744,158	-	8,744,158
Totals	\$ 11,218,183	\$ 134,371,476	\$ 145,589,659

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 15 - ENDOWMENT COMPOSITION

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

Endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 67,137,976	\$ 67,137,976
Board-designated funds	606,538	37,433,855	38,040,393
Totals	\$ 606,538	\$ 104,571,831	\$ 105,178,369
	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 60,696,702	\$ 60,696,702
Board-designated funds	608,948	36,422,123	37,031,071
Totals	\$ 608,948	\$ 97,118,825	\$ 97,727,773

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 608,948	\$ 97,118,825	\$ 97,727,773
Investment return			
Investment income (net)	-	6,548,632	6,548,632
Net appreciation (depreciation)	-	1,923,525	1,923,525
Total investment return	-	8,472,157	8,472,157
Contributions	-	4,197,487	4,197,487
Change in value of split interest agreements	-	(37,083)	(37,083)
Other income	-	73,840	73,840
Change in donor restrictions	-	66,405	66,405
Net assets released from restrictions	26,978	-	26,978
Appropriation of assets for expenditure	(29,388)	(5,319,800)	(5,349,188)
Net assets, end of year	<u>\$ 606,538</u>	<u>\$ 104,571,831</u>	<u>\$ 105,178,369</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 603,495	\$ 111,544,568	\$ 112,148,063
Investment return			
Investment income (net)	-	12,329,382	12,329,382
Net appreciation (depreciation)	-	(22,609,481)	(22,609,481)
Total investment return	-	(10,280,099)	(10,280,099)
Contributions	-	1,237,871	1,237,871
Change in value of split interest agreements	-	(38,783)	(38,783)
Other income	-	(134,702)	(134,702)
Change in donor restrictions	-	169,810	169,810
Net assets released from restrictions	28,909	-	28,909
Appropriation of assets for expenditure	(23,456)	(5,379,840)	(5,403,296)
Net assets, end of year	<u>\$ 608,948</u>	<u>\$ 97,118,825</u>	<u>\$ 97,727,773</u>

(Continued)

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

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

The Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, while not permanently restricted, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return equal to inflation (CPI) plus the current spending rate (4.5%) and administrative expenses (currently 1.5%) without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2023 and 2022, the spending rate for the Foundation was 4.50% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Such amounts totaled \$117,165 and \$212,036 as of June 30, 2023 and 2022, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2023 and 2022.

The reserve policy further stipulates that in those years in which the net assets without donor restrictions of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. No transfer is required if the reserve amount is greater than \$1 million. Since the value of the reserve exceeded \$1 million in fiscal years 2023 and 2022, no such transfers were required.

NOTE 16 - LEASE REVENUE

The Foundation leases office space in its building to several non-university tenants. Rent revenues for the years ended June 30, 2023 and 2022, were \$109,055 and \$77,078, respectively. Future minimum revenues for all leases as of June 30, 2023 are as follows:

2024	\$ 149,676
2025	149,676
2026	98,548
2027	17,460
2028	<u>17,460</u>
Total lease revenues	<u>\$ 432,820</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 17 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2023 and 2022, consist of the following:

2023									
Expense Category	Program Services						Support Services		Totals
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other Program Expenses/Losses	Fund Raising	Management & General	
Salaries and wages	\$ 1,573	\$ 662,585	\$ 92,306	\$ 182,148	\$ -	\$ 1,463	\$ 198,117	\$ 616,710	\$ 1,754,902
Employee benefits	-	136,052	27,693	44,829	-	112	72,296	243,185	524,167
Professional services	-	657,423	14,756	21,505	11,437	-	93,585	91,705	890,411
Supplies	-	258,118	29,789	6,005	382	-	331	4,982	299,607
Travel	(6,250)	308,292	358,633	9,644	11,176	75	58,098	26,719	766,387
Information/communications	(1,250)	193,730	116,967	5,507	6,789	-	338,671	76,950	737,364
Maintenance and repair	-	16,294	43,344	-	-	-	106	105,372	165,116
Student financial aid	3,150,609	216,180	9,917	30,433	1,450	-	-	-	3,408,589
Other	-	22,683	10,039	100	-	1,700	235	39,202	73,959
Capital purchases	-	853,752	64,897	20,000	-	-	-	-	938,649
Depreciation	-	-	-	-	-	-	-	118,022	118,022
Totals	\$3,144,682	\$3,325,109	\$ 768,341	\$ 320,171	\$ 31,234	\$ 3,350	\$ 761,439	\$1,322,847	\$ 9,677,173

2022									
Expense Category	Program Services						Support Services		Totals
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other Program Expenses/Losses	Fund Raising	Management & General	
Salaries and wages	\$ 885	\$ 796,893	\$ 152,289	\$ 217,370	\$ 1,738	\$ 19,449	\$ 194,317	\$ 587,174	\$ 1,970,115
Employee benefits	85	143,825	27,687	44,839	265	4,006	73,463	213,744	507,914
Professional services	-	529,746	13,792	1,515	-	10,910	37,456	63,067	656,486
Supplies	3,006	274,992	19,948	139,704	-	-	2,733	10,844	451,227
Travel	-	318,633	258,724	2,527	14,504	4,231	44,775	16,089	659,483
Information/communications	3	95,413	108,925	2,589	6,078	20,457	333,203	61,315	627,983
Maintenance and repair	-	9,120	90	-	-	-	-	113,500	122,710
Student financial aid	2,980,939	140,808	427	1,086	-	-	-	-	3,123,260
Other	-	19,167	10,667	2,361	110	5,400	132	40,534	78,371
Capital purchases	3,021	200,040	5,464	44,926	-	-	-	-	253,451
Depreciation	-	-	-	-	-	-	-	118,022	118,022
Totals	\$2,987,939	\$2,528,637	\$ 598,013	\$ 456,917	\$ 22,695	\$ 64,453	\$ 686,079	\$1,224,289	\$ 8,569,022

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 18 - FUND RAISING EXPENSES

Fundraising expenses, for the years ended June 30, 2023 and 2022, consist of the following:

	2023	2022
Fund raising departments	\$ 359,821	\$ 309,445
Fund raising support departments	152,402	149,244
Alumni relations department	<u>249,216</u>	<u>227,390</u>
Totals	<u>\$ 761,439</u>	<u>\$ 686,079</u>

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

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

NOTE 19 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2023 and 2022, consist of the following:

	2023	2022
Foundation board/committees	\$ 121,360	\$ 104,853
President & CEO Department	420,530	376,175
Finance Department	443,756	423,853
Legal	29,963	15,617
Building operation and maintenance	113,211	121,514
Unallocated		
Depreciation	118,022	118,022
Audit/tax filing fees	44,839	32,125
Insurance	21,550	21,258
Other	<u>9,616</u>	<u>10,872</u>
Totals	<u>\$ 1,322,847</u>	<u>\$ 1,224,289</u>

(Continued)

NOTE 19 – MANAGEMENT AND GENERAL EXPENSES (Continued)

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

NOTE 20 – PENSION PLAN

In August 2018, the Foundation established a defined contribution retirement plan for all full-time employees. Contributions are based on a percentage of gross wages. Total pension expenses for the years ended June 30, 2023 and 2022, were \$48,811 and \$47,195, respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 21 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	2023	2022
Total assets	\$ 160,143,120	\$ 149,282,142
Donor restricted assets		
Donor designated funds	(88,538,407)	(82,587,064)
Donor endowed funds	(56,831,337)	(52,545,676)
Total assets without donor restrictions	14,773,376	14,149,402
Financial assets not available to meet cash needs for general expenditures within one year	(4,255,133)	(4,278,976)
Total financial assets	10,518,243	9,870,426
Internal designations		
Board designated endowments	(606,538)	(608,948)
Board designated general scholarship support	(750,000)	-
Amount set aside for market stabilization	(1,000,000)	(1,000,000)
Amount set aside for fund raising incentives	-	(206,000)
Amount set aside for debt guaranty	(600,000)	(600,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,561,705	\$ 7,455,478

Information presented for fiscal year 2022 has been adjusted to more accurately reflect internal designations. This change did not have a material impact on the financial statements.

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

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

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

(Continued)

NOTE 21 – LIQUIDITY AND AVAILABILITY (Continued)

Funds designated by the Foundation board as endowments (quasi-endowments) are not intended to be spent by the Foundation. However, these amounts could be made available as necessary. The Foundation maintains a market stabilization reserve (as further discussed in Note 15) that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. As of June 30, 2023 and 2022, the market stabilization reserve was \$1,304,432 and \$1,265,077, respectively. However, because the market stabilization reserve policy caps the amount of the reserve at \$1,000,000, values over and above that amount are considered available for general use by the Foundation Board of Trustees.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain liquid assets in an amount sufficient to cover existing designated fund balances, approved strategic investment commitments and an operating reserve equal to twelve (12) months of operating expenses (average actual operating expenses and net interfund transfers for the past three fiscal years). To achieve these targets, the Foundation monitors its liquidity reserve quarterly throughout the fiscal year. Such analysis is utilized in the development of the Foundation's annual operating budget, as well as in considering requests made by the University for special appropriations of unrestricted resources. As of June 30, 2023 and 2022, the operating reserve was \$1,996,077 and \$1,952,394, respectively. During the years ended June 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

(Continued)

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL REVENUES (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Gifts and Contributions			Investment Earnings			Other Income (Losses)	Total Revenues	
	Without Donor Restrictions	With Donor Restrictions	Subtotal	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)			Subtotal
2014	\$ 196,863	\$ 9,290,539	\$ 9,487,402	\$ 1,426,786	\$ 1,480,018	\$ 9,356,875	\$ 12,263,679	\$ 1,047,371	\$ 22,798,452
2015	147,684	11,424,503	11,572,187	2,738,783	5,833,612	(6,173,070)	2,399,325	268,332	14,239,844
2016	151,419	9,257,155	9,408,574	6,409,866	1,284,952	(9,851,700)	(2,156,882)	111,079	7,362,771
2017	154,978	4,114,521	4,269,499	2,523,002	449,610	8,979,369	11,951,981	330,591	16,552,071
2018	146,034	4,745,363	4,891,397	3,905,611	1,765,292	1,592,066	7,262,969	318,301	12,472,667
2019	137,793	4,285,920	4,423,713	5,710,053	86,550	134,375	5,930,978	208,344	10,563,035
2020	131,126	9,918,173	10,049,299	5,261,642	(165,790)	(5,282,719)	(186,867)	8,386	9,870,818
2021	124,925	3,139,923	3,264,848	4,065,790	4,934,077	22,276,363	31,276,230	664,283	35,205,361
2022	149,929	5,418,510	5,568,439	15,037,908	1,025,582	(29,560,050)	(13,496,560)	(472,531)	(8,400,652)
2023	70,570	9,112,099	9,182,669	8,492,342	269,795	1,952,051	10,714,188	400,110	20,296,967

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY SERVICE AREA (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Program Services						Fund Raising	Management and General	Total Expenses	
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other				Subtotal
2014	\$ 2,765,129	\$ 2,835,724	\$ 433,417	\$ 587,103	\$ 324,967	\$ 11,400	\$ 6,957,740	\$ 1,215,032	\$ 601,251	\$ 8,774,023
2015	3,053,382	4,026,473	677,883	538,708	1,082,706	19,300	9,398,452	1,599,698	399,267	11,397,417
2016	3,368,276	5,707,199	383,793	479,000	595,295	10,400	10,543,963	1,415,946	405,999	12,365,908
2017	3,037,346	5,906,322	426,541	495,393	243,545	90,368	10,199,515	1,037,528	382,935	11,619,978
2018	3,329,309	5,504,557	179,346	728,228	185,156	(18,900)	9,907,696	1,090,137	382,792	11,380,625
2019	3,290,754	4,291,085	257,309	701,294	93,105	(3,900)	8,629,647	960,775	636,294	10,226,716
2020	2,939,855	3,215,600	346,725	1,003,620	45,541	7,100	7,558,441	799,055	951,818	9,309,314
2021	3,072,025	1,868,056	222,318	428,695	40,711	(4,100)	5,627,705	620,163	1,138,800	7,386,668
2022	2,987,939	2,528,637	598,013	456,917	22,695	64,453	6,658,654	686,079	1,224,289	8,569,022
2023	3,144,682	3,325,109	768,341	320,171	31,234	3,350	7,592,887	761,439	1,322,847	9,677,173

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY OBJECT CATEGORY (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Salaries and Wages	Employee Benefits	Professional Services	Supplies	Travel	Information and Communications	Maintenance and Repair	Student Financial Aid	Other	Capital Purchases/Depreciation	Debt Service	Total Expenses
2014	\$ 1,416,101	\$ 407,065	\$ 1,367,097	\$ 449,479	\$ 638,517	\$ 671,974	\$ 324,946	\$ 2,820,222	\$ 181,338	\$ 486,855	\$ 10,429	\$ 8,774,023
2015	1,936,174	504,022	2,101,344	350,743	784,954	739,224	273,553	3,246,465	449,886	1,001,720	9,332	11,397,417
2016	1,909,523	533,245	2,186,118	519,961	709,340	811,880	273,694	3,613,933	140,652	1,658,991	8,571	12,365,908
2017	2,100,559	541,860	2,358,551	537,301	904,218	701,342	256,343	3,233,209	207,629	770,138	8,828	11,619,978
2018	3,071,507	716,724	1,236,639	437,562	981,476	898,698	141,926	3,561,554	59,418	268,395	6,726	11,380,625
2019	2,294,243	648,022	500,948	444,516	833,584	705,625	158,971	3,492,424	130,113	1,018,270	-	10,226,716
2020	2,538,877	719,283	409,058	460,020	514,199	439,758	143,466	3,091,449	98,398	894,806	-	9,309,314
2021	1,967,061	539,060	232,730	476,813	81,258	439,735	117,020	3,212,188	39,846	280,957	-	7,386,668
2022	1,970,115	507,914	656,486	451,227	659,483	627,983	122,710	3,123,260	78,371	371,473	-	8,569,022
2023	1,754,902	524,167	890,411	299,607	766,387	737,364	165,116	3,408,589	73,959	1,056,671	-	9,677,173

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL ASSETS (Unaudited)
June 30, 2014 to 2023

Fiscal Year	Cash and Equivalents	Net Pledges Receivable	Receivable from Trusts	Investments	Annuity Assets	Capital Assets	Other Assets	Total Assets
2014	\$ 3,273,096	\$ 6,440,300	\$ 1,326,100	\$ 119,335,746	\$ 815,123	\$ 2,674,455	\$ 853,616	\$ 134,718,436
2015	1,578,574	11,329,600	1,394,640	118,953,828	706,048	2,604,131	836,236	137,403,057
2016	1,049,283	12,381,300	1,314,700	112,339,191	744,395	2,532,135	1,707,219	132,068,223
2017	3,751,810	9,980,600	1,410,200	117,227,326	815,586	2,410,022	1,641,040	137,236,584
2018	2,403,792	7,616,900	1,529,900	118,974,016	837,991	2,287,911	3,290,261	136,940,771
2019	2,156,547	5,932,900	1,531,200	121,738,277	841,450	2,165,799	3,019,105	137,385,278
2020	2,170,778	7,205,300	1,522,800	121,460,627	816,458	2,045,729	2,423,159	137,644,851
2021	1,945,321	5,986,400	1,890,000	152,177,639	976,913	1,927,707	1,160,702	166,064,682
2022	5,527,170	5,088,800	1,521,700	133,476,052	787,881	1,809,685	1,070,854	149,282,142
2023	2,286,610	5,634,200	1,507,600	147,128,404	803,867	1,691,663	1,090,776	160,143,120

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL LIABILITIES AND NET ASSETS (Unaudited)
June 30, 2014 to 2023

Fiscal Year	LIABILITIES					NET ASSETS		
	Payable to WSU and Vendors	Deposits Held for Others	Annuities Payable	Loans Payable	Total Liabilities	Without Donor Restricts	With Donor Restrictions	Total Net Assets
2014	\$ 1,390,264	\$ 1,997,880	\$ 350,900	\$ 1,000,000	\$ 4,739,044	\$ 9,318,236	\$ 120,661,156	\$ 129,979,392
2015	1,425,543	2,026,895	328,800	800,000	4,581,238	7,623,690	125,198,229	132,821,919
2016	1,339,736	1,957,705	352,100	600,000	4,249,541	5,204,186	122,614,496	127,818,682
2017	1,654,727	2,056,483	374,600	400,000	4,485,810	7,549,356	125,201,419	132,750,775
2018	702,464	2,013,390	382,100	-	3,097,954	8,676,861	125,165,956	133,842,817
2019	718,440	2,113,602	374,100	-	3,206,142	9,235,224	124,943,912	134,179,136
2020	511,229	2,032,182	360,800	-	2,904,211	8,534,355	126,206,285	134,740,640
2021	719,877	2,434,172	351,300	-	3,505,349	14,046,730	148,512,603	162,559,333
2022	1,178,121	2,175,462	338,900	-	3,692,483	11,218,183	134,371,476	145,589,659
2023	1,310,153	2,298,714	324,800	-	3,933,667	12,352,149	143,857,304	156,209,453

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF NET ASSET RESTRICTIONS AND DESIGNATIONS (Unaudited)
June 30, 2014 to 2023

Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Market Stabilization	Debt Guaranty	Undesignated	Total Net Assets
2014	\$42,601,565	\$65,584,260	\$ 124,848	\$12,933,332	\$ 1,099,978	\$ 600,000	\$ 7,035,409	\$ 129,979,392
2015	44,525,336	68,187,153	128,390	12,941,749	1,118,077	600,000	5,321,114	132,821,819
2016	44,107,920	66,436,910	140,297	12,513,350	645,866	600,000	3,374,339	127,818,682
2017	46,609,113	66,667,777	184,459	12,324,784	1,168,147	600,000	5,196,495	132,750,775
2018	46,981,076	66,031,148	489,987	12,240,401	1,185,422	600,000	6,314,783	133,842,817
2019	47,040,704	65,823,412	760,738	11,900,237	1,254,326	600,000	6,799,719	134,179,136
2020	48,665,773	66,106,768	761,108	11,275,019	1,312,511	600,000	6,019,461	134,740,640
2021	58,945,769	76,830,624	1,033,782	12,305,923	1,353,371	600,000	11,489,864	162,559,333
2022	52,067,444	70,599,060	885,541	11,428,379	1,265,077	600,000	8,744,158	145,589,659
2023	55,572,204	76,967,637	810,042	11,863,959	1,304,432	600,000	9,091,179	156,209,453

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND REVENUES (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Gifts and Contributions	Gift Fees	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Administrative Fees	Rental Income	Other Income (Expense)	Totals
2014	\$ 196,863	\$ -	\$ 460,996	\$ 679,392	\$ 1,833,180	\$ 819,068	\$ 132,553	\$ 88,662	\$ 4,210,714
2015	147,685	-	802,712	1,806,404	(2,370,247)	871,936	185,350	62,247	1,506,087
2016	151,419	-	1,617,594	(85,005)	(2,626,802)	845,485	188,603	16,897	108,191
2017	154,978	-	735,760	217,475	2,145,521	782,438	74,096	32,948	4,143,216
2018	146,034	-	1,056,778	470,442	172,558	838,811	74,678	107,747	2,867,048
2019	137,793	-	1,285,673	89,627	(80,873)	860,645	74,678	(71,443)	2,296,100
2020	131,126	-	1,158,806	129,520	(1,175,518)	1,062,979	74,678	(73,200)	1,308,391
2021	124,925	-	1,019,496	(122,605)	5,115,062	1,219,646	76,878	85,945	7,519,347
2022	149,929	174,353	2,532,423	644,891	(5,714,935)	1,526,310	77,078	(69,526)	(679,477)
2023	70,570	150,085	1,606,784	199,823	154,183	1,356,775	109,055	31,043	3,678,318

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND EXPENSES (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Program Services			Fund Raising				Management and General						Totals
	Scholarships	Miscellaneous Grants	Other Program Expenses and Losses (Gains)	Fund Raising Leadership	Fund Raising Departments	Fund Raising Support Departments	Alumni Relations	Foundation Board/Committees	President & CEO Department	Finance Department	Legal	Building Operation & Maintenance	Unallocated ¹	
2014	\$ 28,300	\$324,967	\$ -	\$ -	\$1,030,908	\$ 184,124	\$ -	\$ 30,324	\$ -	\$ -	\$ 3,223	\$ 154,631	\$ 424,473	\$ 2,180,950
2015	29,430	1,082,706	-	-	1,410,555	189,143	-	19,298	-	-	9,481	149,299	240,489	3,130,401
2016	32,660	595,295	-	23,275	1,168,468	224,203	-	18,243	-	-	8,568	134,986	254,602	2,460,300
2017	30,600	243,545	115,268	174,321	379,551	282,984	200,672	29,608	-	-	19,806	105,214	228,307	1,809,876
2018	34,059	185,156	(100)	154,730	372,564	361,659	201,184	9,392	-	-	27,958	129,001	216,441	1,692,044
2019	28,944	93,105	-	136,223	361,437	221,242	241,873	26,027	11,226	177,018	10,051	99,377	312,595	1,719,118
2020	28,500	45,541	-	-	322,497	225,847	250,711	78,484	325,962	206,202	13,963	116,227	210,980	1,824,914
2021	22,677	40,711	-	-	306,801	162,220	151,142	73,743	419,279	304,266	30,124	114,203	197,185	1,822,351
2022	23,456	22,695	59,053	-	309,445	149,244	227,390	104,853	376,175	423,853	15,617	121,514	182,277	2,015,572
2023	29,388	31,234	1,650	-	359,821	152,402	249,216	121,360	420,530	443,756	29,963	113,211	194,027	2,146,558

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS INVESTMENT DATA (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Actual Year-End Asset Allocation Percentages				Endowment Portfolio Liquidity				Total Net Return	Investment Fees	Endowed Pool		Non-endowed Pool	
	Equities	Fixed Income	Alternatives	Cash	Daily	Quarterly	Semi-annually	Illiquid			Return ¹	Index	Return ²	Index
2014	46.9%	34.7%	18.4%	0.0%	81.6%	8.8%	0.0%	9.6%	\$ 12,263,679	\$ 702,027	12.0%	12.6%	11.7%	10.8%
2015	44.6%	31.1%	24.3%	0.0%	75.7%	9.2%	7.4%	7.7%	2,399,325	726,254	2.3%	1.4%	1.3%	1.1%
2016	49.2%	33.7%	16.3%	0.8%	83.7%	0.0%	6.9%	9.4%	(2,156,882)	784,436	-2.5%	0.8%	-0.9%	1.8%
2017	51.2%	32.5%	16.3%	0.0%	80.1%	0.0%	8.0%	11.9%	11,951,981	801,708	12.1%	11.3%	9.8%	8.9%
2018	47.4%	34.3%	18.3%	0.0%	78.3%	0.0%	7.8%	13.9%	7,262,969	769,099	6.5%	7.0%	5.7%	5.8%
2019	47.8%	34.6%	17.6%	0.0%	79.8%	0.0%	7.6%	12.6%	5,930,978	767,030	4.2%	5.7%	5.0%	6.1%
2020	57.3%	27.2%	15.5%	0.0%	81.9%	0.0%	7.5%	10.6%	(186,867)	766,738	-0.6%	2.2%	0.6%	2.1%
2021	58.4%	27.3%	14.3%	0.0%	85.1%	0.0%	7.9%	7.0%	31,276,230	710,104	28.9%	26.6%	22.5%	18.1%
2022	54.3%	26.7%	16.2%	2.8%	82.9%	0.0%	9.1%	8.0%	(13,496,560)	766,786	-9.9%	-10.9%	-8.9%	-11.0%
2023	57.2%	27.0%	15.8%	0.0%	82.8%	3.9%	8.5%	4.8%	10,714,188	759,168	8.3%	8.6%	6.9%	7.8%

¹ Net of fees, excludes private equity returns

² Net of fees

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS ENDOWMENT DATA (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Number of True and Quasi-Endowment Funds	Endowment Value			Endowment Administrative Fee	Nominal Spending Rate ¹	Effective Spending Rate ²	Endowment Distributions
		Donor Restricted	Board Designated	Total Value				
2014	415	\$ 52,165,791	\$ 41,245,973	\$ 93,411,764	1.00%	5.00%	4.80%	\$ 3,821,472
2015	441	52,250,320	39,900,059	92,150,379	1.00%	5.00%	4.78%	4,126,210
2016	465	49,465,601	35,343,263	84,808,864	1.00%	5.00%	5.16%	4,464,361
2017	486	52,624,936	37,161,431	89,786,367	1.00%	5.00%	5.20%	4,299,241
2018	505	54,712,947	37,599,344	92,312,291	1.00%	4.50%	4.13%	3,529,041
2019	517	55,421,270	37,590,406	93,011,676	1.00%	4.50%	4.00%	3,705,020
2020	543	56,233,941	35,411,709	91,645,650	1.25%	4.00%	3.55%	3,439,831
2021	563	69,108,339	43,039,724	112,148,063	1.50%	4.00%	3.73%	3,555,268
2022	569	60,696,702	37,031,071	97,727,773	1.50%	4.50%	3.83%	4,214,717
2023	612	67,137,976	38,040,393	105,178,369	1.50%	4.50%	4.00%	3,988,649

¹ As defined by Foundation's investment policy statement

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF FINANCIAL RATIOS (Unaudited)
For the ten years ended June 30, 2014 to 2023

Fiscal Year	Current Ratio	Days Cash on Hand	Return on Average Net Assets	Program Spending Ratio	Fund Raising Spending Ratio	Management And General Spending Ratio	Interest Expense Pct.
2014	3.36	136.16	11.41%	79.17%	13.85%	6.85%	0.01%
2015	3.24	50.55	2.16%	82.29%	14.04%	3.50%	0.01%
2016	3.63	30.97	-3.84%	85.27%	11.45%	3.28%	0.01%
2017	3.81	117.85	3.79%	87.78%	8.93%	3.30%	0.01%
2018	8.91	77.09	0.82%	87.06%	9.58%	3.36%	0.02%
2019	7.53	76.97	0.25%	84.38%	9.39%	6.22%	0.00%
2020	9.52	85.11	0.42%	81.19%	8.58%	10.22%	0.00%
2021	6.50	96.12	18.71%	76.19%	8.40%	15.42%	0.00%
2022	6.63	235.43	-10.88%	77.71%	8.01%	14.29%	0.00%
2023	3.93	86.25	6.86%	78.46%	7.87%	13.67%	0.00%

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INSTITUTIONAL DATA (Unaudited)
For the year ended June 30, 2023

Date of incorporation	December 15, 1966
Tax-exempt status	501(c)(3)
Public charity status	Sec. 170(b)(1)(A)(vi)
Employer identification number	23-7019799
Wright State University	
Date founded	1964
Date achieved independent university status	1967
Tax-exempt status	501(c)(1)
Employer identification number	31-0732831
Student population (Fall 2022):	
Total enrollment (some students attend both campuses)	10,798
Dayton Campus	9,503
Lake Campus	1,089
Both campuses	206
Characteristics:	
Men/women	45%/55%
Full-time/part-time	76%/24%
Undergraduate/Graduate/Doctoral	74%/20%/6%
International students	1,043
Minority students (excludes international students)	24%
Age 25 and older	27%
Mean age, all students	23 years
Academics:	
Number of colleges	5
Number of schools	2
Degree programs:	
Undergraduate	168
Graduate	157
Full time employees:	
Faculty Full Time/Part Time	531/348
Staff Full Time/Part Time	868/40
Graduate Assistants	183
Total	1,970
Facilities:	
Dayton Campus:	
Acreage	634
Academic and academic support buildings	32
Student residential buildings	30
Lake Campus:	
Acreage	103
Academic and academic support buildings	4
Student residential buildings	3
Number of degrees awarded since inception	137,389
Number of alumni	119,544
Research grant awards	\$57,306,063

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

Independent Auditor's Report

Audit Committee and Board of Trustees
Wright State University Foundation, Inc.
Dayton, 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 Wright State University Foundation, Inc., which comprise the Wright State University Foundation, Inc.'s consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the [consolidated] financial statements, we considered the Wright State University Foundation, Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wright State University Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Wright State University Foundation, Inc.'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 the Wright State University Foundation, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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.

FORVIS,LLP

Cincinnati, Ohio
October 12, 2023

OHIO AUDITOR OF STATE KEITH FABER



WRIGHT STATE UNIVERSITY FOUNDATION

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/5/2023

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