



AUDITED FINANCIAL STATEMENTS & SUPPLEMENTAL INFORMATION


**YEARS ENDED JUNE 30, 2024 AND 2023
WITH REPORTS OF INDEPENDENT AUDITORS**



West Virginia University Foundation, Inc.

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

June 30, 2024 and 2023



West Virginia University Foundation, Inc.
Contents
June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
West Virginia University Foundation, Inc.
Morgantown, WV

Opinion

We have audited the financial statements of West Virginia University Foundation, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expense for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West Virginia University Foundation, Inc. as of June 30, 2024 and 2023, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Virginia 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Virginia 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Virginia 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 Included in the Annual Report

Management is responsible for the other information included in the Donor Impact Report. The other information comprises the Donor Impact Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Greenville, South Carolina
September 27, 2024**

West Virginia University Foundation, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 117,441,114	\$ 87,151,667
Contributions receivable, net - Note 3	103,438,921	58,469,423
Other receivables, net - Note 3	3,404,312	4,765,165
Investments carried at fair value - Note 4	2,763,807,994	2,619,066,215
Land, building and equipment, net - Note 7	12,111,082	12,184,838
Beneficial interests in external trusts at fair value	36,199,282	38,156,655
Other assets - Note 8	7,088,159	6,606,568
Total Assets	<u><u>\$ 3,043,490,864</u></u>	<u><u>\$ 2,826,400,531</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Notes payable - Note 12	\$ 11,403,258	\$ 12,644,870
Accounts payable and accrued expenses	7,412,036	12,603,679
Accrued retirement benefits and deferred compensation - Note 13	2,144,152	2,206,299
Annuities payable and unitrusts	13,563,840	11,196,041
Funds held in custody for others - Note 15	1,698,696,238	1,564,031,544
Total Liabilities	1,733,219,524	1,602,682,433
Net Assets		
Without donor restrictions - Note 10	71,960,173	58,890,736
With donor restrictions - Note 10		
Non-endowed	314,959,887	255,246,570
Endowed	923,351,280	909,580,792
Total with Donor Restrictions	<u>1,238,311,167</u>	<u>1,164,827,362</u>
Total Net Assets	<u>1,310,271,340</u>	<u>1,223,718,098</u>
Total Liabilities and Net Assets	<u><u>\$ 3,043,490,864</u></u>	<u><u>\$ 2,826,400,531</u></u>

West Virginia University Foundation, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains						
Contributions	\$ 1,078,842	\$ 168,158,712	\$ 169,237,554	\$ 1,254,790	\$ 75,760,818	\$ 77,015,608
Investment Earnings						
Net interest and dividends	20,422,031	(4,809,548)	15,612,483	17,357,587	(4,047,242)	13,310,345
Net realized gains	7,100,232	27,177,331	34,277,563	618,728	22,895,418	23,514,146
Net unrealized gains (losses)	1,318,477	(1,885,531)	(567,054)	1,551,018	(8,153,530)	(6,602,512)
Investment Earnings	28,840,740	20,482,252	49,322,992	19,527,333	10,694,646	30,221,979
Lease revenue	1,975,000	-	1,975,000	1,975,000	-	1,975,000
Other revenue	5,343,037	12,765,999	18,109,036	5,106,455	14,067,646	19,174,101
Advancement fees, net	3,082,695	(2,609,552)	473,143	2,378,117	(2,056,929)	321,188
Net assets released from restrictions	119,572,571	(119,572,571)	-	122,320,524	(122,320,524)	-
Total Revenues and Gains	159,892,885	79,224,840	239,117,725	152,562,219	(23,854,343)	128,707,876
Expenses and Support						
University Support						
Scholarships	21,030,449	-	21,030,449	21,453,699	-	21,453,699
Salaries and benefits	47,132,168	-	47,132,168	57,451,683	-	57,451,683
Travel	2,869,701	-	2,869,701	3,370,234	-	3,370,234
Meetings and events	6,029,821	-	6,029,821	5,084,773	-	5,084,773
Professional services	5,216,582	-	5,216,582	4,293,242	-	4,293,242
Capital projects and equipment	26,059,819	-	26,059,819	22,335,138	-	22,335,138
Supplies and materials	6,919,407	-	6,919,407	5,624,589	-	5,624,589
Other support	5,901,754	-	5,901,754	4,939,590	-	4,939,590
Total University Support	121,159,701	-	121,159,701	124,552,948	-	124,552,948
Foundation Support						
Fundraising	14,606,194	-	14,606,194	14,159,612	-	14,159,612
Fiduciary	6,657,736	-	6,657,736	6,778,232	-	6,778,232
Transfers to University and affiliates	2,500,000	-	2,500,000	3,080,000	-	3,080,000
Total Foundation Support	23,763,930	-	23,763,930	24,017,844	-	24,017,844
Total University and Foundation support	144,923,631	-	144,923,631	148,570,792	-	148,570,792
Interest, depreciation and other	1,899,817	-	1,899,817	1,891,666	-	1,891,666
Total Expenses before Provision and Revaluation	146,823,448	-	146,823,448	150,462,458	-	150,462,458
Provision for uncollectible receivables	-	4,299,948	4,299,948	-	1,060,699	1,060,699
Net loss (gain) on revaluation of external trusts	-	1,957,373	1,957,373	-	(1,304,890)	(1,304,890)
Net gain on revaluation of annuities payable and unitrusts	-	(516,286)	(516,286)	-	(621,877)	(621,877)
Total Expenses and Support	146,823,448	5,741,035	152,564,483	150,462,458	(866,068)	149,596,390
Change in Net Assets	13,069,437	73,483,805	86,553,242	2,099,761	(22,988,275)	(20,888,514)
Net Assets at Beginning of Year	58,890,736	1,164,827,362	1,223,718,098	56,790,975	1,187,815,637	1,244,606,612
Net Assets at End of Year	\$ 71,960,173	\$ 1,238,311,167	\$ 1,310,271,340	\$ 58,890,736	\$ 1,164,827,362	\$ 1,223,718,098

West Virginia University Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Change in Net Assets to Net Cash		
Used in Operating Activities		
Change in net assets	\$ 86,553,242	\$ (20,888,514)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net gain on revaluation of annuities payable and unitrusts	(516,286)	(621,877)
Provision for losses on uncollectible contributions	2,856,573	1,038,778
Provision for credit losses on accounts receivable	1,443,375	21,921
Contributions restricted for long-term purposes	(76,357,947)	(17,215,483)
Depreciation expense	1,323,803	1,283,656
Net realized gains on investments	(34,277,563)	(23,514,146)
Net unrealized losses on investments	567,054	6,602,512
Net (gain) loss on revaluation of external trusts	1,957,373	(1,304,890)
Net loss on disposal of equipment	-	3,114
Noncash contributions	(1,083,016)	(486,027)
Changes in		
Contributions receivable	(49,269,446)	10,192,485
Investments held in custody	(134,294,006)	(177,975,430)
Beneficial interest in external trusts - termination	-	27,619
Accounts payable and accrued expenses	(5,191,643)	5,101,619
Funds held in custody for others	134,664,694	176,274,964
Other assets and liabilities	4,784,216	1,002,268
Net Cash Used in Operating Activities	(66,839,577)	(40,457,431)
Cash Flows from Investing Activities		
Purchase of land, building, and equipment	(1,250,047)	(339,941)
Purchase of investments	(330,908,148)	(362,401,302)
Proceeds from sales and liquidations of investments	354,170,884	356,742,294
Net Cash Provided by (Used in) Investing Activities	22,012,689	(5,998,949)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term purposes	76,357,947	17,215,483
Payments of notes payable	(1,241,612)	(1,198,326)
Net Cash Provided by Financing Activities	75,116,335	16,017,157
Change in Cash and Cash Equivalents	30,289,447	(30,439,223)
Cash and Cash Equivalents at Beginning of Year	87,151,667	117,590,890
Cash and Cash Equivalents at End of Year	\$ 117,441,114	\$ 87,151,667
Supplementary Information		
Interest paid	\$ 396,298	\$ 439,584

West Virginia University Foundation, Inc.
Statements of Functional Expense
Years Ended June 30, 2024 and 2023

	2024								
	University Support				Foundation Support			Total University & Foundation Support	
	University Campus	Health Sciences Campus	Intercollegiate Athletics	General University Support	University Support Total	Fundraising & Development	Administrative & General		Foundation Support Total
Scholarships	\$ 8,341,695	\$ 2,648,101	\$ 4,323,150	\$ 5,717,503	\$ 21,030,449	\$ -	\$ -	\$ -	\$ 21,030,449
Salaries and benefits	12,823,640	29,985,622	1,395,045	2,927,861	47,132,168	11,250,447	5,128,134	16,378,581	63,510,749
Travel	1,734,116	849,750	211,842	73,993	2,869,701	208,200	94,901	303,101	3,172,802
Meetings and events	1,702,010	1,677,433	1,357,876	1,292,502	6,029,821	450,600	205,390	655,990	6,685,811
Professional services	1,925,420	1,783,039	579,450	928,673	5,216,582	1,630,528	743,220	2,373,748	7,590,330
Capital projects and equipment	4,712,105	1,480,850	19,161,305	705,559	26,059,819	363,812	165,831	529,643	26,589,462
Supplies and materials	2,193,184	3,673,754	125,942	926,527	6,919,407	93,848	42,778	136,626	7,056,033
Other expenses	4,889,923	832,610	709,269	(530,048)	5,901,754	608,759	277,482	886,241	6,787,995
Subtotal	38,322,093	42,931,159	27,863,879	12,042,570	121,159,701	14,606,194	6,657,736	21,263,930	142,423,631
Transfers to University & affiliates	-	-	-	-	-	-	-	2,500,000	2,500,000
Total support	\$ 38,322,093	\$ 42,931,159	\$ 27,863,879	\$ 12,042,570	\$ 121,159,701	\$ 14,606,194	\$ 6,657,736	\$ 23,763,930	\$ 144,923,631

General University Support includes scholarships not designated to a specific campus and other support for academic and research initiatives.
Net assets released from restrictions totaled \$119,572,571; of that \$92,891,566 was released from non-endowed funds and \$26,681,005 from endowed funds.

	2023								
	University Support				Foundation Support			Total University & Foundation Support	
	University Campus	Health Sciences Campus	Intercollegiate Athletics	General University Support	University Support Total	Fundraising & Development	Administrative & General		Foundation Support Total
Scholarships	\$ 6,901,817	\$ 2,674,431	\$ 6,733,891	\$ 5,143,560	\$ 21,453,699	\$ -	\$ -	\$ -	\$ 21,453,699
Salaries and benefits	9,610,721	44,195,661	1,448,842	2,196,459	57,451,683	10,460,251	5,013,191	15,473,442	72,925,125
Travel	1,548,624	713,447	823,998	284,165	3,370,234	179,200	85,458	264,658	3,634,892
Meetings and events	1,645,921	1,486,630	1,047,446	904,776	5,084,773	485,442	231,501	716,943	5,801,716
Professional services	1,587,900	1,563,959	626,674	514,709	4,293,242	1,443,046	688,170	2,131,216	6,424,458
Capital projects and equipment	4,485,939	1,714,423	13,194,685	2,940,091	22,335,138	496,427	236,740	733,167	23,068,305
Supplies and materials	2,293,939	2,661,953	45,903	622,794	5,624,589	152,417	72,686	225,103	5,849,692
Other expenses	2,451,776	1,859,027	818,386	(189,599)	4,939,590	942,829	450,486	1,393,315	6,332,905
Subtotal	30,526,637	56,869,531	24,739,825	12,416,955	124,552,948	14,159,612	6,778,232	20,937,844	145,490,792
Transfers to University & affiliates	-	-	-	-	-	-	-	3,080,000	3,080,000
Total support	\$ 30,526,637	\$ 56,869,531	\$ 24,739,825	\$ 12,416,955	\$ 124,552,948	\$ 14,159,612	\$ 6,778,232	\$ 24,017,844	\$ 148,570,792

General University Support includes scholarships not designated to a specific campus and other support for academic and research initiatives.
Net assets released from restrictions totaled \$122,320,524; of that \$103,160,304 was released from non-endowed funds and \$19,160,220 from endowed funds.

Note 1. Organization Policy, Significant Accounting Policies and Other Matters

The West Virginia University Foundation, Inc. (the "Foundation") is a public 501(c)(3) tax-exempt organization incorporated in 1954. The Foundation's primary purpose is to enrich the lives of those touched by West Virginia University (the "University") by maximizing private charitable support and providing services to the University and its affiliated organizations. The Foundation is governed by an independently elected Board of Directors not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation.

Basis of accounting

The financial statements presented herein have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

On July 1, 2023, the Foundation adopted ASU 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized cost. This accounting pronouncement did not have a significant impact on the financial statements and does not apply to contributions receivable.

Use of estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value estimates

Fair value estimates are based on an assessment of the present status and expected future benefits and obligations associated with the respective financial asset or liability. External trusts are valued at the expected rate of return for similarly invested assets, which ranged from 5.51% to 6.19% at June 30, 2024 and 5.13% to 6.02% at June 30, 2023. Split interest agreements are valued at the expected rate of return on the life income portfolio, which ranged from 5.37% to 5.71% at June 30, 2024 and 5.13% to 5.50% at June 30, 2023. Individual contributions receivable are valued at unsecured consumer lending rates ranging from 7.12% to 7.39% at June 30, 2024 and 7.16% to 7.62% at June 30, 2023, based on the anticipated collection date of the receivable. Corporate contributions receivable are valued at the current yield on corporate debt ranging from 4.86% to 5.33% and 4.77% to 5.16% at June 30, 2024 and 2023, respectively, based on the anticipated collection date of the receivable.

Concentration of credit risk

Investment securities are exposed to several risks, such as changes in interest rates, market fluctuations, and credit risks. Due to the risks 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 such changes could materially affect the amounts reported in the Foundation's financial statements.

Cash and cash equivalents

The Foundation considers highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. From time to time, the balance in certain Foundation deposit accounts at financial institutions may exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. It is management's opinion that the Foundation is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions and contributions receivable

Contributions are recorded at estimated fair value and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), 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 restriction.

Unconditional promises to give that are expected to be received within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. Accretion of discounts for the years ended June 30, 2024 and June 30, 2023 of \$18,079,224 and \$16,716,685, respectively, are included in the contribution revenue. Conditional promises to give are not included as revenue until the conditions are substantially met.

The Foundation provides an allowance for the potential uncollectible portion of unconditional promises to give. The allowance for uncollectible contributions receivable is based upon management's judgment, including such factors as overall economic conditions, current and historical loss experience, a review of the status of specific pledges and recent collection activity.

Unconditional promises to give from two donors accounted for approximately 51% and 17% of the Foundation's contributions receivable as of June 30, 2024 and 2023, respectively. Management believes that these contributions receivable are fully collectible.

Student loans

The Foundation provides funding for unsecured loans to University students at interest rates determined by the terms of the respective donor gift agreement. These loans require payment of principal and interest once the student has graduated. Balances due to the Foundation are reflected as other receivables on the statements of financial position, net of current expected credit losses. Expected losses are determined based primarily on historical student loan repayment rates. If an account becomes two years past due, it is deemed to be fully uncollectible and will be fully allowed for or written off.

Investments

Investments in fixed income, equity, marketable alternative investments, and non-marketable alternative investments are reported at estimated fair value as defined in Note 5. Additional information on investments and valuation methods is included in Notes 4 and 5.

Land, building, and equipment

Land, building, and equipment are recorded at cost when purchased, or fair value if acquired by gift. The Foundation's capitalization policy requires purchases of property and equipment in excess of \$5,000 to be recorded as a capital asset. Depreciation is calculated over the estimated useful lives of the building or equipment using the straight-line method. Maintenance and repairs of existing facilities are charged to operating expense as incurred. Equipment purchased by departments of the University utilizing Foundation funds is recognized in expense as University support and not included in the Foundation's statements of financial position.

Beneficial interests in external trusts

The Foundation maintains the irrevocable right to receive the income earned on certain trust assets held by third parties. The Foundation records its beneficial interest in a trust at the lesser of the fair value of the underlying investments or the present value of the estimated future receipts from the trust.

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Annuities and unitrusts payable

Under the terms of the Foundation annuity and trust agreements, the donors or their designees receive either a predetermined distribution amount or fixed rate return based upon the estimated fair value of the trust. The Foundation records the related assets held in trust at estimated fair value and the liability is recorded at estimated fair value of the present value of future payments.

Funds held in custody for others

The Foundation holds and invests funds for the University and its affiliates under agency agreements. The investments and other funds are reported as assets, while the corresponding liability is reported in funds held in custody for others.

Net assets

The Foundation has classified its net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions (see Note 10). Below is a summary of those classifications:

Without Donor Restrictions:

This includes assets and contributions that are not restricted by donors or for which restrictions have expired. Net assets without donor restrictions also include assets that have been designated by the Foundation's Board of Directors for specific purposes.

With Donor Restrictions:

This includes assets and contributions for which the donor stipulates that resources be maintained permanently or for which the donor has imposed restrictions that permit the Foundation to use or expend the donated assets for specified purposes are net assets with donor restrictions.

Noncash contributions

The Foundation receives noncash contributions including gifts-in-kind of equipment, property, supplies, materials, collection items, software, real property, and contributed services. Gifts that are used, held or sold by the Foundation are recognized for financial reporting purposes as contribution revenue. Gifts that are not used, held or sold by the Foundation are considered an intermediary transaction and not recognized for financial reporting purposes.

The Foundation recognizes noncash contributions used or held at estimated fair value based upon market price assumptions, donor cost, replacement cost, price listings, similar sales or services, published catalogs, vendor invoices, independent appraisals, expert opinions, estimates, averages, approximations, or other relevant information. During the years ended June 30, 2024 and 2023, the Foundation recognized noncash contributions of \$1,083,016 and \$486,027, respectively, in contribution revenue.

Tax status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation follows the Financial Accounting Standards Board's (FASB) authoritative guidance on accounting for uncertainty in income taxes. Tax positions must meet a recognition threshold of more-likely-than-not for the benefit or obligation of those tax positions to be recognized in the financial statements. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations at June 30, 2024 and June 30, 2023.

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Functional allocation of expense

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Some expenses, including supplies and materials, are directly identifiable and are charged accordingly. Fundraising and fiduciary expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Allocations of significant costs, including salaries and benefits, contractors, and professional fees, are based on estimates of time and effort and other reasonable methods.

Note 2. Liquidity and Availability of Financial Assets

The following includes financial assets as of June 30, reduced by amounts not available for general use within one year of the statements of financial position date. Amounts available for general use include financial assets without donor restriction or internal designations. Internal designations include amounts set aside by the Board for the Foundation operating costs or other scheduled projects. These designated amounts could be drawn upon with Board approval.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 117,441,114	\$ 87,151,667
Short term receivables	2,023,169	2,081,483
Short term investments	<u>189,091,983</u>	<u>185,140,013</u>
Total financial assets available	308,556,266	274,373,163
Less restricted and designated financial assets:		
<u>University and affiliated organizations</u>		
Restricted by donor to the University	(233,577,222)	(219,941,627)
Funds held in custody for others	(18,464,703)	(9,777,672)
Designated by Board to the University and other	<u>(4,611,235)</u>	<u>(4,346,807)</u>
Restricted to the University and affiliated organizations	(256,653,160)	(234,066,106)
<u>Foundation</u>		
Operating reserve	(22,700,000)	(21,350,000)
Designated by the Board to the Foundation	<u>(5,099,586)</u>	<u>(4,024,508)</u>
Restricted to the Foundation	(27,799,586)	(25,374,508)
Financial assets available for general use by the Foundation or University	<u>\$ 24,103,520</u>	<u>\$ 14,932,549</u>

Unrestricted funds

Donations received without donor restriction are governed by the Foundation Discretionary Gifts Protocol. All unrestricted donations are designated by the Foundation Board for University initiatives or other University commitments. Therefore, the Foundation does not hold a portfolio of unrestricted donations available for general use.

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Operating reserve

These funds constitute a board-designated reserve with the objective of setting funds aside to be drawn in the event of financial distress or an immediate liquidity need outside the typical operating cycle. The target for this reserve is the amount needed to fund 12 months of the Foundation operating budget and therefore this amount is not available for general use. The amount set aside for the operating reserve requires the use of estimates which could vary significantly from amounts budgeted. Reserve amounts above the minimum target range of 12 months can be made available to the Foundation or the University at the discretion of the Board and are considered available for general use. As of June 30, 2024 and 2023, the operating reserves totaled \$23,478,876 and \$26,135,167 and the 12-month budget target was \$22,700,000 and \$21,350,000, respectively. The operating reserve is invested and managed under a separate Reserve Policy and is held in interest bearing cash or cash-equivalent accounts.

As of June 30, 2024 and 2023 the Foundation held assets of \$5,099,586 and \$4,024,508, respectively, appropriated from operating reserves by the Board and designated to the Foundation for specific projects.

Liquidity management

The foundation receives significant contributions with donor restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. As part of liquidity management, the Foundation has an asset/liability management program to structure its financial assets to be available as its obligations from each financial asset category come due, including Foundation obligations and amounts drawn by the University to support its mission-related initiatives. These amounts are primarily invested in cash and cash equivalents, short-term fixed income funds and some marketable equity funds.

To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$10 million, see Note 11. The Foundation has never drawn upon this line.

Note 3. Receivables

The following table summarizes contributions and other receivables and the related allowances as of June 30:

	<u>2024</u>	<u>2023</u>
Contributions receivable:		
Amounts to be received within one year	\$ 36,883,348	\$ 29,277,988
Amounts to be received within two to five years	32,445,350	29,502,994
Amounts to be received after five years	<u>58,983,393</u>	<u>37,678,992</u>
Contributions receivable before allowance and unamortized discount	128,312,091	96,459,974
Allowance for uncollectible contributions	(6,793,946)	(21,273,866)
Unamortized discount	<u>(18,079,224)</u>	<u>(16,716,685)</u>
Contributions receivable, net	<u>\$ 103,438,921</u>	<u>\$ 58,469,423</u>
Other receivables, net:		
Student loans, net of allowance of approximately \$490,000 and \$988,000, respectively	\$ 1,356,974	\$ 2,648,673
Notes, advances and other	<u>2,047,338</u>	<u>2,116,492</u>
Other receivables, net	<u>\$ 3,404,312</u>	<u>\$ 4,765,165</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements
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Note 4. Investments

The estimated fair values of total investment assets under management at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 113,687,149	\$ 126,472,281
Separate accounts:		
U.S. equities	87,679,643	75,803,603
Public fixed income	<u>325,640,873</u>	<u>272,585,704</u>
	<u>413,320,516</u>	<u>348,389,307</u>
Exchange traded funds:		
U.S. equities	456,282,663	319,448,250
Public fixed income	46,664,362	88,995,365
International equities	<u>16,036,334</u>	<u>19,733,502</u>
	<u>518,983,359</u>	<u>428,177,117</u>
Mutual funds:		
International equities	219,797,401	192,776,836
Public fixed income	129,331,139	122,297,562
U.S. equities	-	77,486,704
Real estate - public	32,962,012	36,736,579
Natural resources - public	<u>60,939,641</u>	<u>35,845,514</u>
	<u>443,030,193</u>	<u>465,143,195</u>
Other commingled funds:		
International equities	38,766,366	12,768,772
Public fixed income	102,205,377	92,419,769
Marketable opportunistic fixed income	<u>16,619,480</u>	<u>15,765,656</u>
	<u>157,591,223</u>	<u>120,954,197</u>
Hedge funds:		
Diversifying strategies	184,378,578	179,700,827
Marketable opportunistic fixed income	34,684,160	36,374,180
Natural resources - public	1,810,922	-
International equities	<u>-</u>	<u>18,927,834</u>
	<u>220,873,660</u>	<u>235,002,841</u>
Private investments:		
Venture capital	475,084,803	481,805,506
Buyouts	187,530,304	185,888,770
Private opportunistic fixed income	49,371,202	50,860,548
Natural resources - private	74,665,174	75,552,121
Real estate - private	79,934,577	71,063,976
Co-investments	18,227,974	18,357,527
Infrastructure	<u>11,507,860</u>	<u>11,398,829</u>
	<u>896,321,894</u>	<u>894,927,277</u>
Total investments	<u>\$ 2,763,807,994</u>	<u>\$ 2,619,066,215</u>

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Interest and dividends on non-agency investments are reported in the statements of activities net of custodial management and investment fees of approximately \$5,300,000 and \$4,600,000 for the years ended June 30, 2024 and 2023, respectively.

Total investment assets under management include assets of the Foundation and West Virginia University and its affiliated organizations. To achieve its investment objectives, management has controls in place related to initial due diligence, ongoing monitoring and financial reporting of alternative investments. Specific efforts employed by management include ongoing interaction with fund managers, including on-site visits and interviews, telephonic and virtual meetings, and ongoing monitoring of portfolio holdings, activities, and performance. Monitoring also includes obtaining and reviewing audited financial statements noting the basis of accounting, disclosures pertaining to the valuation of alternative investments and comparison of audited valuation with the fund's valuation. Management also reviews interim financial information, including details of investment holdings, to obtain an understanding of the underlying investments. Management believes the basis and assumptions for determining the estimated fair values of the Foundation's alternative investments are reasonable at June 30, 2024 and 2023.

Note 5. Fair Value of Financial Assets and Liabilities

Financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis are valued at the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are recorded at fair value, the Foundation considers the principal or most advantageous market in which the Foundation would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

The Foundation applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1:** Observable inputs such as quoted prices in active markets.
- Level 2:** Observable similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3:** Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Level 1 investment categories

The Foundation invests in equity securities, fixed income obligations and money market funds that are publicly traded and readily available in the active markets in which the securities are traded. The Foundation either invests directly in these securities or the investment accounts held by the Foundation, which include these securities and have daily quoted active market prices accessible by the Foundation.

Level 2 investment categories

The Foundation invests in certain commingled funds that are not publicly traded in active markets. While the Foundation has access to a detailed listing of the underlying assets of the fund, the majority of which are publicly traded and readily available in active markets, shares of the funds themselves do not have daily quoted active market prices. Investments in these funds are valued per share based on the market prices of the underlying assets. Additionally, the Foundation has the ability to redeem its investment at the value per share within thirty days of the measurement date.

Level 3 investment categories

These funds do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. Because of the inherent uncertainty of valuations of Level 3 investments, their estimated values may differ significantly from the values that would have been used had a ready market for these investments existed, and the difference could be material.

Hedge funds and private investments

The Foundation uses the net asset value (NAV) as a practical expedient to determine the fair value of certain investment funds, which are not classified in the fair value hierarchy. Estimated investment values using a NAV may differ significantly from the values that would have been used had a ready market for these investments existed, and the difference could be material. Additional information about these investments is provided in the following paragraphs.

Hedge funds

The Foundation holds interest in funds that invest both long and short in stocks, credit-oriented securities, and arbitrage strategies with varying redemption periods. The underlying assets of the funds are predominantly marketable securities and derivatives. These investments are estimated using the NAV provided by the hedge fund managers as a practical expedient due to varying levels of determinable fair values and potential inability for redemption. Certain hedge funds may permit partial liquidity upon redemption with the remaining illiquid assets possessing no definite schedule for distribution.

The investments in these strategies are in assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices.

Buyouts and venture capital

The Foundation invests in buyout and venture capital funds that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Co-investments

The Foundation invests in co-investments that are limited partnerships and not publicly traded. These vehicles are unique from other private market funds as they are an additional investment in a single private company that is also held within one of the Foundation's larger total fund investments, and can be located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the co-investment vehicle whenever the investment is realized or distributes dividends. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend additional years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

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Private opportunistic fixed income

The Foundation invests in private opportunistic fixed income funds (distressed debt, mezzanine, and private credit) that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 6 to 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Natural resources – private

The Foundation invests in energy, timber, infrastructure, and farmland funds that are limited partnerships and not publicly traded. These funds have investments in private natural resource assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Infrastructure

The Foundation invests in private infrastructure funds that are limited partnerships and not publicly traded. These funds have investments in private infrastructure assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Real estate – private

The Foundation invests in real estate funds that are limited partnerships and not publicly traded. These funds have investments in properties located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 8 to 12 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

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Unfunded commitments

The following table summarizes the estimated fair value of the Foundation's non-marketable alternatives, held in the Foundation's long-term investment pool, that have associated unfunded commitments at June 30, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Venture capital	\$ 243,969,134	\$ 61,740,005
Buyouts	94,460,213	34,413,949
Private opportunistic fixed income	25,176,058	19,577,789
Natural resources - private	39,995,132	19,090,620
Real estate - private	42,437,810	15,009,119
Co-investments	9,113,987	514,617
Infrastructure	<u>6,095,400</u>	<u>4,060,638</u>
Total	<u>\$ 461,247,734</u>	<u>\$ 154,406,737</u>

The following table summarizes the estimated fair value of the Foundation's non-marketable alternatives, held in the Foundation's long-term investment pool, that have associated unfunded commitments at June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Venture capital	\$ 245,273,888	\$ 63,498,434
Buyouts	93,918,861	41,452,199
Private opportunistic fixed income	26,131,806	22,839,876
Natural resources - private	40,592,616	23,028,328
Real estate - private	38,314,892	20,970,030
Co-investments	9,086,329	508,642
Infrastructure	<u>5,980,130</u>	<u>4,475,024</u>
Total	<u>\$ 459,298,522</u>	<u>\$ 176,772,533</u>

Unfunded commitments are drawn down throughout the life of the investment based on the cash needs of each individual limited partnership. Limited partnerships with unfunded commitments have remaining lives of 4 to 14 years. Management anticipates that distributions from existing non-marketable alternatives will provide much of the liquidity necessary to satisfy remaining unfunded commitments.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of an input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There were no changes in valuation techniques during the current year.

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The following tables present total investment assets and liabilities under management carried at fair value on a recurring basis, by caption, on the statements of financial position by the valuation hierarchy defined above:

	Fair Value as of June 30, 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Money market funds	\$ 4,216,339	\$ 109,470,810	\$ -	\$ 113,687,149
Separate accounts:				
U.S. equities	87,679,643	-	-	87,679,643
Public fixed income	2,677,071	322,963,802	-	325,640,873
	<u>90,356,714</u>	<u>322,963,802</u>	-	<u>413,320,516</u>
Exchange traded funds:				
U.S. equities	456,282,663	-	-	456,282,663
Public fixed income	4,207,212	42,457,150	-	46,664,362
International equities	8,819,984	7,216,350	-	16,036,334
	<u>469,309,859</u>	<u>49,673,500</u>	-	<u>518,983,359</u>
Mutual funds:				
International equities	143,151,029	76,646,372	-	219,797,401
Public fixed income	7,916,770	117,970,325	3,444,044	129,331,139
Real estate - public	22,904,583	9,996,635	60,794	32,962,012
Natural resources - public	60,939,641	-	-	60,939,641
	<u>234,912,023</u>	<u>204,613,332</u>	<u>3,504,838</u>	<u>443,030,193</u>
Other commingled funds:				
International equities	33,510,385	5,255,981	-	38,766,366
Public fixed income	1,022,054	101,183,323	-	102,205,377
Marketable opportunistic fixed income	100,664	16,518,816	-	16,619,480
	<u>34,633,103</u>	<u>122,958,120</u>	-	<u>157,591,223</u>
*Hedge funds:				
Diversifying strategies	-	-	-	184,378,578
Marketable opportunistic fixed income	-	-	-	34,684,160
Natural resources – public	-	-	-	1,810,922
	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,873,660</u>
*Private investments:				
Venture capital	-	-	-	475,084,803
Buyouts	-	-	-	187,530,304
Private opportunistic fixed income	-	-	-	49,371,202
Natural resources - private	-	-	-	74,665,174
Real estate - private	-	-	-	79,934,577
Co-investments	-	-	-	18,227,974
Infrastructure	-	-	-	11,507,860
	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,321,894</u>
Total investments	<u>833,428,038</u>	<u>809,679,564</u>	<u>3,504,838</u>	<u>2,763,807,994</u>
Beneficial interests in external trusts	<u>-</u>	<u>-</u>	<u>36,199,282</u>	<u>36,199,282</u>
Total assets	<u>\$ 833,428,038</u>	<u>\$ 809,679,564</u>	<u>\$ 39,704,120</u>	<u>\$ 2,800,007,276</u>
Liabilities:				
Annuities payable and unitrusts	\$ -	\$ -	\$ (13,563,840)	\$ (13,563,840)
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,563,840)</u>	<u>\$ (13,563,840)</u>

*Investments measured using net asset value per share are not classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the hierarchy to the statement of financial position.

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	Fair Value as of June 30, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Money market funds	\$ 116,357,912	\$ 10,114,369	\$ -	\$ 126,472,281
Separate accounts:				
U.S. equities	75,803,603	-	-	75,803,603
Public fixed income	<u>2,316,472</u>	<u>270,269,232</u>	-	<u>272,585,704</u>
	78,120,075	270,269,232	-	348,389,307
Exchange traded funds:				
U.S. equities	319,448,250	-	-	319,448,250
Public fixed income	88,995,365	-	-	88,995,365
International equities	<u>11,938,769</u>	<u>7,794,733</u>	-	<u>19,733,502</u>
	420,382,384	7,794,733	-	428,177,117
Mutual funds:				
International equities	129,722,935	63,053,901	-	192,776,836
Public fixed income	6,425,144	111,620,283	4,252,135	122,297,562
U.S. equities	77,486,704	-	-	77,486,704
Real estate - public	36,532,423	102,078	102,078	36,736,579
Natural resources - public	<u>35,845,514</u>	-	-	<u>35,845,514</u>
	286,012,720	174,776,262	4,354,213	465,143,195
Other commingled funds:				
International equities	6,858,656	5,896,218	13,898	12,768,772
Public fixed income	924,198	91,495,571	-	92,419,769
Marketable opportunistic fixed income	-	<u>15,765,656</u>	-	<u>15,765,656</u>
	7,782,854	113,157,445	13,898	120,954,197
*Hedge funds:				
Diversifying strategies	-	-	-	179,700,827
Marketable opportunistic fixed income	-	-	-	36,374,180
International equities	-	-	-	<u>18,927,834</u>
	-	-	-	235,002,841
*Private investments:				
Venture capital	-	-	-	481,805,506
Buyouts	-	-	-	185,888,770
Private opportunistic fixed income	-	-	-	50,860,548
Natural resources - private	-	-	-	75,552,121
Real estate - private	-	-	-	71,063,976
Co-investments	-	-	-	18,357,527
Infrastructure	-	-	-	<u>11,398,829</u>
	-	-	-	<u>894,927,277</u>
Total investments	908,655,945	576,112,041	4,368,111	2,619,066,215
Beneficial interests in external trusts	-	-	<u>38,156,655</u>	<u>38,156,655</u>
Total assets	<u>\$ 908,655,945</u>	<u>\$ 576,112,041</u>	<u>\$ 42,524,766</u>	<u>\$2,657,222,870</u>
Liabilities:				
Annuities payable and unitrusts	\$ -	\$ -	\$ (11,196,041)	\$ (11,196,041)
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,196,041)</u>	<u>\$ (11,196,041)</u>

*Investments measured using net asset value per share are not classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the hierarchy to the statement of financial position.

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The following table illustrates the activity of Level 3 assets and liabilities for the year ended June 30, 2024:

	Beneficial Interests in External Trusts	Annuities Payable and Unitrusts
	<u> </u>	<u> </u>
Balance, July 1, 2023	\$ 38,156,655	\$ 11,196,041
Investment losses	(1,957,373)	-
Annuity losses	-	(516,286)
Income	-	2,685,826
New annuities	-	3,060,306
Distributions	-	(2,862,047)
	<u> </u>	<u> </u>
Balance, June 30, 2024	<u>\$ 36,199,282</u>	<u>\$ 13,563,840</u>

The following table illustrates the activity of Level 3 assets and liabilities for the year ended June 30, 2023:

	Beneficial Interests in External Trusts	Annuities Payable and Unitrusts
	<u> </u>	<u> </u>
Balance, July 1, 2022	\$ 36,879,384	\$ 11,871,384
Investment gains	1,304,890	-
Annuity losses	-	(621,877)
Income	-	1,802,520
New annuities	-	91,861
Distributions	(27,619)	(1,947,847)
	<u> </u>	<u> </u>
Balance, June 30, 2023	<u>\$ 38,156,655</u>	<u>\$ 11,196,041</u>

There were no transfers among Level 1, Level 2, or Level 3 assets during the years ended June 30, 2024 and 2023. When transfers occur, they are recognized at the end of the reporting period.

Note 6. Endowment

The Foundation's endowment consists of over 3,000 individual endowment funds established for a variety of purposes. The endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Foundation, based upon the advice of counsel, has interpreted the Uniform Prudent Management of Institutional Funds Act (the “Act” or “UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the 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) The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spend policies for endowment assets that are intended to provide an ongoing stream of funding to programs supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. As such, the investment objective of the endowment investment assets is to achieve at least a positive return (greater than zero) after deduction for inflation and spending over rolling five-year periods.

Strategies employed for achieving objectives

To satisfy its long-term return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments, including private equities, to achieve its long-term return objectives within prudent risk constraints.

Spending policy and related investment objectives

The Foundation utilizes a “banded inflation” spend policy for the private endowment, which considers the prior year’s dollar amount adjusted for inflation (CPI). The overall calculated spend dollar amount must be between 3% and 4% of market value at June 30. This policy was established in accordance with UPMIFA, which in certain circumstances allows for a reduced appropriation from an endowment fund when the current fair value may occasionally fall below original gift value. The Foundation also considers the six factors previously listed. Over the long term, the Foundation expects the spend policy to allow its endowment to grow at a rate that meets the needs of inflation, spending and fees. The Foundation’s effective spend rate was 3.57% in 2024 and 3.36% in 2023.

Funds with deficiencies

From time to time, due to market fluctuation the fair value of certain endowment funds may fall below the original gift value. These funds are considered “underwater” funds. The Foundation has interpreted UPMIFA to permit spending from underwater endowments with prudent measures required by law.

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The following presents endowed funds with deficiencies principally resulting from unfavorable market fluctuations and timing of related gifts:

	<u>2024</u>	<u>2023</u>
Fair value	\$ 5,158,095	\$ 5,407,897
Original gift value	<u>(5,318,671)</u>	<u>(5,531,984)</u>
Deficiency	<u>\$ (160,576)</u>	<u>\$ (124,087)</u>

The following presents endowment net asset composition by fund type as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Invested Non-endowed</u>	<u>Endowment</u>	
Board designated endowment funds	\$ 13,926,332	\$ -	\$ -	\$ 13,926,332
Original donor restricted gift amounts	-	13,561,659	569,314,141	582,875,800
Accumulated investment gains	<u>-</u>	<u>7,449,834</u>	<u>231,338,808</u>	<u>238,788,642</u>
Invested endowment assets managed internally	13,926,332	21,011,493	800,652,949	835,590,774
Invested assets managed externally	-	-	9,106,727	9,106,727
External trusts at fair value	<u>-</u>	<u>-</u>	<u>36,199,282</u>	<u>36,199,282</u>
Total invested endowment assets	13,926,332	21,011,493	845,958,958	880,896,783
Non-invested endowed assets	-	-	77,570,945	77,570,945
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(178,623)</u>	<u>(178,623)</u>
Endowment net assets	<u>\$ 13,926,332</u>	<u>\$ 21,011,493</u>	<u>\$ 923,351,280</u>	<u>\$ 958,289,105</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The following presents changes in endowment net assets for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Invested Non-endowed</u>	<u>Endowment</u>	
Invested endowment assets, beginning of year	\$ 14,231,226	\$ 20,706,275	\$ 839,231,119	\$ 874,168,620
Investment return, net	212,601	688,146	13,513,913	14,414,660
Contributions	-	-	20,824,570	20,824,570
Appropriation for expenditure	<u>(517,495)</u>	<u>(382,928)</u>	<u>(27,610,644)</u>	<u>(28,511,067)</u>
Invested endowment assets, end of year	13,926,332	21,011,493	845,958,958	880,896,783
Non-invested endowed assets	-	-	77,570,945	77,570,945
Endowment liabilities	-	-	<u>(178,623)</u>	<u>(178,623)</u>
Endowment net assets	<u>\$ 13,926,332</u>	<u>\$ 21,011,493</u>	<u>\$ 923,351,280</u>	<u>\$ 958,289,105</u>

The following presents endowment net asset composition by fund type as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Invested Non-endowed</u>	<u>Endowment</u>	
Board designated endowment funds	\$ 14,231,226	\$ -	\$ -	\$ 14,231,226
Original donor restricted gift amounts	-	13,050,361	548,489,571	561,539,932
Accumulated investment gains	-	<u>7,655,914</u>	<u>244,057,693</u>	<u>251,713,607</u>
Invested endowment assets managed internally	14,231,226	20,706,275	792,547,264	827,484,765
Invested assets managed externally	-	-	8,527,200	8,527,200
External trusts at fair value	-	-	<u>38,156,655</u>	<u>38,156,655</u>
Total invested endowment assets	14,231,226	20,706,275	839,231,119	874,168,620
Non-invested endowed assets	-	-	70,484,315	70,484,315
Endowment liabilities	-	-	<u>(134,642)</u>	<u>(134,642)</u>
Endowment net assets	<u>\$ 14,231,226</u>	<u>\$ 20,706,275</u>	<u>\$ 909,580,792</u>	<u>\$ 944,518,293</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The following presents changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Invested Non-endowed</u>	<u>Endowment</u>	
Invested endowment assets, beginning of year	\$ 14,893,874	\$ 23,247,750	\$ 835,461,401	\$ 873,603,025
Investment return, net	(204,016)	(2,392,704)	7,703,366	5,106,646
Contributions	-	-	20,689,752	20,689,752
Appropriation for expenditure	<u>(458,632)</u>	<u>(148,771)</u>	<u>(24,623,400)</u>	<u>(25,230,803)</u>
Invested endowment assets, end of year	14,231,226	20,706,275	839,231,119	874,168,620
Non-invested endowed assets	-	-	70,484,315	70,484,315
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(134,642)</u>	<u>(134,642)</u>
Endowment net assets	<u>\$ 14,231,226</u>	<u>\$ 20,706,275</u>	<u>\$ 909,580,792</u>	<u>\$ 944,518,293</u>

Note 7. Land, Building, and Equipment

A summary of land, building, and equipment and accumulated depreciation at June 30 follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,610,860	\$ 2,610,860
Building	32,651,940	31,419,238
Equipment	<u>4,825,088</u>	<u>4,807,742</u>
	40,087,888	38,837,840
Accumulated depreciation	<u>(27,976,806)</u>	<u>(26,653,002)</u>
Land, building and equipment, net	<u>\$ 12,111,082</u>	<u>\$ 12,184,838</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$1,323,803 and \$1,283,656, respectively.

The Foundation owns a seven-floor office building located at One Waterfront Place. The Foundation occupies one floor of the building and leases the remainder of the building to the University through an operating lease with the West Virginia University Board of Governors on behalf of the University. The lease runs through May 31, 2031; however, it is cancelable upon 30-days' written notice. The net book value of the property leased was \$5,140,886 and \$6,001,435 as of June 30, 2024 and 2023, respectively. During 2024 and 2023, the Foundation recorded approximately \$2,000,000 of lease revenue related to this lease. Future lease payments for each of the five succeeding fiscal years are approximately \$2,000,000 each year.

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Other Assets

Other assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash surrender value of life insurance	\$ 4,019,450	\$ 4,093,004
Real estate and other assets	<u>3,068,709</u>	<u>2,513,564</u>
	<u>\$ 7,088,159</u>	<u>\$ 6,606,568</u>

Note 9. Split-Interest Agreements

The Foundation occasionally enters into split-interest agreements with donors, which consist primarily of charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. These agreements provide either fixed annual payments or fixed annual returns to the original donor or a designated beneficiary. Payment streams are valued at the present value of the expected future obligations after considering the applicable discount rate and actuarial mortality assumptions. Fixed payout percentages range from 4.2% to 18.0% at June 30, 2024 and at June 30, 2023, respectively. Management of WVU Foundation has estimated the reserves required for their gift annuities to be approximately \$3,100,000 and \$3,400,000 at June 30, 2024 and 2023. The investment balance on the statement of financial position includes approximately \$7,500,000 set aside in segregated accounts for gift annuities for the years ended June 30, 2024 and 2023. WVU Foundation has adequate reserves as of June 30, 2024 to fund its charitable gift annuity liability and is in compliance with Code of Maryland regulations 31.09.07.03.

The Foundation received contributions of \$5,421,169 and \$125,000 to establish new split-interest agreements for the years ended June 30, 2024 and 2023, respectively. Total assets resulting from split-interest agreements were \$31,969,332 and \$27,425,346 at June 30, 2024 and 2023, respectively. These assets are included in investments carried at fair value on the statements of financial position.

Note 10. Net Assets

Net assets without donor restrictions are available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Board designated endowment funds	\$ 13,926,332	\$ 14,231,226
Board designated Foundation reserves	27,799,586	25,374,508
Financial assets available for general use	24,103,520	14,932,549
Land, building, and equipment, net of depreciation	12,111,082	12,184,838
Receivables and other	5,422,911	4,812,485
Notes payable	<u>(11,403,258)</u>	<u>(12,644,870)</u>
	<u>\$ 71,960,173</u>	<u>\$ 58,890,736</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$119,572,571 and \$122,320,524 for the years ended June 30, 2024 and 2023, respectively. Net assets with donor restrictions at June 30 are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Student aid	\$ 425,861,541	\$ 423,667,386
Academics	301,935,853	291,046,323
Faculty and staff	211,271,912	211,540,255
Research	87,044,889	83,001,063
Buildings and equipment	82,070,409	30,446,893
Departmental discretion	72,202,634	69,613,349
Public service	43,468,501	37,053,076
Pending donor designation	12,950,035	13,049,687
Other	<u>1,505,393</u>	<u>5,409,330</u>
	<u>\$1,238,311,167</u>	<u>\$1,164,827,362</u>

Note 11. Line of Credit

The Foundation has an unsecured line of credit with a financial institution with maximum borrowing capacity of \$10,000,000, with no fixed maturity date. The agreement will be reviewed annually by the financial institution and the Foundation. As of June 30, 2024 and 2023, there was no amount outstanding on the line. This line of credit bears interest at a variable rate based on the New York Prime rate plus 0.375% with a minimum interest rate of 3.625% and a maximum interest rate of 10%, which is payable on demand. This line of credit renews on an annual basis subject to the financial institution's review of the Foundation's financial statements and is expected to be renewed on similar terms.

Note 12. Mortgage Payable

In May 2012, the Foundation borrowed \$24,000,000 from a West Virginia bank. The loan proceeds were used to fund the pay-off of the 2002 Series B bonds used to finance floors 1 - 6 of One Waterfront Place. The loan is payable in monthly installments of \$136,492 through May 1, 2032. The payments include principal and interest at the fixed rate of 3.28%. The loan is secured by a credit line deed of trust on One Waterfront Place, an assignment of leases on One Waterfront Place, and a security agreement encumbering the net unrestricted assets of the Foundation. The loan balance as of June 30, 2024 and 2023 was \$11,403,258 and \$12,644,870, respectively. Interest expense for the years ended June 30, 2024 and 2023 was \$396,298 and \$439,584, respectively.

Debt service for the note payable for the fiscal years ending June 30 is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Principal</u> <u>and Interest</u>
2025	\$ 1,282,954	\$ 354,956	\$ 1,637,910
2026	1,325,674	312,236	1,637,910
2027	1,369,816	268,094	1,637,910
2028	1,415,427	222,483	1,637,910
2029	1,462,558	175,352	1,637,910
Thereafter	<u>4,546,829</u>	<u>227,318</u>	<u>4,774,147</u>
	<u>\$ 11,403,258</u>	<u>\$ 1,560,439</u>	<u>\$ 12,963,697</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The carrying amount of the Foundation's note payable approximates the fair value at June 30, 2024 and 2023.

Note 13. Retirement Benefits and Deferred Compensation

The Foundation has a contributory retirement plan covering all full time and part time employees. Employer contributions are based on a percentage of salary applied as premiums on regular retirement annuity contracts owned by each employee. Employees are immediately vested. Retirement expense was \$1,572,769 and \$1,542,387 for the years ended June 30, 2024 and 2023, respectively.

The Foundation has several supplemental retirement or deferred compensation plans covering certain employees of the University or Foundation that provide for payments upon retirement, death, or disability. The liability associated with these plans was \$2,144,152 and \$2,206,299 as of June 30, 2024 and 2023, respectively. The liability is recorded at the present value of the estimated future payments. These plans are funded through gifts, life insurance proceeds and other designated funds. Deferred compensation expense was \$647,027 and \$950,153 for the years ended June 30, 2024 and 2023, respectively.

Note 14. University Support

University directed fund raising costs of approximately \$3,300,000 and \$3,800,000 in 2024 and 2023, respectively, are included in University support in the statements of activities.

Note 15. Funds Held in Custody for Others

The Foundation invests funds for West Virginia University and certain organizations affiliated with the University. These investments are held in agency relationships and are not net assets of the Foundation.

A summary of the liability for agency investments as of June 30 follows:

	<u>2024</u>	<u>2023</u>
West Virginia United Health System, Inc.	\$1,525,100,888	\$1,397,514,081
West Virginia University	123,874,436	116,990,466
West Virginia University research trust funds	42,661,741	43,147,544
WVU Alumni Association, Inc.	5,237,268	5,160,691
Other	<u>1,821,905</u>	<u>1,218,762</u>
	<u>\$1,698,696,238</u>	<u>\$1,564,031,544</u>

Note 16. Subsequent Events

Foundation management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 27, 2024, the date the financial statements were available to be issued.

Supplementary Information

Independent Auditor's Report on Supplementary Information

Board of Directors
West Virginia University Foundation, Inc.
Morgantown, WV

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Virginia University Foundation, Inc.'s (the "Foundation") basic financial statements. The reconciliation of contributions listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The reconciliation of contributions has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Greenville, South Carolina
September 27, 2024**

West Virginia University Foundation, Inc.
Reconciliation of Contributions
Years Ended June 30, 2024 and 2023

The schedule below reconciles Foundation fundraising totals as reported in the Foundation's annual report (not presented herein) with contribution revenue determined in accordance with U.S. GAAP as reported in the accompanying Statements of Activities.

	Years Ended June 30,	
	2024	2023
Contributions		
Foundation fundraising totals	\$ 282,680,356	\$ 163,771,415
Bequest expectancies	(19,402,163)	(16,414,210)
Changes in contributions receivable, net of discount	(63,953,952)	(3,994,015)
Noncash contributions received directly by the University	(7,486,596)	(45,638,002)
Amounts recorded as agency liability	(7,066,638)	(5,382,477)
Contributions from perpetual trusts reclassified to interest income	(1,867,539)	(2,168,501)
Changes in life income gifts/valuations	(2,155,864)	192,553
Amounts reported as other revenue	(11,510,050)	(13,351,155)
Contributions Per Statements of Activities	\$ 169,237,554	\$ 77,015,608