



OKLAHOMA STATE UNIVERSITY FOUNDATION

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2023 and 2022

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Oklahoma State University Foundation

Report On the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in their net assets and their 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Tulsa, Oklahoma
October 26, 2023

OKLAHOMA STATE UNIVERSITY FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 10,651,086	\$ 6,235,971
Short-term investments	60,774,094	98,535,041
Interest and other receivables	4,217,006	3,139,372
Contributions receivable, net	180,123,180	125,427,145
Notes receivable	-	875,000
Other property investments	8,336,832	8,187,125
Investments	1,323,724,821	1,166,308,532
Property and equipment, net	15,293,447	16,227,984
Beneficial interests in trusts	26,125,258	25,989,398
Other assets	3,343,688	2,827,761
	\$ 1,632,589,412	\$ 1,453,753,329
Liabilities and Net Assets		
Liabilities:		
Oklahoma State University support payable	\$ 9,114,678	\$ 1,289,758
Accounts payable and accrued liabilities	3,548,458	3,477,182
Funds held on behalf of Oklahoma State University	7,868,797	7,939,891
Unearned revenue	158,907	15,000
Line of credit	3,741,991	2,911,000
Obligations under split-interest agreements	11,382,934	11,491,646
Notes payable	31,697,818	32,109,974
	67,513,583	59,234,451
Net assets:		
Without donor restrictions	533,063,789	501,699,753
With donor restrictions	1,032,012,040	892,819,125
	1,565,075,829	1,394,518,878
Total net assets	1,565,075,829	1,394,518,878
Total liabilities and net assets	\$ 1,632,589,412	\$ 1,453,753,329

OKLAHOMA STATE UNIVERSITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

(With comparative totals for year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains and support				
Contributions:				
Cash	\$ 77,689,985	\$ 52,492,455	\$ 130,182,440	\$ 70,217,686
Securities	2,515,357	2,055,919	4,571,276	7,233,286
Land, goods, services and other	2,224,271	-	2,224,271	8,017,871
Promises to give	-	101,338,400	101,338,400	76,017,969
Total contributions	82,429,613	155,886,774	238,316,387	161,486,812
Provision for uncollectible pledges	-	(11,031,662)	(11,031,662)	(951,458)
Net investment returns	17,753,528	53,088,333	70,841,861	(10,363,835)
Contract support services	4,736,340	-	4,736,340	4,781,914
Net losses on disposals of property and equipment and other property investments	(130,756)	-	(130,756)	(262,768)
Management fee income (loss)	10,757,659	(10,182,576)	575,083	187,309
Change in value of split-interest agreements	40,058	335,160	375,218	(1,433,817)
Other	3,902,945	(91,338)	3,811,607	3,585,258
Reclassifications - donor directed	1,853,659	(1,853,659)	-	-
Net assets released from restrictions	46,958,117	(46,958,117)	-	-
Total revenues, gains and support	168,301,163	139,192,915	307,494,078	157,029,415
Expenses				
Program services:				
Intercollegiate athletics	42,392,986	-	42,392,986	16,473,078
Cowboy Athletics	6,542,143	-	6,542,143	7,876,728
Library	523,758	-	523,758	821,041
Research	585,937	-	585,937	1,748,938
General University support	22,241,711	-	22,241,711	18,911,986
Awards and scholarships	22,057,822	-	22,057,822	20,795,411
Endowed faculty and lectureship programs	1,579,430	-	1,579,430	5,439,434
Facilities and equipment	14,414,203	-	14,414,203	7,919,978
Total program services	110,337,990	-	110,337,990	79,986,594
Management and general	9,471,111	-	9,471,111	9,267,276
Fundraising	16,977,026	-	16,977,026	16,260,845
Charitable legacy distributions	151,000	-	151,000	50,000
Total expenses	136,937,127	-	136,937,127	105,564,715
Change in net assets	31,364,036	139,192,915	170,556,951	51,464,700
Net assets, beginning of year	501,699,753	892,819,125	1,394,518,878	1,343,054,178
Net assets, end of year	\$ 533,063,789	\$ 1,032,012,040	\$ 1,565,075,829	\$ 1,394,518,878

See notes to consolidated financial statements.

OKLAHOMA STATE UNIVERSITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support			
Contributions:			
Cash	\$ 49,211,223	\$ 21,006,463	\$ 70,217,686
Securities	2,459,341	4,773,945	7,233,286
Land, goods, services and other	7,958,131	59,740	8,017,871
Promises to give	111,924	75,906,045	76,017,969
Total contributions	59,740,619	101,746,193	161,486,812
Provision for uncollectible pledges	-	(951,458)	(951,458)
Net investment returns	6,432,938	(16,796,773)	(10,363,835)
Contract support services	4,781,914	-	4,781,914
Net losses on disposals of property and equipment and other property investments	(262,768)	-	(262,768)
Management fee income (loss)	10,794,469	(10,607,160)	187,309
Change in value of split-interest agreements	(1,367,103)	(66,714)	(1,433,817)
Other	3,199,496	385,762	3,585,258
Reclassifications - donor directed	(168,196)	168,196	-
Net assets released from restrictions	69,408,348	(69,408,348)	-
Total revenues, gains and support	152,559,717	4,469,698	157,029,415
Expenses			
Program services:			
Intercollegiate athletics	16,473,078	-	16,473,078
Cowboy Athletics	7,876,728	-	7,876,728
Library	821,041	-	821,041
Research	1,748,938	-	1,748,938
General University support	18,911,986	-	18,911,986
Awards and scholarships	20,795,411	-	20,795,411
Endowed faculty and lectureship programs	5,439,434	-	5,439,434
Facilities and equipment	7,919,978	-	7,919,978
Total program services	79,986,594	-	79,986,594
Management and general	9,267,276	-	9,267,276
Fundraising	16,260,845	-	16,260,845
Charitable legacy distributions	50,000	-	50,000
Total expenses	105,564,715	-	105,564,715
Change in net assets	46,995,002	4,469,698	51,464,700
Net assets, beginning of year	454,704,751	888,349,427	1,343,054,178
Net assets, end of year	\$ 501,699,753	\$ 892,819,125	\$ 1,394,518,878

OKLAHOMA STATE UNIVERSITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 170,556,951	\$ 51,464,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net investment returns	(70,841,861)	10,363,835
Change in value of split-interest agreements	(375,218)	1,433,817
Net losses on disposals of property and equipment, and other property investments	130,756	262,768
Contributions restricted for long-term investment, cash	(51,916,973)	(16,831,315)
Contributions restricted for long-term investment, securities	(1,041,975)	(3,592,059)
Noncash distributions	1,603,353	3,428,889
Noncash contributions	(2,815,631)	(8,755,326)
Depreciation expense	815,592	841,826
Change in discount on contributions receivable	(4,074,933)	4,142,465
Provision for uncollectible pledges	11,031,662	951,458
Changes in operating assets and liabilities:		
Interest and other receivables	(1,077,634)	(1,204,605)
Contributions receivable	(61,652,764)	(18,887,264)
Notes receivable	875,000	2,925,790
Other assets	(515,927)	644,413
Oklahoma State University support payable	7,824,920	(1,105,728)
Accounts payable and accrued liabilities	71,276	330,288
Funds held on behalf of Oklahoma State University	(71,094)	(380,023)
Funds held on behalf of Cowboy Athletics	-	(1,162,377)
Unearned revenue	143,907	(5,000)
Obligations under split-interest agreements	1,863,818	(3,038,939)
Net cash provided by operating activities	533,225	21,827,613
Cash Flows from Investing Activities		
Purchase of investments	(255,664,144)	(313,862,207)
Proceeds from sales and maturities of investments	205,877,061	271,453,727
Proceeds from sale of property and equipment	1,337,376	2,413,390
Purchases of property and equipment	(1,046,186)	(110,076)
Net cash used in investing activities	(49,495,893)	(40,105,166)
Cash Flows from Financing Activities		
Contributions restricted for long-term investment	52,958,948	20,423,374
Proceeds from line of credit	830,991	900,000
Repayments of notes payable	(412,156)	(4,115,283)
Net cash provided by financing activities	53,377,783	17,208,091
Net change in cash and cash equivalents	4,415,115	(1,069,462)
Cash and cash equivalents at beginning of year	6,235,971	7,305,433
Cash and cash equivalents at end of year	\$ 10,651,086	\$ 6,235,971

See notes to consolidated financial statements.

OKLAHOMA STATE UNIVERSITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Years ended June 30, 2023 and 2022

	2023	2022
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 1,727,322	\$ 653,907
Supplemental Disclosures of Noncash Activities		
Noncash distributions:		
Noncash transfers of property and equipment to Oklahoma State University	\$ -	\$ 1,394,000
Noncash transfers of other property investments to Oklahoma State University	1,603,353	2,034,889
Total noncash distributions	\$ 1,603,353	\$ 3,428,889
Noncash contributions:		
Donation of securities	\$ 3,811,707	\$ 6,413,081
Donation of beneficial interest in trusts	759,569	820,205
Donation of other property investments	2,056,062	7,935,121
Donated services provided for the benefit of Oklahoma State University	168,209	82,750
Total noncash contributions	\$ 6,795,547	\$ 15,251,157

OKLAHOMA STATE UNIVERSITY FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Oklahoma State University Foundation (the Foundation) is a not-for-profit corporation formed in 1961 to promote the educational, benevolent, and scientific purposes of Oklahoma State University (the University or OSU). The Foundation, through the contributions it receives, provides funds for University projects and programs which cannot be funded by appropriations or grants from state and federal governments, or for which existing appropriations are inadequate.

Reporting entity

The consolidated financial statements include the assets, liabilities, net assets, changes in net assets, and cash flows of the Foundation and affiliates. The Foundation has approximately 6,200 active component funds, two affiliated organizations, and two single-member limited liability companies. The affiliated organizations, the Foundation for Engineering at Oklahoma State University, Inc. (FEOSU), which was incorporated on October 10, 2008, and Multilateral Endowment Management Company (MEMCO) incorporated on July 18, 2019, are included with the Foundation in the accompanying consolidated financial statements because the Foundation has an economic interest in the organizations and controls the affiliated organizations' Board of Trustees. Further, distributions made by FEOSU exclusively benefit the charitable purposes of the Foundation. The Foundation is also the sole member of the Oklahoma State University Student Foundation, LLC and the OSU Foundation Real Estate, LLC and as such the accompanying consolidated financial statements include all assets, liabilities, revenues, and expenses of the LLCs. All material inter-organization transactions of the affiliated organization and the LLCs have been eliminated in consolidation. The Foundation, its affiliates and the LLCs are collectively referred to as the Foundation throughout these consolidated financial statements.

Operations

The Foundation acts primarily as a fundraising organization, soliciting, receiving, managing, and disbursing contributions on behalf of the University. Distribution of amounts held in the funds of the Foundation is subject to the approval of the Foundation and the availability of monies. Accordingly, the accompanying consolidated financial statements generally reflect expenditures which have been submitted to and approved by the Foundation as of the financial reporting date.

Basis of presentation

The Foundation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative guidance for accounting principles generally accepted in the United States of America (U.S. GAAP) for nongovernmental entities. The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting and to ensure the observance of limitations and restrictions placed on the use of available resources, the Foundation maintains its accounts in accordance with the principles and practices of fund accounting. All inter-fund activities have been eliminated in the accompanying consolidated financial statements.

Reclassifications

Certain reclassifications have been made in the notes to the consolidated financial statements to correspond to the current year's format. These reclassifications did not have an impact on the net assets or changes in net assets.

Contribution revenue recognition

Contributions, including unconditional promises to give, represent nonreciprocal transactions and are recognized as revenues in the period received by the Foundation. Conditional promises to give, which contain donor-imposed conditions that include one or more barriers that must be overcome as well as a right of return or release from the obligation, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Transfers of assets under conditional promises, which are received by the Foundation prior to fulfilling these conditions, are recorded as a liability (i.e., unearned revenue) until the conditions are substantially met or explicitly waived by the donor. Contributions of assets other than cash are recorded at their estimated fair value on the gift date.

Contributions to be received more than one year from the gift date are recorded at the present value of their estimated future cash flows using a discount rate which is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class and fund as the original contribution. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions are reported as increases in the appropriate net asset category. Expenses are reported as decreases in net assets without donor restrictions. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Gifts of property and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the assets must be used or how long the assets must be held, in which case the gift is recorded as restricted support. Expirations of temporary restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions received from donors with general use restrictions for the University as a whole, or for specific colleges or departments within the University, are reflected as without donor restriction. Contributions which are received and whose restrictions are met in the same period are recognized as unrestricted contributions.

Net asset classifications

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – Net assets that are not restricted by the donor. These assets are used to support the operations of the Foundation and for general use contributions for the University as a whole, or for specific colleges or departments within the University.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was enacted by the state of Oklahoma effective November 1, 2007 (OK UPMIFA). The Board of Trustees of the Foundation has interpreted OK UPMIFA to require the Foundation to exercise prudence in determining whether to spend from or accumulate to donor-restricted endowment funds with a view toward the permanent nature and long-term continuing viability of such funds.

Cash and cash equivalents

The Foundation considers highly liquid investments with a maturity of three months or less when purchased, excluding cash and short-term funds held in the Foundation's investment portfolio, to be cash equivalents.

Investments

Investments consist of both marketable and nonmarketable investment securities as follows:

Marketable securities – Marketable securities include fixed-income investments (cash and short-term funds, global and domestic bond mutual funds), equity investments (common and preferred stock, equity mutual funds), and real asset securities. Marketable securities are reported at fair value in the accompanying consolidated financial statements. Realized gains and losses on sales of marketable securities are computed on the first-in, first-out basis.

Nonmarketable securities – Nonmarketable securities consist of equity, fixed-income, and real asset limited partnership and similar investment company interests, and closely held stock. Nonmarketable securities are classified according to the nature of the underlying investment and include hedged and long-only equity strategies through the use of private equity funds, hedge funds, common funds, and closely held stock. The Foundation elected to report the fair value of its nonmarketable securities, excluding closely held stock, using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation management. Nonmarketable securities, not valued using the practical expedient, are stated at fair value for the best estimate of fair value as determined by the investment manager, appraisal and/or the Foundation's management. Realized gains and losses on sales of nonmarketable securities are computed on the average cost basis.

The majority of investments are combined in a common investment pool and invested on the basis of a total return policy to provide income and improve opportunities to realize appreciation in investment values.

Other property investments

Other property investments consist primarily of real property and forms of real property interests donated to and/or purchased by the Foundation and are carried at the lower of cost or market. The Foundation holds these assets until such time as they are transferred to the University or sold. No attempt is made by management to revalue other property investments at subsequent dates prior to transfer or sale due to the prohibitive cost of obtaining periodic appraisals; however, the Foundation's management is of the opinion that any subsequent revaluation would not have a significant impact on the Foundation's consolidated statements of financial position or changes in net assets. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No property investment impairments were recorded for the years ended June 30, 2023 or 2022.

Property and equipment

Property and equipment are stated at cost at the time of acquisition or at fair value at the date of donation. The Foundation capitalizes all property and equipment purchased and/or donated with an original basis of \$10,000 or more. Depreciation is based on the estimated useful life of the asset using the straight-line method. The Foundation records impairments of its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over the estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No property or equipment impairments were recorded for the years ended June 30, 2023 or 2022.

Beneficial interests in trusts

Beneficial interests in trusts represent the amounts held under irrevocable perpetual and charitable remainder trust agreements between donors and third-party trustees and are carried at fair value.

Funds held on behalf of OSU

The Foundation acts as custodian and records a liability for assets held on behalf of OSU. The assets held are invested in the Foundation's cash and investment pool and investment income, distributions, and other revenue and expenses of these funds increase and/or decrease the carrying value of the asset and liability. The related assets are distributable to OSU upon request.

Obligations under split-interest agreements

Split-interest agreements for which the Foundation serves as trustee include irrevocable charitable remainder trusts and charitable gift annuities (see Note 9). Obligations under split-interest agreements are the amounts due to the designated beneficiaries of the charitable trust and/or gift annuity and are equal to the present value of the expected future payments to be made.

Charitable legacy funds

Charitable legacy funds are donor-advised funds held by the Foundation. Irrevocable charitable contributions are received by the Foundation and are invested in a separate pool. The Foundation is responsible for investing and distributing the funds to public charities nominated by the donor, with the stipulation that a minimum of 50% of the principal and earnings go toward the benefit of the University. The Foundation retains variance power with respect to contributions received and reports the contributions as without donor restrictions.

The Foundation distributed assets totaling approximately \$500,000 and \$12,000 to University accounts and distributed assets totaling approximately \$151,000 and \$50,000 to other not-for-profit organizations from these donor-advised funds during the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the Foundation held charitable legacy fund assets totaling approximately \$1,296,000 and \$1,591,000, respectively, which are included in investments in the consolidated statements of financial position.

Management fee income

The Foundation assesses management fees on pooled investment funds, trust funds, and estate gifts. Such revenues are reflected as increases in the Foundation's operating fund (without donor restrictions) and decreases in the other funds managed by the Foundation (with and/or without donor restrictions) in the consolidated statements of activities. The Foundation also assesses management and other fees on funds that it holds on behalf of others.

Functional classification of expenses

Expenses are reported as decreases in net assets without donor restrictions and are classified on a functional basis in the consolidated statements of activities. Program services expenses are based on the purpose of actual expenditures for the benefit of the University. Management and general and fundraising costs are allocated based on evaluation of the related activities. Charitable legacy distributions are based on actual distributions to other not-for-profit organizations in conjunction with certain donor-advised funds.

Net asset reclassifications

The Foundation reclassifies net assets from one net asset category to another as follows:

Net assets released from restrictions – Net assets released from restrictions are asset reclassifications that result from fulfillment of the purposes for which the net assets were restricted and/or restrictions which expired with the passage of time.

Donor-directed – Donor-directed reclassifications are net asset reclassifications that occur when a donor withdraws or court action removes previously imposed restrictions, when a donor imposes restrictions on otherwise unrestricted net assets, when donors change or modify their existing restriction, and/or when an existing donor restriction requires certain amounts to be reclassified.

Concentrations of credit

The Foundation has certain concentrations of credit risk with financial institutions in the form of uninsured cash and time deposits. For purposes of evaluating credit risk, the stability of financial institutions conducting business with the Foundation is periodically reviewed and management believes that credit risks related to such balances are minimal.

The Foundation received contributions from five and four donors totaling approximately \$130,082,000 and \$48,863,000 in the years ended June 30, 2023 and 2022, respectively. These contributions represent 55% and 30% of total contribution revenue in fiscal years 2023 and 2022, respectively. Net contributions receivable totaling approximately \$131,929,000 and \$77,493,000 are due from 12 and 11 donors at June 30, 2023 and 2022, respectively. These receivables represent 73% and 62% of total net contributions receivable at June 30, 2023 and 2022, respectively.

The Foundation has a closely held stock that represents approximately 9% and 11% of the total investment balance at June 30, 2023 and 2022, respectively.

Income taxes

The Foundation and its affiliated organizations are generally exempt from federal income tax under section 501(a) as an organization described in section 501(c)(3) of the Internal Revenue Code. Generally, all revenue earned outside the purpose for which the Foundation is created is taxable as earned income.

Accounting for uncertain tax positions

The ASC provides guidance on the accounting for uncertainty in income taxes. This guidance requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed 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.

Significant estimates

Estimates that are particularly susceptible to significant change include the valuation of marketable and nonmarketable investments, beneficial interests in trusts, and contributions receivable. The Foundation's investment portfolio and beneficial interests are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Significant fluctuations in fair values could occur from year-to-year and the amounts the Foundation will ultimately realize could differ materially. Management's estimate of contributions receivable and the related allowance for uncollectible amounts is based on consideration of all relevant available information and an analysis of the collectability of individual contributions, which arise primarily from pledges as well as trusts and estates, at the consolidated financial statement date.

Fair value measurements

The Foundation follows ASC Topic 820, *Fair Value Measurements*, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial assets and liabilities carried at fair value on a recurring basis include investments, beneficial interests in trusts, and funds held on behalf of OSU. The Foundation has no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2023 or 2022.

Recently adopted accounting pronouncements

Effective July 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which supersedes the guidance in ASC 840, *Leases*, and generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the consolidated statements of financial position. The Foundation used the modified retrospective transition method.

The Foundation elected the following transition practical expedients: (a) no reassessment of whether contractual arrangements that expired prior to the adoption date are, or contain, leases, (b) the classification of existing capital leases as finance leases and existing operating leases as operating leases, (c) no redetermination of initial direct costs for leases that existed as of the adoption date, (d) application of

hindsight in determining the lease term and impairment of right-of-use assets. The adoption of this standard had no effect on the consolidated financial statements.

In March 2020 and January 2021, the FASB issued ASU No. 2020-04 and 2021-01, *Reference Rate Reform (Topic 848)*. The amendments provide optional expedients and exceptions for U.S. GAAP to contracts, hedging relationships, and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The Foundation has changed its reference rate from LIBOR to the Secured Overnight Financing Rate (SOFR). Disclosure information is provided in Note 11.

Subsequent events

Management has evaluated subsequent events through October 26, 2023, the date the consolidated financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 10,651,086	\$ 6,235,971
Short-term investments and unrestricted liquid investments	254,071,385	225,656,921
Interest and other receivables	4,217,006	3,139,372
Unendowed investments	81,728,362	61,894,959
Endowment spending-rate distributions	35,510,620	30,955,860
	<u>\$ 386,178,459</u>	<u>\$ 327,883,083</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Consistent with the objectives of the Foundation's investment policy, cash and investments are managed such that funds are available as expenditures, liabilities and other obligations come due. As part of the Foundation's liquidity management plan, the Foundation invests cash in excess of expected short-term needs in short-term investments.

The Foundation receives management fees on funds held in the investment pool and a gift allocation on gifts received. For the fiscal year ended June 30, 2023, management fees and gift allocations were approximately \$10,758,000 and \$1,985,000, respectively. For the fiscal year ended June 30, 2022, management fees and gift allocations were approximately \$10,794,000 and \$2,021,000, respectively. The management fees and gift allocation provide funds necessary to fulfill the Foundation's general expenditure obligation.

Note 3 – Investments

Investments consisted of the following at June 30:

	2023	2022
Marketable securities:		
Fixed-income:		
Cash and short-term investments	\$ 60,774,094	\$ 98,535,041
Global fixed-income mutual funds	52,714,643	51,460,657
U.S. fixed-income mutual funds	776,485	803,491
Equity:		
Long-only - domestic	39,361,285	39,639,605
Long-only - emerging markets	844,471	810,004
Long-only - global	1,644,950	1,522,979
Long-only - international	20,409,609	13,185,948
Hedged Equity - diversifiers	-	34,782,152
Hedged Equity - long/short funds	8,579,627	6,656,964
Real asset securities - public	2,593,525	2,736,653
Total marketable securities	187,698,689	250,133,494
Nonmarketable securities:		
Equity:		
Hedged equity - credit related	25,566,488	51,333,763
Hedged equity - multi-strategy funds	168,766	169,328
Hedged equity - long/short funds	210,304,083	126,872,943
Hedged equity - diversifiers	111,886,462	83,675,179
Hedged equity - event driven	75,678,816	32,109,248
Long-only - emerging markets	37,065,396	34,117,497
Long-only - international	107,007,751	61,648,852
Private equity	443,116,902	416,873,041
Fixed-income - global fixed-income fund	17,445,955	17,581,619
Real assets - private funds	46,595,354	56,157,885
Closely held stock	121,964,253	134,170,724
Total nonmarketable securities	1,196,800,226	1,014,710,079
Total investments	<u>\$ 1,384,498,915</u>	<u>\$ 1,264,843,573</u>

Net investment returns consist of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 18,129,294	\$ 8,989,059
Investment fees	(2,755,685)	(7,320,677)
Net realized and unrealized gains (losses)	54,494,650	(9,865,024)
Change in fair value of perpetual trusts	973,602	(2,167,193)
Net investment returns	<u>\$ 70,841,861</u>	<u>\$ (10,363,835)</u>

Note 4 – Contributions, Interest and Other Receivables

Unconditional contributions receivable, including amounts due under pledge agreements, are expected to be collected as follows at June 30:

	<u>2023</u>	<u>2022</u>
Contributions receivable in:		
Less than one year	\$ 113,428,448	\$ 49,875,406
One year to five years	82,339,394	83,388,970
Over five years	47,261,290	50,803,746
	<u>243,029,132</u>	<u>184,068,122</u>
Less:		
Unamortized discount (4.33% - 8.81%)	44,080,570	48,155,503
Allowance for uncollectible pledges	18,825,382	10,485,474
	<u>\$ 180,123,180</u>	<u>\$ 125,427,145</u>

Unconditional contributions receivable net of discount and allowance that are with donor restrictions are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Intercollegiate athletics	\$ 88,499,497	\$ 50,352,291
General University support	31,348,719	33,454,109
Awards and scholarships	33,704,597	7,281,394
Facilities and equipment	22,544,033	33,060,861
Other	4,026,334	1,278,490
	<u>\$ 180,123,180</u>	<u>\$ 125,427,145</u>

Conditional promises to give include certain gifts that the Foundation has been named as the beneficiary in an estate plan or a valid will. No amounts have been recognized in the consolidated financial statements for conditional promises to give because the conditions on which they depend have not been met. The Foundation does not currently have sufficient information to estimate the amounts of conditional promises to give.

Interest and other receivables consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Receivable from OSU	\$ 2,748,869	\$ 2,516,032
Accrued interest and other receivables	1,468,137	623,340
	<u>\$ 4,217,006</u>	<u>\$ 3,139,372</u>

Interest and other receivables are expected to be collected within one year.

Note 5 – Net Assets

Net assets without donor restrictions consist of the following at June 30:

	2023	2022
Designated for the University:		
Intercollegiate athletics	\$ 155,509,923	\$ 125,879,196
Library	1,997,173	1,689,887
Research	3,658,058	2,828,873
General University support	220,456,574	229,785,343
Awards and scholarships	61,803,644	59,847,232
Endowed faculty and lectureship programs	5,994,157	5,835,862
Facilities and equipment	14,358,208	14,890,909
Charitable legacy fund	1,296,003	1,591,026
	<u>465,073,740</u>	<u>442,348,328</u>
Designated for the Foundation (a):		
Invested in property and equipment (b)	15,293,447	16,227,984
Gains on short-term investment funds (c)	29,349,135	24,952,255
Foundation reserves and general support (d)	23,347,467	18,171,186
	<u>67,990,049</u>	<u>59,351,425</u>
	<u>\$ 533,063,789</u>	<u>\$ 501,699,753</u>

- (a) Net assets without donor restrictions designated for the Foundation are amounts held for use in operating the Foundation.
(b) Net assets without donor restrictions invested in property and equipment represent the Foundation's building, furniture and equipment.
(c) Gains on short-term investment funds represents the difference between the fair market value of short-term investment funds compared to the total amount available for distribution to the University.
(d) Foundation reserves and general support represent quasi-endowments established for the purpose of providing a revenue stream for Foundation operations.

Net assets with donor restrictions are restricted for the following at June 30:

	2023	2022
Subject to appropriation or expenditure:		
Intercollegiate athletics	\$ 82,256,619	\$ 46,352,644
Library	2,441,379	2,194,062
Research	2,062,711	1,091,056
General University support	41,894,647	45,134,135
Awards and scholarships	94,138,582	87,089,044
Endowed faculty and lectureship programs	81,525,592	68,505,291
Facilities and equipment	67,797,229	76,081,475
OSU Foundation reserves and general support	2,208,405	2,017,439
	<u>374,325,164</u>	<u>328,465,146</u>
Not subject to appropriation or expenditure:		
Intercollegiate athletics	23,560,580	14,122,163
Library	7,477,012	6,963,319
Research	4,632,559	4,608,982
General University support	55,670,389	45,480,336
Awards and scholarships	341,224,397	271,733,036
Endowed faculty and lectureship programs	217,664,804	214,030,844
Facilities and equipment	6,146,292	6,142,114
OSU Foundation reserves and general support	1,310,843	1,273,185
	<u>657,686,876</u>	<u>564,353,979</u>
	<u>\$ 1,032,012,040</u>	<u>\$ 892,819,125</u>

Note 6 – Endowment Disclosures

The Foundation's endowment consists of approximately 4,000 and 3,900 funds at June 30, 2023 and 2022, respectively, established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The trustees of the Foundation have chosen to preserve 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. As a result of this interpretation, the Foundation classifies net assets with donor restrictions not subject to appropriation for expenditure (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 is classified as net assets with donor restrictions available for appropriation or expenditure until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by OK UPMIFA. In accordance with OK UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 795,786,882	\$ 795,786,882
Board-designated endowment funds	142,885,966	-	142,885,966
Total endowment funds	<u>\$ 142,885,966</u>	<u>\$ 795,786,882</u>	<u>\$ 938,672,848</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 695,064,082	\$ 695,064,082
Board-designated endowment funds	127,213,737	-	127,213,737
Total endowment funds	<u>\$ 127,213,737</u>	<u>\$ 695,064,082</u>	<u>\$ 822,277,819</u>

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 127,213,737	\$ 695,064,082	\$ 822,277,819
Investment return, net	7,257,752	51,112,985	58,370,737
Donor-restricted additions:			
Current-year endowment contributions	-	79,377,058	79,377,058
Collection of current and prior-year pledges	-	6,307,268	6,307,268
Transfers of prior-year contributions	-	3,007,160	3,007,160
Total donor-restricted additions	-	88,691,486	88,691,486
Management fee	(1,426,187)	(9,987,944)	(11,414,131)
Appropriation of endowment assets for expenditure	(2,743,540)	(27,791,095)	(30,534,635)
Reinvestment of amounts appropriated	-	164,360	164,360
Reclassification-donor directed	-	(944,078)	(944,078)
Transfers from (to) Board-designated and donor-restricted endowment funds	12,584,204	(522,914)	12,061,290
Endowment net assets, end of year	<u>\$ 142,885,966</u>	<u>\$ 795,786,882</u>	<u>\$ 938,672,848</u>

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 95,655,358	\$ 718,269,747	\$ 813,925,105
Investment return, net	(1,946,670)	(15,103,624)	(17,050,294)
Donor-restricted additions:			
Current-year endowment contributions	-	15,691,915	15,691,915
Collection of current and prior-year pledges	-	4,039,388	4,039,388
Transfers of prior-year contributions	-	1,781,135	1,781,135
Total donor-restricted additions	-	21,512,438	21,512,438
Management fee	(1,225,214)	(10,451,459)	(11,676,673)
Appropriation of endowment assets for expenditure	(2,384,266)	(24,733,340)	(27,117,606)
Reinvestment of amounts appropriated	16,834	5,018,306	5,035,140
Reclassification-donor directed	(44,725)	(245,996)	(290,721)
Transfers from Board-designated and donor-restricted endowment funds	37,142,420	798,010	37,940,430
Endowment net assets, end of year	<u>\$ 127,213,737</u>	<u>\$ 695,064,082</u>	<u>\$ 822,277,819</u>

In addition to permanently restricted endowment funds, the Foundation also has interests in perpetual trusts and charitable remainder trusts which are managed by third parties, charitable trusts which are managed by the Foundation, and permanently restricted contributions receivable. These assets are not a part of the Foundation's endowment and therefore are not included in the endowment disclosures.

Funds with deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Trustees of the Foundation have interpreted OK UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, the original gift value and current fair value of the

underwater endowment funds was approximately \$13,250,000 and \$12,837,000, respectively, resulting in a deficiency of \$413,000 reported in net assets with donor restrictions. At June 30, 2022, the original gift value and current fair value of the underwater endowment funds was approximately \$16,239,000 and \$15,133,000, respectively, resulting in a deficiency of \$1,106,000 reported in net assets with donor restrictions.

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets to provide for growth and a predictable level of funding to the University to enable it to maintain, improve and expand its facilities and programs. It is recognized that these objectives require a long-term investment horizon. Investment risk is measured in terms of the total portfolio and is managed to ensure that the asset allocation does not expose the portfolio to unacceptable levels of risk but at the same time achieves the best possible returns over time. The asset allocation policies reflect and are consistent with the investment objectives and risk tolerances expressed through the Foundation's investment policy. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest level of risk. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To achieve its objectives, the Foundation seeks to utilize strategic and tactical asset allocation decisions, selection of top tier investment managers, and active performance monitoring and evaluation by Foundation management, outside consultants, and the Investment Committee of the Board of Trustees. The Foundation utilizes 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 growth investments to achieve its long-term objectives within prudent risk constraints. This translates to a target asset allocation of 55% equity/growth-based, 20% real assets/inflation, and 25% fixed-income/deflation/liquidity.

Spending policy and how the investment objectives relate to spending policy

The Foundation's spending policy is the mechanism in which calculated amounts from endowments participating in the pooled investment fund are made available to the University. The Foundation's spending policy allows for the use of both realized income and appreciation as components of the spending policy distribution. The spending policy is the target rate of 4.25% adjusted by an inflationary factor, calculated as the percentage change in the Consumer Price Index (CPI) from August of the prior year to August of the current year. The spending policy distribution was approximately \$30,535,000 and \$27,118,000 for the years ended June 30, 2023 and 2022, respectively.

Note 7 – Fair Value Measurements

The Foundation's Investment Committee, appointed by the Board of Trustees, is responsible for the overall management of the Foundation's investments, including evaluating, hiring, and terminating external service providers, the primary custodial bank, consultants, and securities lending agents. The authority for investment decisions and retention of additional custodians and brokers, when appropriate to accomplish or facilitate an investment transaction, is delegated to MEMCO in accordance with the investment management agreement between the Foundation and MEMCO and MEMCO's fiduciary duties to the Foundation. The Committee 1) reviews the total investment program, 2) establishes and maintains the Investment Policy statement, including asset allocation guidelines, and 3) reviews performance, capabilities, systems, and staffing of MEMCO. MEMCO performs all duties necessary for the efficient

administration and management of investment assets. MEMCO is also responsible for the day-to-day operations involving due diligence. The valuation process for investments is the responsibility of MEMCO and all other fair value measurements are the responsibility of the Foundation's accounting department. Fair value measurements for beneficial interests in trusts and funds held on behalf of OSU are prepared by the Foundation's accounting department and approved by the Board of Trustees during its review and approval of the Foundation's periodic internal financial statements.

The methods and assumptions used to estimate the fair value of assets and liabilities in the consolidated financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

Cash and cash equivalents

The asset's carrying amount approximates fair value due to its short maturity.

Investments

All of the Foundation's marketable securities are valued by nationally recognized third-party pricing services, except for certain commodities which are valued by the fund/account manager. The Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis and the Foundation classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, using the market approach. Level 2 inputs under the market approach include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publicly. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Nonmarketable securities, except for closely held stock, are carried at fair value which is based on the NAV as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses management agreements, analyst notes, audited financial statements and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC 820) and considers various other factors including contributions and withdrawals to the fund and monitoring unaudited interim reporting to determine if any adjustment to the NAV is necessary. Closely held stock is carried at fair value which is based on independent appraisal or Foundation management. Closely held stock is categorized as Level 3 in the fair value hierarchy.

Interest and other receivables

The asset is carried at cost, plus accrued interest, which approximates fair value due to the short maturity of such amounts.

Contributions receivable

The asset is carried at cost net of a discount to present value using a rate which is commensurate with the risks involved on the gift date and an allowance for uncollectible accounts at the financial reporting date. Risks associated with individual gifts are assessed annually through the Foundation's review of the status of each gift. Fair value is the price a market participant would pay to acquire the right to receive the cash flows inherent in the promise to pay. Due to inclusion of a discount to net present value and allowance for uncollectible accounts the carrying value approximates fair value.

Other property investments

The asset's carrying amount is based on the fair value of the assets at the time of donation or purchase (i.e., cost basis) and reduced for impairments to their net realizable value based on facts and circumstances at the time of the determination. Property investments are not held for long-term investment purposes; therefore, management believes the carrying amount approximates fair value.

Beneficial interests in trusts

The beneficial interest is carried at fair value, which is based on the present value of the expected future cash inflows from the trusts. The fair value of the underlying trust assets is based on quoted market prices when available or the best estimate of fair value as determined by the third-party trustee. The Foundation's valuation technique considers the fair value of the assets held in the trust and applies a discount rate to convert such amounts to a single present value amount when appropriate. The discount rate used by the Foundation reflects current market conditions including the inherent risk in the underlying assets and the risk of nonperformance by the trustee. Due to the significant unobservable inputs required to estimate the expected future cash receipts from the trust agreements under the income approach, the Foundation's beneficial interest is classified as Level 3 in the hierarchy.

Other assets

The primary other asset is cash surrender values on life insurance policies for which the Foundation is the beneficiary, and as such, the carrying value approximates fair value.

OSU support payable and accounts payable and accrued liabilities

The carrying amount of the liabilities approximates fair value due to the short maturity of such amounts.

Funds held on behalf of OSU

The liabilities are carried at fair value as determined using the income approach (expected future cash outflows). Fair value is based on the fair value of the cash and investment assets held by the Foundation for the benefit of OSU. The specific assets held have been classified within the hierarchy for investments (as discussed above) or are cash and cash equivalents. The related and associated liability is classified as Level 3 in the hierarchy as there is no market for a similar liability and certain principal inputs (i.e., fair value inputs of nonmarketable assets in the portfolio and management's allocation for shares in the pool) are unobservable and significant to the overall fair value measurement.

Obligations under split-interest agreements

The liabilities' fair value is determined by discounting the future cash flows at rates that could currently be negotiated by the Foundation for borrowings of similar amounts. The carrying value approximates the liabilities' fair value.

Unearned revenue, line of credit and notes payable

The liabilities are carried at cost, which approximates fair value due to the short maturity of those amounts and the variable rates of the notes payable.

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy at June 30, 2023, as follows:

	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities:				
Fixed-income:				
Cash and short-term funds	\$ 60,774,094	\$ 60,774,094	\$ -	\$ -
Global fixed-income mutual funds	52,714,643	6,043,181	46,671,462	-
U.S. fixed-income mutual funds	776,485	776,485	-	-
Equities:				
Long-only - domestic	39,361,285	5,478,276	33,883,009	-
Long-only - emerging markets	844,471	844,471	-	-
Long-only - global	1,644,950	1,644,950	-	-
Long-only - international	20,409,609	20,409,609	-	-
Hedged Equity - long/short funds	8,579,627	8,579,627	-	-
Real asset securities - public	2,593,525	2,593,525	-	-
Total marketable securities	187,698,689	107,144,218	80,554,471	-
Nonmarketable securities:				
Nonmarketable securities at NAV (a)				
	1,074,835,973			
Closely held stock	121,964,253	-	-	121,964,253
Total nonmarketable securities	1,196,800,226	-	-	121,964,253
Total investments	1,384,498,915	107,144,218	80,554,471	121,964,253
Beneficial interests in trusts	26,125,258	-	-	26,125,258
Total assets	\$ 1,410,624,173	\$ 107,144,218	\$ 80,554,471	\$ 148,089,511
Liabilities:				
Funds held on behalf of OSU	\$ 7,868,797	\$ -	\$ -	\$ 7,868,797

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

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy at June 30, 2022, as follows:

	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities:				
Fixed-income:				
Cash and short-term funds	\$ 98,535,041	\$ 98,535,041	\$ -	\$ -
Global fixed-income mutual funds	51,460,657	6,492,951	44,967,706	-
U.S. fixed-income mutual funds	803,491	803,491	-	-
Equities:				
Long-only - domestic	39,639,605	6,498,330	33,141,275	-
Long-only - emerging markets	810,004	810,004	-	-
Long-only - global	1,522,979	1,522,979	-	-
Long-only - international	13,185,948	13,185,948	-	-
Hedged Equity - diversifiers	34,782,152	34,782,152	-	-
Hedged Equity - long/short funds	6,656,964	6,656,964	-	-
Real asset securities - public	2,736,653	2,736,653	-	-
Total marketable securities	250,133,494	172,024,513	78,108,981	-
Nonmarketable securities:				
Nonmarketable securities at NAV (a)				
	880,539,355			
Closely held stock	134,170,724	-	-	134,170,724
Total nonmarketable securities	1,014,710,079	-	-	134,170,724
Total investments	1,264,843,573	172,024,513	78,108,981	134,170,724
Beneficial interests in trusts	25,989,398	-	-	25,989,398
Total assets	\$ 1,290,832,971	\$ 172,024,513	\$ 78,108,981	\$ 160,160,122
Liabilities:				
Funds held on behalf of OSU	\$ 7,939,891	\$ -	\$ -	\$ 7,939,891

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

The following table summarizes the purchases and issuances of the Foundation's Level 3 assets and liabilities during the year ended June 30:

	Assets	Liabilities
	Beneficial Interests in Trusts	Funds Held on Behalf of OSU
2023: Contributions	\$ 759,569	\$ 43,000
2022: Contributions	\$ 820,205	\$ -

In the ordinary course of business, the Foundation is subject to risk from adverse fluctuations in foreign exchange, interest rates, and commodity prices. The Foundation manages these risks through use of derivative financial instruments, primarily futures and forward contracts. These contracts are short-term commitments (approximately eight weeks) to buy or sell at a future date a commodity or currency at a contracted price and may be settled in cash or through delivery. Counterparties to these contracts are major financial institutions. The Foundation is exposed to credit loss in the event of nonperformance by these counterparties. There were no derivative assets as of June 30, 2023 or June 30, 2022. Realized and unrealized gains (losses) on derivatives are recorded as net investment return in the consolidated statements of activities.

The Foundation's investments in certain entities that calculate net asset NAV per share and for which there is not a readily determinable fair value are summarized by category as follows:

	Fair Value, June 30,		Unfunded Commitments, June 30,		Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Gate	Lock Up Period	Holdback
	2023	2022	2023	2022					
Equities:									
Hedged equity - credit-related:									
Fund BQ	\$ 1,333,055	\$ 16,054,746	\$ -	\$ -	Quarterly	60 days	Master Fund Level - 20%	N/A	N/A
Fund BR	8,241,427	7,835,764	-	-	Quarterly	90 days	Investor Level - 25%	N/A	N/A
Fund DP	-	5,938,292	-	-	Quarterly	90 days	Investor Level - 25%	1 Year - Hard and Soft Lock	5%
Fund DV	-	1,298,212	-	-	Quarterly	90 days	Investor Level - 25%	N/A	5%
Fund DY	6,838	1,800,971	-	-	Quarterly	90 days	Investor Level - 25%	3 Year - Hard Lock	5%
Fund EA	8,551,968	10,847,496	-	-	Monthly	90 days	Investor Level - 25%	3 Year - Hard Lock	5%
Fund EB	7,433,200	7,558,282	-	-	Monthly	90 days	Investor Level - 25%	N/A	5%
Total hedged equity - credit-related	25,566,488	51,333,763	-	-					
Hedged equity - multi-strategy funds									
Fund AZ	28,493	29,055	-	-	Illiquid	N/A	N/A	N/A	N/A
Fund AA	140,273	140,273	-	-	Illiquid	N/A	N/A	N/A	N/A
Total hedged equity - multi-strategy funds	168,766	169,328	-	-					
Hedged equity - long/short funds:									
Fund M	31,454,731	28,483,284	-	-	Quarterly	60 days	Investor Level - 20%	N/A	5%
Fund X	-	52,787	-	-	Quarterly	45 days	N/A	N/A	5%
Fund CN	10,993,624	9,404,204	-	-	Quarterly	60 days	N/A	3 Year - Soft Lock	5%
Fund CQ	10,429,638	12,013,228	-	-	Monthly	30 days	Investor Level - 25%	1 Year - Soft Lock	N/A
Fund DZ	-	2,321,783	-	-	Quarterly	60 days	Fund Level - 20%	3 Year - Hard Lock	5%
Fund EF	12,636,228	10,793,174	-	-	Monthly	30 days	N/A	N/A	N/A
Fund EI	9,138,003	10,153,863	-	-	Quarterly	60 days	Investor Level - 20%	15 Month - Hard Lock	5%
Fund EK	34,104,584	21,280,676	-	-	Quarterly	120 days	Investor Level - 25%	1 Year - Hard Lock	5%
Fund EQ	6,662,022	4,529,036	-	-	Quarterly	60 days	N/A	1 Year - Hard Lock	5%
Fund EV	9,757,459	10,348,492	-	-	Quarterly	30 days	Master Fund Level - 20%	1 Year - Soft Lock	N/A
Fund FD	4,470,788	3,578,673	-	-	Quarterly	60 days	N/A	3 Year Hard Lock; 1 Year Soft Lock	N/A
Fund GA	11,083,834	6,362,918	-	-	Quarterly	60 days	Master Fund Level - 25%	Soft Lock 0-12 months 5% 12-24 months 3%	N/A
Fund GN	58,293,584	-	-	-	Weekly	6 days	Investor Level - 10%	N/A	N/A
Fund GO	3,029,588	7,550,825	-	-	Monthly	60 days	N/A	N/A	N/A
Fund GR	1,750,000	-	-	-	Illiquid	N/A	N/A	N/A	N/A
Fund GU	6,500,000	-	-	-	Quarterly	60 days	N/A	1 Year - Hard Lock	N/A
Total hedged equity - long/short funds	210,304,083	126,872,943	-	-					
Hedged equity - diversifiers:									
Fund A	25,219,098	21,861,138	-	-	Quarterly	60 days	Investor Level - 25%	N/A	10%
Fund N	-	5,083,012	-	-	Quarterly	60 days	N/A	N/A	10%
Fund BT	31,948,732	6,561,469	-	-	Monthly	14 days	N/A	N/A	N/A
Fund CP	23,587,561	19,793,819	-	-	Monthly	26 days	N/A	N/A	10%
Fund DS	-	1,122,987	-	-	Monthly	45 days	N/A	N/A	N/A
Fund EH	12,987,001	11,428,946	-	-	Monthly	45 days	N/A	1 Year - Soft Lock	N/A
Fund FH	18,144,070	17,823,808	-	-	Monthly	60 days	N/A	1 Year - Soft Lock	5%
Total hedged equity - diversifiers	111,886,462	83,675,179	-	-					
Hedged equity - event-driven:									
Fund W	25,678,816	30,415,009	-	-	Biennial	90 days	N/A	2 Year - Hard Lock	5%
Fund BB	-	1,694,239	-	-	Quarterly	15 days	Investor Level - 12.5%	N/A	3%
Fund GS	50,000,000	-	-	-	Semi-Annual	90 days	N/A	1 Year - Hard Lock	N/A
Total hedged equity - event-driven	75,678,816	32,109,248	-	-					
Long-only - emerging markets:									
Fund B	682,521	738,330	-	-	Daily	28 days	N/A	N/A	N/A
Fund BI	21,450,217	21,040,404	-	-	Daily	5 days	Fund Level - 20%	N/A	N/A
Fund BV	14,932,658	12,338,763	-	-	Quarterly	45 days	N/A	N/A	N/A
Total long-only - emerging markets	37,065,396	34,117,497	-	-					
Long-only - international:									
Fund AB	25,464,709	21,846,336	-	-	Monthly	6 days	N/A	N/A	N/A
Fund EC	-	-	-	-	Quarterly	90 days	Investor Level - 50%	1 Year - Hard Lock	N/A
Fund EU	36,710,841	11,986,177	-	-	Quarterly	90 days	Master Fund Level - 20%; Investor Level - 25%	1 Year - Soft Lock	10%
Fund EW	33,263,401	18,988,762	-	-	Daily	1 day	N/A	N/A	N/A
Fund EX	11,568,800	8,827,577	-	-	Quarterly	60 days	Master Fund Level - 33%	N/A	5%
Total long-only - international	107,007,751	61,648,852	-	-					

	Fair Value, June 30,		Unfunded Commitments, June 30,		Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Gate	Lock Up Period	Holdback
	2023	2022	2023	2022					
Fixed-income - global fixed-income:									
Fund DR	14,195,955	17,581,619	-	-	Daily	1 day	N/A	N/A	N/A
Fund GR	3,250,000	-	-	-	Illiquid	N/A	N/A	N/A	N/A
Total fixed-income - global fixed-income	17,445,955	17,581,619	-	-					
Private:									
Fund AV	364,585	391,095	100,000	100,000	Illiquid	N/A	N/A	N/A	N/A
Fund AW	6,207,368	6,991,569	1,118,122	1,258,743	Illiquid	N/A	N/A	N/A	N/A
Fund BJ	4,023,024	6,935,572	-	-	Illiquid	N/A	N/A	N/A	N/A
Fund CF	10,385,605	12,903,702	3,002,932	4,108,425	Illiquid	N/A	N/A	N/A	N/A
Fund CG	5,348,035	6,938,143	273,467	369,573	Illiquid	N/A	N/A	N/A	N/A
Fund DE	4,909,335	6,384,237	128,126	128,126	Illiquid	N/A	N/A	N/A	N/A
Fund DJ	2,478,720	2,368,382	156,961	189,864	Illiquid	N/A	N/A	N/A	N/A
Fund ES	3,353,062	4,655,842	3,830,490	3,830,490	Illiquid	N/A	N/A	N/A	N/A
Fund ET	9,525,620	8,589,343	-	-	Illiquid	N/A	N/A	N/A	N/A
Total private	46,595,354	56,157,885	8,610,098	9,985,221					
	\$ 1,074,835,973	\$ 880,539,355	\$ 190,637,493	\$ 214,300,855					

Equities – hedged equity – credit-related – Funds which invest long and short in a variety of global debt and equity securities, with investment strategies including long/short corporate and asset-backed credit, credit arbitrage, and structured credit.

Equities – hedged equity – multi-strategy funds – Fund that invests in a wide range of global investment strategies through master feeder fund structures. The investment strategies primarily include long/short equity, arbitrage and other relative value strategies, corporate credit, structured credit, and global currencies.

Equities – hedged equity – long/short funds – Funds which invest in global equity securities both long and short.

Equities – hedged equity – diversifier funds – Funds that invest in a wide range of global investment strategies through master feeder structures. The strategies primarily include relative value, systematic, and discretionary global macro.

Equities – hedged equity – event-driven funds – A fund that invests across the capital structure in a wide range of global securities, with a focus on near to medium term catalyst.

Equities – long-only – domestic equities fund – A fund that invests in common and preferred stock from issuers located primarily in the United States.

Equities – long-only – emerging markets funds – Funds which invest in common and preferred stock from issuers in emerging market countries.

Equities – long-only – international funds – Funds that invest in common and preferred stock from issuers in emerging market countries.

Equities – private equity funds – Funds structured as limited partnerships and trusts, which invest in a variety of areas including foreign investments, growth equities, performing and distressed debt, emerging markets, diversified fund of funds and mid-market growth companies. The private equity category is mature, with existing commitments in their harvest periods. The Foundation anticipates receiving half of the distributions over the next three years and then remaining distributions will decrease until fully distributed by approximately 2027. The Foundation intends to utilize these distributions to acquire additional private equity investments.

Fixed-income – global fixed-income fund – Fund which seeks to generate absolute returns regardless of market conditions through strategic investment in countries, currencies, sectors and securities.

Real assets – private funds – Funds structured as limited partnerships to invest in private real assets. This category is mature, with existing commitments in their harvest periods. The Foundation anticipates receiving half of the distributions over the next three years and then remaining distributions will decrease until fully distributed by approximately 2027. The Foundation intends to utilize these distributions to acquire additional private equity investments.

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's assets and liabilities that are categorized within Level 3 of the fair value hierarchy:

Investment Type	Fair Value, June 30,		Valuation Techniques	Unobservable Input (c)
	2023	2022		
Assets:				
Closely held stock	\$ 121,964,253	\$ 134,170,724	Market approach	EBITDA multiple (b) EBITDA transactions (b) Book multiple (b)
			Income approach	Capitalization rate Discount for lack of marketability (a)
Beneficial interest in trusts	26,125,258	25,989,398	Discounted cash flows	Discount rate (a) Expected rate of return (d)
Liabilities:				
Funds held on behalf of OSU	7,868,797	7,939,891	Income approach	Present value of future cash outflows (e) Discount rate (a)

- (a) Represents amounts used when the Foundation has determined that market participants would take into account these discounts or premiums when pricing the asset or liability.
- (b) Represents amounts used when the Foundation has determined that market participants would use such multiples when pricing the investments.
- (c) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.
- (d) Represents the net fair market value of assets to be paid to the Foundation based on terms stated in the trust agreement.
- (e) Represents the respective agency's ownership interest in the Foundation's investment pool (i.e., the underlying assets which are measured at fair value). The unobservable inputs for the custodial liability are the same as those for the Foundation's investment pool disclosed throughout Note 7.

Note 8 – Property and Equipment

Property and equipment consist of the following June 30:

	Useful Life	2023	2022
Foundation Operations			
Land	N/A	\$ 2,383,552	\$ 2,383,552
Buildings and leasehold improvements	10 - 39 years	17,451,396	17,734,413
Equipment	3 - 10 years	5,680,711	5,535,059
Construction in process	N/A	-	49,316
		25,515,659	25,702,340
Less: accumulated depreciation		11,080,875	10,342,720
Net property and equipment, Foundation operations		14,434,784	15,359,620

	Useful Life	2023	2022
Foundation Programs for OSU			
Land	N/A	601,924	601,924
Buildings and leasehold improvements	10 - 39 years	311,672	311,672
		913,596	913,596
Less: accumulated depreciation		54,933	45,232
Net property and equipment, Foundation programs for OSU		858,663	868,364
Property and equipment, net		<u>\$ 15,293,447</u>	<u>\$ 16,227,984</u>

Depreciation expense was approximately \$816,000 and \$842,000 for the years ended June 30, 2023 and 2022, respectively.

Note 9 – Split-Interest Agreements

Assets recorded under split-interest agreements administered by the Foundation are recognized in the Foundation's consolidated financial statements as follows at June 30:

	2023	2022
Cash, investments, interest and other receivables	\$ 17,517,683	\$ 17,295,013
Property and equipment and other property investments	2,252,502	2,187,572
Total assets held under split-interest agreements	<u>\$ 19,770,185</u>	<u>\$ 19,482,585</u>
Obligations under split-interest agreements	<u>\$ 11,382,934</u>	<u>\$ 11,491,646</u>

Assets received under these agreements are recorded at fair value on the gift date and in the appropriate net asset category. Related contributions are recognized as contribution revenue and are equal to the present value of the future benefits to be received by the Foundation over the term of the agreements.

Contribution revenue under these split-interest agreements for the years ended June 30, 2023 and 2022, was approximately \$80,000 and \$42,000, respectively. Liabilities have been established for these split-interest agreements in which the Foundation is the trustee or for which the Foundation is obligated to an annuitant under a charitable gift annuity.

During the term of these agreements, changes in the value of the split-interest agreements are recognized in the consolidated statements of activities based on accretion of the discounted amount of the contribution, and revaluations of the expected future benefits (payments) to be received (paid) by the Foundation (beneficiaries), based on changes in life expectancy and other assumptions. Discount rates of 0.6% to 10% were used in these calculations. Split-interest agreements for which the Foundation is the trustee but the charitable beneficiary is revocable are included in the assets and liabilities above. The liability for these revocable agreements is equal to the fair value of the assets.

Note 10 – Beneficial Interests in Trusts

Beneficial interests in trusts consist of the following at June 30:

	2023	2022
Perpetual trusts	\$ 21,522,399	\$ 20,548,796
Charitable remainder trusts	4,602,859	5,440,602
Total beneficial interests in trusts	<u>\$ 26,125,258</u>	<u>\$ 25,989,398</u>

Perpetual trusts and related changes in fair value are classified as net investment gains (losses) with donor restrictions in the consolidated statements of activities. Distributions from perpetual trusts are recognized as interest and dividend income in the consolidated statement of activities and are classified as either without or with donor restrictions in accordance with any donor restrictions, except for distributions received and fully expended in the same period which are classified as without donor restrictions.

The Foundation's beneficial interest in remainder trusts and related changes in fair value are classified as with donor restrictions. Beneficial interests in remainder trusts, without donor-imposed restrictions, are reclassified to net assets without donor restrictions upon termination of the trust. Discount rates on these charitable remainder trusts are 5% and 3.6% at June 30, 2023 and 2022, respectively.

Contribution revenue related to these agreements was approximately \$760,000 and \$820,000 for the years ended June 30, 2023 and 2022, respectively.

Note 11 – Debt

In October 2015, the Foundation entered into an agreement with a financial institution providing for a \$20,000,000 unsecured revolving line of credit with interest calculated at the variable LIBOR rate plus 0.90% per annum, adjusted on the last day of each month. In fiscal year 2019, \$10,000,000 of the line of credit was converted to a term note and the unsecured line was reduced to \$10,000,000 available. During fiscal year 2023, the Foundation entered into an amended and restated agreement, which changed the interest rate benchmark from LIBOR to SOFR and extended the maturity date to June 1, 2028. The interest rate was 6.1% as of June 30, 2023. The outstanding balance on the term note totaled approximately \$8,515,000 and \$8,663,000 at June 30, 2023 and 2022, respectively. The outstanding balance on the line of credit at June 30, 2023 and 2022, respectively, was \$3,742,000 and \$2,911,000. Interest expense totaled approximately \$573,000 and \$128,000 for the years ended June 30, 2023 and 2022, respectively.

In May 2018, the Foundation entered into an agreement with a financial institution providing for a \$60,000,000 unsecured advancing term note. The maturity date is June 30, 2025, with interest calculated at the variable LIBOR rate plus 1% per annum, adjusted on the last day of each month. In fiscal year 2020, \$35,000,000 was paid down and the unsecured advancing term note was reduced to \$25,000,000 with no other change in terms. During fiscal year 2023, the Foundation entered into an amended and restated agreement, which changed the interest rate benchmark from LIBOR to SOFR. The interest rate was 6.2% as of June 30, 2023. The outstanding balance totaled \$23,183,000 and \$23,447,000 at June 30, 2023 and 2022, respectively. Interest expense totaled approximately \$1,152,000 and \$309,000 for the years ended June 30, 2023 and 2022, respectively.

Future maturities of debt are as follows:

Years ending June 30,	Total
2024	\$ 688,867
2025	22,916,535
2026	239,460
2027	255,406
2028	11,339,541
	<u>\$ 35,439,809</u>

Note 12 – Contributions: Land, Goods, Services and Other

Contributed nonfinancial assets recognized within the consolidated statements of activities (Contributions: Land, goods, services and other) for the years ending June 30 included the following:

	2023	2022	Utilized in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Real property	\$ -	\$ 2,115,742	Research, general University support, awards and scholarships, and facilities and equipment	No associated donor restrictions	Fair value of land and buildings were obtained using third party appraisals.
Mineral rights	376,957	3,215,900	Awards and scholarships	No associated donor restrictions	Fair value of mineral rights were obtained using third party appraisals.
Artwork	129,299	1,128,653	Library, Research and general University support	No associated donor restrictions	The Foundation estimated fair value of artwork by third party appraisals or by estimates made by knowledgeable faculty in the field of study.
Livestock	918,640	528,851	Intercollegiate athletics and general University support	No associated donor restrictions	The Foundation estimated fair value by third party appraisals performed or estimates made by knowledgeable individuals in the field on the basis of estimated values that would be received for selling similar products in the United States.
Other	799,375	1,028,725			
	<u>\$ 2,224,271</u>	<u>\$ 8,017,871</u>			

Real property is either sold with the proceeds held for the use of the University or released to the University upon receipt. Mineral rights are generally held by the Foundation and the revenue is held for the benefit of the University. It is the Foundation's policy to release all contributed artwork, livestock, equipment, vehicles, supplies, furniture and fixtures, books, and food/beverages and lodging to the University upon receipt.

Note 13 – Transactions to Support University Activities

The Foundation entered into an agreement with the University to facilitate the sale of alcoholic beverages at the University-owned Ranchers' Club and Atherton Hotel, which are operated by an external management firm engaged by the University, and for special events. The agreement utilizes a limited liability company named Ranchers' Dining, LLC (Ranchers Dining), and its subsidiaries Cowboy Dining, LLC and Pineapple Pete, LLC to accomplish these transactions. Cowboy Dining, LLC was transferred to the University in October 2017. This transaction removed the activities related to the sale of alcoholic beverages at the University-owned Ranchers' Club and Atherton Hotel from the Foundation. The Foundation is the sole member of Ranchers Dining. Ranchers Dining has entered into agreements with the University, and the Foundation believes that as a result of these agreements, the Foundation does not have a significant economic interest in Ranchers Dining. The Foundation also has no legal responsibility for the obligations of Ranchers Dining. Accordingly, Ranchers Dining is not consolidated with the Foundation for financial reporting purposes.

The Foundation for the McKnight Center for the Performing Arts (MCPA Foundation) was formed in fiscal year 2016 to provide support and assistance to OSU in connection with the performing arts of OSU. Specifically, the MCPA Foundation shall provide funding for the performing arts, long-term management and operation of The McKnight Center for the Performing Arts at OSU (McKnight Center) for the benefit of OSU's performing arts programs and to culturally enrich the lives of all OSU students and community. The Foundation has determined that it has an ongoing economic interest in the MCPA Foundation and significant influence, but not control. As a result, the Foundation has concluded that MCPA Foundation and the Foundation are financially interrelated organizations. Accordingly, MCPA Foundation is not consolidated with the Foundation for financial reporting purposes; however, contributions raised for the benefit of MCPA Foundation are recognized as contribution revenue in the appropriate net asset category and distributions are recognized as program services expense. Contributions raised and other revenue earned during the years ended June 30, 2023 and 2022, totaled approximately \$985,000 and \$1,031,000, respectively. The Foundation made distributions of approximately \$2,276,000 and \$2,637,000 for the years ended June 30, 2023 and 2022, respectively.

Note 14 – Employee Benefit Plan

The Foundation has a defined contribution benefit plan (the Plan) covering all employees who meet eligibility requirements under the Plan. The Foundation contributes between 5% and 11.5% of eligible employees' salaries based on length of service to the Foundation. The Foundation made contributions to the plan of approximately \$1,356,000 and \$1,296,000 during the years ended June 30, 2023 and 2022, respectively.

Note 15 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated statement of activities. The following table presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Natural classification detail of expense by function for the year ended June 30, 2023, is as follows:

	General Support to OSU	Transfer to other Not-for-Profits	Compensation and Benefits	Funds Used for Buildings and Capital Equipment	Occupancy, Supplies, and Other	Professional Fees	Travel, Food, and Lodging	Total
Expenses								
Program services:								
Intercollegiate athletics	\$ 37,825,252	\$ -	\$ 671,224	\$ 608,655	\$ 1,175,718	\$ 1,382,452	\$ 729,685	\$ 42,392,986
Cowboy Athletics	-	6,542,143	-	-	-	-	-	6,542,143
Library	85,491	-	36,864	140,416	213,697	17,142	30,148	523,758
Research	16,513	-	145,234	2,079	329,530	44,512	48,069	585,937
General University support	5,130,213	2,043,282	4,063,293	3,135,746	2,874,570	2,223,283	2,771,324	22,241,711
Awards and scholarships	21,001,707	59,871	202,109	12,026	177,786	247,118	357,205	22,057,822
Endowed faculty and lectureship programs	316,126	-	902,124	35,882	131,950	91,648	101,700	1,579,430
Facilities and equipment	955,594	-	33,669	9,796,404	297,622	3,330,453	461	14,414,203
Total program services	65,330,896	8,645,296	6,054,517	13,731,208	5,200,873	7,336,608	4,038,592	110,337,990
Management and general	-	-	6,887,048	93,631	1,842,541	569,098	78,793	9,471,111
Fundraising	-	-	11,932,544	199,445	3,515,439	864,189	465,409	16,977,026
Charitable legacy distributions	-	151,000	-	-	-	-	-	151,000
Total expenses by function	\$ 65,330,896	\$ 8,796,296	\$ 24,874,109	\$ 14,024,284	\$ 10,558,853	\$ 8,769,895	\$ 4,582,794	\$ 136,937,127

Natural classification detail of expense by function for the year ended June 30, 2022, is as follows:

	General Support to OSU	Transfer to other Not-for-Profits	Compensation and Benefits	Funds Used for Buildings and Capital Equipment	Occupancy, Supplies, and Other	Professional Fees	Travel, Food, and Lodging	Total
Expenses								
Program services:								
Intercollegiate athletics	\$ 13,325,507	\$ -	\$ 595,433	\$ 241,381	\$ 920,209	\$ 1,017,952	\$ 372,596	\$ 16,473,078
Cowboy Athletics	-	7,876,728	-	-	-	-	-	7,876,728
Library	34,000	-	21,848	315,077	87,751	354,845	7,520	821,041
Research	1,447,776	-	129,378	86,775	58,502	15,343	11,164	1,748,938
General University support	7,189,032	2,169,442	2,657,128	1,145,468	2,321,842	1,490,751	1,938,323	18,911,986
Awards and scholarships	19,917,650	-	142,052	36,334	101,651	188,835	408,889	20,795,411
Endowed faculty and lectureship programs	462,942	-	4,247,275	81,886	273,569	278,851	94,911	5,439,434
Facilities and equipment	1,003,070	-	45,236	6,024,029	84,927	760,854	1,862	7,919,978
Total program services	43,379,977	10,046,170	7,838,350	7,930,950	3,848,451	4,107,431	2,835,265	79,986,594
Management and general	-	-	6,457,395	47,289	1,798,487	906,196	57,909	9,267,276
Fundraising	-	-	11,556,209	87,548	3,034,591	1,182,178	400,319	16,260,845
Charitable legacy distributions	-	50,000	-	-	-	-	-	50,000
Total expenses by function	\$ 43,379,977	\$ 10,096,170	\$ 25,851,954	\$ 8,065,787	\$ 8,681,529	\$ 6,195,805	\$ 3,293,493	\$ 105,564,715

Note 16 – Other Transactions with Affiliates

The Foundation has a contract with the University to coordinate and manage development programs for the benefit of the University. Revenue for services rendered under this contract was approximately \$4,736,000 and \$4,782,000, respectively, for the years ended June 30, 2023 and 2022, of which approximately \$2,749,000 and \$2,516,000 at June 30, 2023 and 2022, respectively, was still outstanding and is included in interest and other receivables in the consolidated statements of financial position.

In recognition that the Foundation's status as a separate not-for-profit corporation offers certain advantages both to donors and to the University with regard to the contribution, management, and disbursement of private funds, the Foundation and the Board of Regents of Oklahoma State University and the Agricultural and Mechanical Colleges adhere to a joint resolution. This agreement states that to the fullest extent permitted by law, all gifts and donations to the University be managed, invested, reinvested and distributed by and through the Foundation and that all private gifts for the benefit of the University are to be made to the Foundation, rather than to the University or Board of Regents. This agreement further recognizes the existence of the Foundation as the entity responsible for the coordination and management of a development program for nonathletic gifts and recognizes Cowboy Athletics as the entity responsible for the coordination and management of a development program for athletic gifts. The resolution provides that contributions received by the Foundation for the benefit of athletics may be transferred to Cowboy Athletics by donor direction or at the request of the Vice President for Athletic Programs and Director of Intercollegiate Athletics (VP for Athletic Programs). The agreement also states that upon transfer to Cowboy Athletics, the Foundation has no further authority or responsibility for the funds. At the direction of the VP for Athletic Programs, the Foundation provided funds totaling approximately \$7,758,000 and \$10,139,000 held for the benefit of the Athletic Department to Cowboy Athletics during the years ended June 30, 2023 and 2022, respectively. Cowboy Athletics transferred approximately \$1,216,000 and \$2,262,000 of excess funds back to the Foundation during the years ended June 30, 2023 and 2022, respectively. These distributions and transfers are net and are recognized as Cowboy Athletics program services expense in the consolidated statements of activities.

SUPPLEMENTAL INFORMATION

OKLAHOMA STATE UNIVERSITY FOUNDATION

COMBINING SCHEDULE OF ACTIVITIES – INTERCOLLEGIATE ATHLETIC ACCOUNTS

Year ended June 30, 2023

	Football	Basketball		Other Sports		Athletic Facilities	Nonprogram Specific	Total
		Men's	Women's	Men's	Women's			
Revenues:								
Contributions:								
Cash	\$ 20,783,777	\$ 4,908,264	\$ 791,125	\$ 3,932,747	\$ 1,287,977	\$ 14,942,759	\$ 18,269,181	\$ 64,915,830
Securities	17,641	29,571	103	12,745	157,638	7,447	2,147,781	2,372,926
Land, goods, services and other	41,485	-	-	38,137	890,437	-	33,225	1,003,284
Promises to give	580,667	952,083	303,754	1,324,865	150,000	28,981,369	19,261,267	51,554,005
Provision for uncollectible pledges	2,051	202	(1,429)	(3,045)	(6,180)	(4,021,045)	(458,329)	(4,487,775)
Net investment income	1,325,991	466,066	137,582	2,361,706	202,150	2,550,167	2,052,140	9,095,802
Other	5,945	15,287	2,327	3,631	3,461	135,411	1,040,512	1,206,574
Reclassifications - donor directed	(332,733)	2,490	-	5,400	-	-	(1,672)	(326,515)
Net intercollegiate athletic transfers	(918,984)	(185,415)	(78,595)	(621,498)	7,534	880,054	1,512,804	595,900
Total revenues	21,505,840	6,188,548	1,154,867	7,054,688	2,693,017	43,476,162	43,856,909	125,930,031
Expenses:								
Program expenses:								
Budget support	18,500,000	4,400,000	456,440	1,675,000	792,000	5,200,000	5,666,840	36,690,280
Scholarship	5,580	5,830	-	18,891	139	-	9,106	39,546
General administration	818,580	311,107	62,877	949,490	238,486	666,096	1,506,662	4,553,298
Facilities, equipment and other purchases	118,610	15,411	15,411	319,865	-	137,541	1,817	608,655
Travel	22,398	213,353	21,816	163,603	124,245	1,003	301,229	847,647
Distribution of land, goods and services	41,485	-	-	38,137	890,437	-	33,225	1,003,284
Interest	-	-	-	-	-	566,251	-	566,251
Distributions to Cowboy Athletics	194,247	700,000	-	(1,015,784)	249,796	5,118,750	1,295,134	6,542,143
Building and equipment maintenance	41,337	22,687	13,117	13,183	7,523	-	7,961	105,808
Total expenses	19,742,237	5,668,388	569,661	2,162,385	2,302,626	11,689,641	8,821,974	50,956,912
Change in net assets	1,763,603	520,160	585,206	4,892,303	390,391	31,786,521	35,034,935	74,973,119
Net assets, beginning of year	36,731,828	9,574,771	2,634,786	34,279,610	4,474,663	61,912,844	36,745,501	186,354,003
Net assets, end of year	\$ 38,495,431	\$ 10,094,931	\$ 3,219,992	\$ 39,171,913	\$ 4,865,054	\$ 93,699,365	\$ 71,780,436	\$ 261,327,122

See independent auditor's report.