

BOWLING GREEN STATE UNIVERSITY FOUNDATION
WOOD COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Bowling Green State University Foundation and Subsidiary
1851 North Research Drive
Bowling Green, Ohio 43403

We have reviewed the *Independent Auditor's Report* of the Bowling Green State University Foundation and Subsidiary, Wood County, prepared by Crowe LLP, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bowling Green State University Foundation and Subsidiary is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 04, 2023

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**THE BOWLING GREEN STATE UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY**

Bowling Green, Ohio

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

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THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
Bowling Green, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Management and the Board of Directors
The Bowling Green State University
Foundation, Inc. and Subsidiary

Report on the Audit of the Financial Statements***Opinion***

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

In our opinion, the accompanying consolidated 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 its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated <> on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Columbus, Ohio
September 28, 2023

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,914,180	\$ 1,728,607
Contributions receivable, net of allowance for uncollectible contributions of \$2,129,700 in 2023 and \$2,313,793 in 2022	<u>3,856,527</u>	<u>4,456,998</u>
Total current assets	6,770,707	6,185,605
Investments		
Fixed income funds	57,069,367	53,222,814
Mutual funds	159,077,415	141,865,644
Alternative investments	36,793,968	33,372,844
Corporate stocks	849,143	703,099
Money market funds	<u>20,683,962</u>	<u>23,709,919</u>
Total investments	274,473,855	252,874,320
Prepaid and other assets		
Long-term contributions receivable, net of allowance for uncollectible contributions of \$627,045 in 2023 and \$403,735 in 2022	10,480,871	7,225,895
Beneficial interest in trust held by others	1,445,193	1,774,364
Cash value of life insurance	<u>1,700,206</u>	<u>1,693,375</u>
Total assets	<u>\$ 295,626,429</u>	<u>\$ 269,755,787</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	<u>\$ 1,021,273</u>	<u>\$ 469,971</u>
Total current liabilities	1,021,273	469,971
Annuities payable	<u>2,698,463</u>	<u>3,137,502</u>
Total liabilities	3,719,736	3,607,473
Net assets		
Without donor restrictions	24,431,944	19,928,873
With donor restrictions	<u>267,474,749</u>	<u>246,219,441</u>
Total net assets	<u>291,906,693</u>	<u>266,148,314</u>
Total liabilities and net assets	<u>\$ 295,626,429</u>	<u>\$ 269,755,787</u>

See accompanying notes to consolidated financial statements.

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue, and gains			
Contributions and gifts	\$ 272,409	\$ 27,820,936	\$ 28,093,345
Contributions and gifts – nonfinancial	-	572,098	572,098
Provision for uncollectible contributions	-	(1,686,081)	(1,686,081)
University support	4,692,000	-	4,692,000
Interest and dividends	905,913	4,922,016	5,827,929
Net realized and unrealized gains (losses)	4,959,461	14,835,767	19,795,228
Other revenue	1,213	289,624	290,837
Net assets released from restriction	<u>25,073,612</u>	<u>(25,073,612)</u>	-
Total support, revenue, and gains	<u>35,904,608</u>	<u>21,680,748</u>	<u>57,585,356</u>
Expenses			
Program services	25,399,730	-	25,399,730
Fundraising	3,051,196	-	3,051,196
Management and general	<u>2,950,611</u>	-	<u>2,950,611</u>
Total expenses	<u>31,401,537</u>	-	<u>31,401,537</u>
Change in net assets from operations	4,503,071	21,680,748	26,183,819
Change in split interest agreements	<u>-</u>	<u>(425,440)</u>	<u>(425,440)</u>
Change in net assets	4,503,071	21,255,308	25,758,379
Net assets at beginning of year	<u>19,928,873</u>	<u>246,219,441</u>	<u>266,148,314</u>
Net assets at end of year	<u>\$ 24,431,944</u>	<u>\$ 267,474,749</u>	<u>\$ 291,906,693</u>

See accompanying notes to consolidated financial statements.

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue, and gains			
Contributions and gifts	\$ 536,614	\$ 20,883,497	\$ 21,420,111
Contributions and gifts – nonfinancial	-	172,686	172,686
Provision for uncollectible contributions	-	(485,365)	(485,365)
University support	4,247,100	-	4,247,100
Interest and dividends	1,544,009	3,473,742	5,017,751
Net realized and unrealized gains (losses)	(9,187,003)	(19,514,753)	(28,701,756)
Other revenue	4,485	356,711	361,196
Net assets released from restriction	<u>19,539,941</u>	<u>(19,539,941)</u>	<u>-</u>
Total support, revenue, and gains	<u>16,685,146</u>	<u>(14,653,423)</u>	<u>2,031,723</u>
Expenses			
Program services	19,826,351	-	19,826,351
Fundraising	2,679,738	-	2,679,738
Management and general	<u>3,173,409</u>	<u>-</u>	<u>3,173,409</u>
Total expenses	<u>25,679,498</u>	<u>-</u>	<u>25,679,498</u>
Change in net assets from operations	(8,994,352)	(14,653,423)	(23,647,775)
Change in split interest agreements	<u>-</u>	<u>198,880</u>	<u>198,880</u>
Change in net assets	(8,994,352)	(14,454,543)	(23,448,895)
Net assets at beginning of year	<u>28,923,225</u>	<u>260,673,984</u>	<u>289,597,209</u>
Net assets at end of year	<u>\$ 19,928,873</u>	<u>\$ 246,219,441</u>	<u>\$ 266,148,314</u>

See accompanying notes to consolidated financial statements.

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 25,758,379	\$ (23,448,895)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized (gains) losses	(19,795,228)	28,701,756
Proceeds from contributions restricted for long-term purposes	(9,169,200)	(5,812,310)
Provision for uncollectible contributions	1,686,081	485,365
Changes in operating assets and liabilities:		
Contributions receivable	(4,340,586)	(2,485,487)
Change in beneficial interest in trusts held by others	329,171	(34,026)
Prepaid and other assets	(753,369)	30,251
Accounts and annuities payable	<u>1,573,249</u>	<u>(78,216)</u>
Net cash from (used by) operating activities	<u>(4,711,503)</u>	<u>(2,641,562)</u>
 Cash flows from investing activities		
Sales of investments	24,041,392	31,114,574
Purchases of investments	(25,845,699)	(34,014,376)
Net change in cash surrender value of life insurance	<u>(6,831)</u>	<u>103,848</u>
Net cash from (used by) investing activities	<u>(1,811,138)</u>	<u>(2,795,954)</u>
 Cash flows from financing activities		
Proceeds from contributions restricted for long term purposes	9,169,200	5,812,310
Payments to annuitants	<u>(1,460,986)</u>	<u>(318,041)</u>
Net cash from financing activities	<u>7,708,214</u>	<u>5,494,269</u>
 Change in cash and cash equivalents	1,185,573	56,753
 Cash and cash equivalents at beginning of year	<u>1,728,607</u>	<u>1,671,854</u>
 Cash and cash equivalents at end of year	<u>\$ 2,914,180</u>	<u>\$ 1,728,607</u>
 Supplemental disclosures of noncash information		
In-kind gifts	\$ 572,098	\$ 172,686
University Support	4,692,000	4,247,100

See accompanying notes to consolidated financial statements.

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The consolidated financial statements include accounts of The Bowling Green State University Foundation, Inc. (the Foundation) and The Bowling Green State University Foundation LLC (the Corporation). Significant intercompany accounts and transactions have been eliminated.

The Foundation is a non-profit Ohio corporation that assists in the development and advancement of Bowling Green State University (the University). All program expenses are for the benefit of the University.

In July 2004, the Corporation was formed as a wholly owned subsidiary of the Foundation. The Corporation was organized to acquire, hold title to, and collect income from real property to the benefit of the Foundation and the University.

Significant accounting policies followed in preparing the consolidated financial statements of the Foundation are presented below.

Basis of Accounting: The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting.

Use of Estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023 and 2022, the Foundation had \$2,633,841 and \$1,445,363 in excess of the FDIC insured limit, respectively.

Investments: Investments are recorded at fair value. Realized gains or losses from sale of securities are determined using the cost basis of the securities sold. Interest and dividend income is reported when earned. The Foundation's endowment funds participate in an investment pool in which each fund receives a proportionate share of the total earnings pool. All investment income, including realized and unrealized gains and losses, derived from investments in the endowment investment pool is allocated to the participating endowment fund based upon the current three year rolling average balance of each endowment fund. Investment expenses are netted with investment income.

Split Interest Agreements: The Foundation is trustee and beneficiary of numerous irrevocable charitable trusts and gift annuities. Such assets are included in investment securities and are recorded at fair value. These assets have been donated to the Foundation for investment, in return for payments to the donor(s) or their designees. Annuity obligations are recorded at the net present value each year and are based on an actuarial calculation that considers the life expectancy of the annuitant and the expected rate of return to be earned on the annuitant's gift. Upon the satisfaction of the terms of each trust or annuity, the Foundation receives the balance of the invested assets. These assets are then added to the endowment per the donor's direction.

The Foundation is also named as beneficiary of several irrevocable trusts for which third parties are the trustees. The Foundation's interest in the future income stream of perpetual trusts is recognized based on the present fair value of the trust assets. The Foundation's interest in such trusts is based on the estimated value of the assets to be received from each trust.

(Continued)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications: Resources of the Foundation are maintained in accounts that are classified into net asset categories based on the limitations and restrictions placed on the contributions and gifts received. The net assets of the Foundation are classified into the following types for financial reporting purposes:

- Net assets with donor restrictions represent contributions received whereby the donors have stipulated that the funds are to be used for a specific time or purpose.
- Net assets without donor restrictions are funds not restricted by donors, or the donor-imposed restrictions have expired. The Foundation's governing board has designated from net assets without donor restrictions, net assets for board-designated endowment. The governing board has the right to approve the use of these funds.

Expiration of Donor-Imposed Restrictions: The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restriction. A restriction expires when either the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Foundation's policy to apply restricted resources first, then unrestricted resources as needed.

Contributions and Gifts: All contributions and gifts are considered available for use without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support.

Promises to Give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate commensurate with the risks involved. Conditional promises to give are not included as support until the conditions are substantially met. The Foundation uses the allowance method to estimate uncollectible unconditional promises to give. The allowance is based upon prior experience and management's analysis of promises to give.

Contributions and Gifts – Nonfinancial Assets and University Support: In-kind gifts, when received, are recorded as Contributions and Gifts – Nonfinancial Assets in the accompanying consolidated statement of activities at the estimated fair value at the date of receipt. Fair value measurement is determined based on various assumptions, judgments, and factors specific to the gift. In management's opinion, the values determined approximate fair value. Upon receipt, the donated nonfinancial assets are given to the University to support its educational mission.

Expenses related to occupancy of facilities and to certain salaries and fringe benefits of advancement, alumni, and development personnel are paid by the University on behalf of the Foundation and are recorded in the consolidated statement of activities as University Support.

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THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and gifts – nonfinancial assets were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Supplies and Materials	\$ 57,692	\$ 64,134
Services	466,423	78,552
Buildings and Equipment	47,983	-
Artwork	-	30,000
	-	30,000
Contributions and gifts – nonfinancial assets	\$ 572,098	\$ 172,686

Income Taxes: The Foundation has been recognized by the Internal Revenue Service as an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a public charity by reason of being described in Internal Revenue Code Section 170(b)(1)(A)(iv). The Foundation is exempt from federal income taxes except to the extent of income derived from unrelated business activities. Unrelated business income is not material to the consolidated financial statements. The Corporation is incorporated as a limited liability corporation.

Accounting principles generally accepted in the United States of America prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if a tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation completed an analysis of its tax positions, in accordance with *Accounting Standards Codification (ASC) 740, Income Taxes*, and determined that no amounts were required to be recognized in the consolidated financial statements at June 30, 2023 and 2022.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties for the years ended June 30, 2023 and 2022. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Annuities Payable: The Foundation receives life annuity donations. Fixed payments from these funds are to be remitted to the donor from the donor’s specified date of commencement until death, at which time any remaining balance will revert to the Foundation. The Foundation reports as a contribution the difference between the funds received and the present value of all expected annuity payments to be made to the donor. A portion of the payments to the donors is charged to the annuities payable account each year.

Reclassification: Certain prior year amounts have been reclassified to confirm to the current year presentation. These reclassifications had no effect on previously reported changes in net assets or total net assets.

Subsequent Events: The Foundation evaluated the effect of subsequent events through September 28, 2023, representing the date on which the consolidated financial statements were available to be issued. Management has determined no subsequent events have occurred requiring disclosure in these financial statements.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributors to the Foundation have made written unconditional promises to give, on which management has set up an allowance for uncollectible pledges. Contributions receivable reflect net present value using discount rates ranging from 1.69% to 3.68%. Write-offs of uncollectible pledges for the years ended June 30, 2023 and 2022, amounted to approximately \$95,000 and \$400,000, respectively.

Contributions receivable at June 30 are due as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 5,986,228	\$ 6,770,791
One to five years	12,238,890	7,674,845
More than five years	<u>302,000</u>	<u>399,850</u>
	18,527,118	14,845,486
Less allowance	(2,756,745)	(2,717,528)
Present value discount	<u>(1,432,975)</u>	<u>(445,065)</u>
 Total	 <u>\$ 14,337,398</u>	 <u>\$ 11,682,893</u>

Contributions receivable from related parties totaled approximately \$911,000 and \$2,691,000 at June 30, 2023 and 2022, respectively. Related party contribution revenue recognized for the years ended June 30, 2023 and 2022 totaled approximately \$534,000 and \$3,266,000, respectively.

The Foundation has conditional promises from donors of approximately \$111,251,723 and \$109,937,000 for estates or planned gifts as of June 30, 2023 and 2022, respectively, which are not shown in the accompanying consolidated financial statements until the condition has been fulfilled.

NOTE 3 - INVESTMENTS

Investments at fair value at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Fixed income funds	\$ 57,069,367	\$ 53,222,814
Mutual equity funds	159,077,415	141,865,644
Corporate stocks	849,143	703,099
Money market funds	20,683,962	23,709,919
Alternative investments:		
Private investment funds – private equity	27,146,580	23,720,628
Private investment funds – private debt	4,655,688	4,537,258
Private investment funds – real assets	4,380,815	4,504,073
Real estate and other	<u>610,885</u>	<u>610,885</u>
Total alternative investments	<u>36,793,968</u>	<u>33,372,844</u>
 Total	 <u>\$ 274,473,855</u>	 <u>\$ 252,874,320</u>

Realized gains from sales of investment securities amounted to \$4,385,414 in 2023 and \$1,020,607 in 2022. The unrealized gains (losses) during the years ended June 30, 2023 and 2022 were \$15,409,814 and \$(29,722,363), respectively.

(Continued)

NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS

The Foundation measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. The Foundation's assessment of the significance of a particular input to fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

Level 1 - Observable inputs such as quoted prices in active markets

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly

Level 3 - Unobservable inputs for which there is little or no market data that requires the Foundation to develop assumptions

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Investments using net asset values ("NAV") per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as "NAV" in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the consolidated balance sheet.

Investments: Investments of the Foundation include cash equivalents, corporate stocks, equity securities, fixed income funds, mutual funds and various alternative investment strategies. The Foundation records investments in cash equivalents, corporate stocks, equity securities, corporate bond funds, and mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the hierarchy.

Alternative Investments: For other investments for which there is no active market, generally referred to as "alternative investments", fair values are initially based on valuations determined by the investment managers using audited net asset values ("NAV") as of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through year end. The NAV's of the investment funds are determined on the accrual basis of accounting in conformity with GAAP. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. Foundation management has performed considerable independent review of valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. Alternative investments are not readily marketable, and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed. Fund strategies and fair value level classifications for each of the assets in this security type are summarized as follows:

(Continued)

NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

For the private investment and funds of funds investments, the Foundation has estimated fair value using the net asset value per share of the investment, or its equivalent. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market volatility. At June 30, 2023 and 2022, these investments consist mainly of limited partnerships, with a smaller percentage of investments in closely held companies. There are no redemption options on the majority of the funds. The partnerships are scheduled to terminate in 2023-2035. Commitments outstanding on these funds are approximately \$21,266,000 and \$19,163,500 at June 30, 2023 and 2022, respectively. The investment objectives of these funds are to obtain long term growth capital and they offer investors an opportunity to access the private equity market through a much smaller commitment than would be feasible investing directly in funds.

For other investments for which there is no active market, including real estate, Foundation management has estimated fair value using the net asset value per share of the investment, or its equivalent. The market value of the securities is highly sensitive to assumption changes and market volatility. Other than real estate owned directly by the Foundation, there are no redemption options on these funds. There were no outstanding commitments at June 30, 2023 and 2022. The investment objectives of the funds are overall long-term capital growth.

Split Interest Agreements: The Foundation's investments under charitable remainder trusts and charitable gift annuities are classified as Level 1. The Foundation records investments in cash equivalents, corporate stocks, and mutual funds at their current fair values based on quoted market prices in active markets for identical assets, which is consistent with Level 1 in the hierarchy.

Beneficial Interest in Trust Held by Others: The Foundation's beneficial interest in irrevocable split interest agreements held or controlled by a third party are classified as Level 3, as the fair values are based on significant unobservable inputs. The fair values are estimated using the income approach and are measured at the present value of the future distributions the Foundation expects to receive over the term of the agreements.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

The fair value of these financial assets was determined using the following inputs at June 30, 2023 and 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>June 30, 2023</u>
Investments					
Cash equivalents and money market funds	\$ 20,550,836	\$ -	\$ -	-	\$ 20,550,836
Domestic corporate stocks	849,143	-	-	-	849,143
Mutual funds					
Domestic equity funds	125,951,679	-	-	-	125,951,679
International equity funds	31,165,601	-	-	-	31,165,601
Fixed income funds	55,394,585	-	-	-	55,394,585
Alternative investments					
Private investment funds – private equity	-	-	-	27,146,580	27,146,580
Private investment funds – private debt	-	-	-	4,655,688	4,655,688
Private investment funds – real assets	-	-	-	4,380,815	4,380,815
Real estate and other	-	-	-	610,885	610,885
Split interest agreements					
Cash equivalents and money market funds	133,126	-	-	-	133,126
Mutual equity funds	1,960,135	-	-	-	1,960,135
Fixed income funds	1,674,782	-	-	-	1,674,782
Beneficial interest in trust held by others	-	-	1,445,193	-	1,445,193
Total assets	<u>\$ 237,679,887</u>	<u>\$ -</u>	<u>\$ 1,445,193</u>	<u>\$ 36,793,968</u>	<u>\$ 275,919,048</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>June 30, 2022</u>
Investments					
Cash equivalents and money market funds	\$ 23,512,013	\$ -	\$ -	-	\$ 23,512,013
Domestic corporate stocks	703,099	-	-	-	703,099
Mutual funds					
Domestic equity funds	106,327,749	-	-	-	106,327,749
International equity funds	33,397,812	-	-	-	33,397,812
Fixed income funds	50,821,321	-	-	-	50,821,321
Alternative investments					
Private investment funds – private equity	-	-	-	23,720,628	23,720,628
Private investment funds – private debt	-	-	-	4,537,258	4,537,258
Private investment funds – real assets	-	-	-	4,504,073	4,504,073
Real estate and other	-	-	-	610,885	610,885
Split interest agreements					
Cash equivalents and money market funds	197,906	-	-	-	197,906
Mutual equity funds	2,140,083	-	-	-	2,140,083
Fixed income funds	2,401,493	-	-	-	2,401,493
Beneficial interest in trust held by others	-	-	1,774,364	-	1,774,364
Total assets	<u>\$ 219,501,476</u>	<u>\$ -</u>	<u>\$ 1,774,364</u>	<u>\$ 33,372,844</u>	<u>\$ 254,648,684</u>

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 4 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheet using significant unobservable (Level 3) inputs:

	Funds Held In Trust by <u>Others</u>
Beginning balance, July 1, 2022	\$ 1,774,364
Total gains or losses (realized/unrealized) included in earnings	(335,110)
Change in split interest agreements	<u>5,939</u>
Ending balance, June 30, 2023	<u>\$ 1,445,193</u>
	Funds Held In Trust by <u>Others</u>
Beginning balance, July 1, 2021	\$ 1,740,338
Total gains or losses (realized/unrealized) included in earnings	47,100
Change in split interest agreements	<u>(13,074)</u>
Ending balance, June 30, 2022	<u>\$ 1,774,364</u>

Certain investment securities are held by independent custodial and management agents. Custodial and management fees paid were approximately \$106,000 and \$118,000 in 2023 and 2022, respectively, and are reported as reductions to interest and dividends in the accompanying consolidated statements of activities.

Other Financial Instruments: The Foundation's other financial instruments include cash and cash equivalents, contributions receivable, cash surrender value of life insurance, accounts payable, and annuities payable.

For cash and cash equivalents and accounts payable, the carrying amounts approximate fair value because of the short maturity of these items. The carrying amount of contributions receivable, cash surrender value of life insurance, and annuities payable are a reasonable estimate of the corresponding fair value.

NOTE 5 - LIFE INSURANCE POLICIES

The Foundation is owner and beneficiary of certain life insurance policies that have a total face value of approximately \$8,751,000 at June 30, 2023 and \$8,916,000 at June 30, 2022. Premiums on these policies are generally paid by the insured individuals. The cash surrender value of such policies approximated \$1,700,000 and \$1,693,000 at June 30, 2023 and 2022, respectively.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2023 and 2022

NOTE 6 - NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 148,265,859	\$ 136,870,619
General and operational support	78,750,122	71,552,790
Professorships	18,777,835	16,666,727
Capital and equipment	10,359,206	10,663,670
Centers and institutes	4,330,430	4,060,329
Chair	3,532,841	3,228,847
Faculty and staff	1,606,911	1,468,937
Research	1,367,864	1,265,663
Fellowships	<u>483,681</u>	<u>441,859</u>
Total net assets with donor restrictions	<u>\$ 267,474,749</u>	<u>\$ 246,219,441</u>

The following represents a summary of the net assets released from restrictions during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 11,039,940	\$ 9,461,848
General and operational support	7,768,674	6,885,583
Professorships	347,710	388,545
Capital and equipment	5,560,344	2,387,649
Centers and institutes	176,293	176,345
Chair	62,774	126,375
Faculty and staff	66,616	63,654
Research	28,154	27,917
Fellowships	<u>23,107</u>	<u>22,025</u>
Total net assets released from restrictions	<u>\$ 25,073,612</u>	<u>\$ 19,539,941</u>

Board designated endowment funds included within the category of without donor restrictions have been earmarked for future allocations, grants or other uses as determined by action of the Board. The primary purpose of these amounts are to prevent an interruption or a reduction of services due to an unanticipated shortage of available funds.

(Continued)

NOTE 7 - ENDOWMENT BALANCES

The Foundation's endowment consists of approximately 1,342 individual funds established for a variety of purposes. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Governing board restrictions are reported in net assets without donor restrictions.

The governing Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (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, less (d) the amounts appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted 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

The Foundation has its investment and spending policies for endowment assets such that it attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s). Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs over the long term. Actual returns in any given year may vary.

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

The Foundation records the annual income of the endowment as restricted and appropriated for expenditure upon meeting donor stipulations. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - ENDOWMENT BALANCES (Continued)

The Foundation has adopted a spending policy with respect to amounts available for distribution on all endowed funds. The spending policy provides for a range of 3.0% to 7.0% of the three year rolling average market value of endowed fund balances, with the Board of Directors approving 4.0% for 2023 and 4.0% for 2022.

The Foundation Board of Directors approved charging an administrative fee of 1.0% for the years ended June 30, 2023 and 2022, on all endowed funds, and certain non-endowed funds, unless prohibited by the guidelines of the fund. The fee is based on the prior three-year average market value balance for endowed funds.

The composition of net assets by type of endowment fund at June 30, 2023 and 2022 was:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>June 30, 2023</u>			
Donor-restricted endowment funds	\$ -	\$ 207,093,689	\$ 207,093,689
Board-designated endowment funds	<u>2,411,251</u>	<u>-</u>	<u>2,411,251</u>
Total endowment funds	<u>\$ 2,411,251</u>	<u>\$ 207,093,689</u>	<u>\$ 209,504,940</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>June 30, 2022</u>			
Donor-restricted endowment funds	\$ -	\$ 183,275,347	\$ 183,275,347
Board-designated endowment funds	<u>2,189,550</u>	<u>-</u>	<u>2,189,550</u>
Total endowment funds	<u>\$ 2,189,550</u>	<u>\$ 183,275,347</u>	<u>\$ 185,464,897</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>June 30, 2023</u>			
Endowment net assets, beginning of year	\$ 2,189,550	\$ 183,275,347	\$ 185,464,897
Investment return			
Investment income	47,696	4,280,443	4,328,139
Net gains/(losses)	<u>197,908</u>	<u>14,736,998</u>	<u>14,934,906</u>
Total investment return	<u>245,604</u>	<u>19,017,441</u>	<u>19,263,045</u>
Contributions and additions	-	11,270,171	11,270,171
Transfers	-	-	-
Change in split interest agreement	-	(425,440)	(425,440)
Appropriation of endowment assets for expenditure	<u>(23,903)</u>	<u>(6,043,830)</u>	<u>(6,067,733)</u>
Endowment net assets, end of year	<u>\$ 2,411,251</u>	<u>\$ 207,093,689</u>	<u>\$ 209,504,940</u>

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - ENDOWMENT BALANCES (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>June 30, 2022</u>			
Endowment net assets, beginning of year	\$ 2,651,298	\$ 197,104,254	\$ 199,755,552
Investment return			
Investment income	43,866	3,181,946	3,225,812
Net gains/(losses)	<u>(260,820)</u>	<u>(18,866,922)</u>	<u>(19,127,742)</u>
Total investment return	<u>(216,954)</u>	<u>(15,684,976)</u>	<u>(15,901,930)</u>
Contributions and additions	-	7,002,896	7,002,896
Transfers	-	-	-
Change in split interest agreement	-	198,880	198,880
Appropriation of endowment assets for expenditure	<u>(244,794)</u>	<u>(5,345,707)</u>	<u>(5,590,501)</u>
Endowment net assets, end of year	<u>\$ 2,189,550</u>	<u>\$ 183,275,347</u>	<u>\$ 185,464,897</u>

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related amounts with donor restrictions are reported in net assets with donor restrictions. There were 50 funds with deficiencies totaling \$(140,200) as of June 30, 2022. There were no funds with deficiencies as of June 30, 2023.

NOTE 8 – AVAILABLE RESOURCES AND LIQUIDITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions.

The Foundation considers investment income without donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – AVAILABLE RESOURCES AND LIQUIDITY (Continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,914,180	\$ 1,728,607
Investments	274,473,855	252,874,320
Net contributions receivable	14,337,398	11,682,893
Cash surrender value of life insurance	1,700,206	1,693,375
Beneficial interest in trusts held by others	<u>1,445,193</u>	<u>1,774,364</u>
Total financial assets	294,870,832	269,753,559
Less amounts not available to be used within one year:		
Investments for endowments or restricted purposes	(269,856,799)	(249,716,322)
Investments held in custodial and non-custodial trusts	(4,627,139)	(4,892,270)
Contributions receivable – due after one year	<u>(10,480,871)</u>	<u>(7,225,895)</u>
Financial assets not available to be used within one year	<u>(284,964,809)</u>	<u>(261,834,487)</u>
Financial asset available to meet general expenditure within one year	<u>\$ 9,906,023</u>	<u>\$ 7,919,072</u>

The amount available for spending from endowed funds is determined on an annual basis as calculated by the Foundation's spending policy, which is currently 4.0% of the fund's three-year rolling average market value. Disbursements related to non-endowed restricted purposes are determined based on annual receipts. The estimate of these amounts is not included in the calculation of financial assets available for general expenditures within one year.

(Continued)

THE BOWLING GREEN STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 – EXPENSES BY BOTH NATURE AND FUNCTION

Expenses are presented below by functional classification in accordance with the overall service mission of the Foundation. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Support services include administration, accounting, facilities, public relations, and human resources. Most expenses are directly charged to the department/function incurring the expense. Costs are allocated based on direct costs charged to each department/function and time spent. Each functional classification displays all expenses related to the underlying operations by natural classification.

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>
	<u>Support of University</u>	<u>Fundraising</u>	<u>Management and General</u>	
<u>June 30, 2023</u>				
University programming	\$ 3,326,817	\$ 2,550,406	\$ 1,099,227	\$ 6,976,450
Capital projects	6,134,182	26,118	541,156	6,701,456
Scholarships & grants	12,889,940	-	-	12,889,940
Travel & meals	726,610	95,424	85,465	907,499
Stewardship events	73,203	49,124	638,868	761,195
Gift in kind expense	572,098	-	-	572,098
Printing & postage	89,209	65,726	70,802	225,737
Professional fees	248,479	1,396	303,927	553,802
Computer software & consulting	47,917	51,446	(6,441)	92,922
Professional development	199,676	9,249	32,972	241,897
Supplies	239,049	3,276	12,741	255,066
Maintenance & repairs	515,390	8,583	11,952	535,925
Insurance	40,742	-	3,150	43,892
Telephones & communication	151,327	166,696	12,033	330,056
Bank fees	5,583	-	60,390	65,973
Student wages	-	-	4,439	4,439
Advertising	32,530	2,516	15,750	50,796
Other expenses	<u>106,978</u>	<u>21,236</u>	<u>64,180</u>	<u>192,394</u>
Total expenses	<u>\$ 25,399,730</u>	<u>\$ 3,051,196</u>	<u>\$ 2,950,611</u>	<u>\$ 31,401,537</u>

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>
	<u>Support of University</u>	<u>Fundraising</u>	<u>Management and General</u>	
<u>June 30, 2022</u>				
University programming	\$ 3,506,716	\$ 2,289,447	\$ 1,028,113	\$ 6,824,276
Capital projects	2,827,697	10,127	675,697	3,513,521
Scholarships & grants	11,246,881	-	-	11,246,881
Travel & meals	732,931	48,270	34,047	815,248
Stewardship events	81,949	72,038	500,069	654,056
Gift in kind expense	172,686	-	-	172,686
Printing & postage	68,581	21,773	23,391	113,745
Professional fees	367,538	432	629,769	997,739
Computer software & consulting	28,006	50,280	69,846	148,132
Professional development	260,016	6,334	31,303	297,653
Supplies	189,952	9,294	18,637	217,883
Maintenance & repairs	125,071	942	8,523	134,536
Insurance	43,740	-	2,651	46,391
Telephones & communication	174	157,388	10,658	168,220
Bank fees	4,675	-	59,711	64,386
Student wages	-	-	4,215	4,215
Advertising	5,640	959	24,373	30,972
Other expenses	<u>164,098</u>	<u>12,454</u>	<u>52,406</u>	<u>228,958</u>
Total expenses	<u>\$ 19,826,351</u>	<u>\$ 2,679,738</u>	<u>\$ 3,173,409</u>	<u>\$ 25,679,498</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Management and the Board of Directors
The Bowling Green State University
Foundation, Inc. and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Bowling Green State University Foundation, Inc. and Subsidiary (Foundation) which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Columbus, Ohio
September 28, 2023

OHIO AUDITOR OF STATE KEITH FABER



BOWLING GREEN STATE UNIVERSITY FOUNDATION

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/17/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov