

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
LUCAS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Prepared by Randy Rothenbuhler, CFO

OHIO AUDITOR OF STATE KEITH FABER



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Board of Trustees
University of Toledo Foundation and Subsidiaries
4510 Dorr Street
Toledo, Ohio 43615

We have reviewed the *Independent Auditor's Report* of the University of Toledo Foundation and Subsidiaries, Lucas County, prepared by CliftonLarsonAllen 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 University of Toledo Foundation and Subsidiaries is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 05, 2023

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**THE UNIVERSITY OF TOLEDO FOUNDATION
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The University of Toledo Foundation and Subsidiaries
Toledo, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The University of Toledo Foundation (a nonprofit organization) and Subsidiaries (collectively, the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the change 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 Auditors' 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.

Emphasis of Matter

As described in Notes 1 and 13, the consolidated financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, start-up corporations, hedge funds, fund-of-funds, and comingled funds that are not mutual funds. Such investments total approximately \$192,115,000 (27.0% of total assets) and \$165,952,000 (24.9% of total assets) at June 30, 2023 and 2022, respectively. The values of these investments have been provided by the fund managers or general partners in the absence of readily determinable market values. Our opinion is not modified with respect to this matter.

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 after the date the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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.

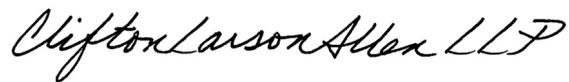
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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 result 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Toledo, Ohio
September 28, 2023

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,633,654	\$ 1,802,881
Accounts Receivable	1,191,041	942,905
Contributions Receivable, Net of Allowance for Uncollectible Contributions	4,911,472	5,091,850
Prepaid Expense	512,426	83,126
Total Current Assets	9,248,593	7,920,762
NONCURRENT ASSETS		
Investments:		
Pooled Investments	639,209,741	596,947,611
Nonpooled Investments	9,123,034	8,301,269
Real Estate	593,476	593,476
Assets Held in Charitable Remainder Trusts	4,800,466	3,772,829
Total Investments	653,726,717	609,615,185
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	5,126,660	4,913,077
Cash Value of Life Insurance and Annuities	1,348,763	1,476,611
PROPERTY AND EQUIPMENT		
Land and Land Improvements	8,386,663	7,071,379
Gateway	15,623,676	15,541,459
Rental Property	171,229	171,229
Construction in Process	224,853	28,250
Building and Equipment	26,627,919	26,560,539
Total Property and Equipment	51,034,340	49,372,856
Less: Accumulated Depreciation	8,551,950	7,434,547
Net Property and Equipment	42,482,390	41,938,309
Total Assets	\$ 711,933,123	\$ 665,863,944

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,774,433	\$ 1,836,828
Accrued Liabilities	415,173	436,377
Deferred Revenue	61,927	67,253
Senior Secured Notes Payable	370,732	353,039
Total Current Liabilities	3,622,265	2,693,497
NONCURRENT LIABILITIES		
Senior Secured Notes Payable, Net of Debt Issuance Costs	7,309,664	7,662,541
Gateway Funding from Pooled Investments	2,324,487	2,229,911
Grantor Trust Payable to a Related Party	2,012,824	2,012,824
Annuities Payable	2,427,437	2,197,854
Funds Held for Affiliates	306,915,279	275,117,455
Total Liabilities	324,611,956	291,914,082
NET ASSETS		
Without Donor Restrictions:		
Operating Funds:		
Undesignated	2,104,712	1,617,614
Designated:		
Real Estate	32,527,843	32,102,287
Gateway	1,156,900	862,641
Board	8,984,569	10,395,270
Total Without Donor Restriction Operating Funds	44,774,024	44,977,812
Board Endowed	16,703,266	15,715,364
Grant	1,416	-
Total Without Donor Restrictions	61,478,706	60,693,176
With Donor Restrictions	325,842,461	313,256,686
Total Net Assets	387,321,167	373,949,862
Total Liabilities and Net Assets	\$ 711,933,123	\$ 665,863,944

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND GAINS (LOSSES)						
Contributions	\$ 417,534	\$ 8,092,858	\$ 8,510,392	\$ 340,318	\$ 10,800,687	\$ 11,141,005
Unconditional Promises to Give	4,762	4,172,973	4,177,735	20,711	3,513,527	3,534,238
Administrative Fees	6,813,242	(3,182,821)	3,630,421	6,438,203	(3,056,055)	3,382,148
Annuities and Trusts, Net of Actuarial Adjustments	-	312,561	312,561	-	114,440	114,440
Grant Income	141,084	-	141,084	-	-	-
Ancillary and Nongift	1,238	1,047,830	1,049,068	8,391	992,845	1,001,236
Bookstore Revenue	3,182,510	-	3,182,510	3,461,730	-	3,461,730
Center for Alumni and Donor Engagement	1,035,776	-	1,035,776	1,024,755	-	1,024,755
Income - UTF Gateway Investments	1,127,249	-	1,127,249	1,160,695	-	1,160,695
Income - Real Estate Corp.	63,735	-	63,735	63,735	-	63,735
Interest and Dividends	1,190,183	4,338,882	5,529,065	1,259,507	4,383,650	5,643,157
Investment Fees	(166,324)	(687,635)	(853,959)	(185,980)	(772,329)	(958,309)
Net Realized and Unrealized Gains (Losses)	3,273,968	15,742,817	19,016,785	(6,701,236)	(28,043,388)	(34,744,624)
Satisfaction of Program and Donor Restrictions	17,438,254	(17,438,254)	-	16,140,975	(16,140,975)	-
Other Transfers	(186,564)	186,564	-	(22,591)	22,591	-
Total Support, Revenue, and Gains (Losses)	<u>34,336,647</u>	<u>12,585,775</u>	<u>46,922,422</u>	<u>23,009,213</u>	<u>(28,185,007)</u>	<u>(5,175,794)</u>
EXPENSES						
University Program Services:						
Academics	6,101,649	-	6,101,649	6,966,860	-	6,966,860
Athletics	4,512,950	-	4,512,950	4,095,411	-	4,095,411
Student Aid	5,839,507	-	5,839,507	4,896,114	-	4,896,114
Capital Projects	1,343,053	-	1,343,053	848,535	-	848,535
Research	309,966	-	309,966	259,231	-	259,231
Bookstore	2,958,631	-	2,958,631	3,200,718	-	3,200,718
Donor Life Insurance Premiums	104,082	-	104,082	130,760	-	130,760
Management and General	6,741,142	-	6,741,142	6,287,218	-	6,287,218
Fundraising	5,640,137	-	5,640,137	4,718,696	-	4,718,696
Total Expenses	<u>33,551,117</u>	<u>-</u>	<u>33,551,117</u>	<u>31,403,543</u>	<u>-</u>	<u>31,403,543</u>
CHANGE IN NET ASSETS	785,530	12,585,775	13,371,305	(8,394,330)	(28,185,007)	(36,579,337)
Net Assets - Beginning of Year	<u>60,693,176</u>	<u>313,256,686</u>	<u>373,949,862</u>	<u>69,087,506</u>	<u>341,441,693</u>	<u>410,529,199</u>
NET ASSETS - END OF YEAR	<u>\$ 61,478,706</u>	<u>\$ 325,842,461</u>	<u>\$ 387,321,167</u>	<u>\$ 60,693,176</u>	<u>\$ 313,256,686</u>	<u>\$ 373,949,862</u>

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	University Programs	Support	2023 Total	University Programs	Support	2022 Total
Salaries and Wages	\$ -	\$ 5,562,915	\$ 5,562,915	\$ -	\$ 4,881,751	\$ 4,881,751
Payroll Taxes and Benefits	-	1,742,854	1,742,854	-	1,481,280	1,481,280
Student Directed (1)	6,052,667	-	6,052,667	5,038,495	-	5,038,495
Professional Fees	308,869	366,751	675,620	593,331	463,548	1,056,879
University Directed (2)	4,441,798	-	4,441,798	4,996,025	-	4,996,025
Athletics	4,512,950	-	4,512,950	4,095,411	-	4,095,411
Bookstore	2,958,631	-	2,958,631	3,200,718	-	3,200,718
Capital Projects	1,343,053	-	1,343,053	848,535	-	848,535
Building Services	-	1,041,720	1,041,720	-	1,005,623	1,005,623
Donor Life Insurance Premiums	104,082	-	104,082	130,760	-	130,760
Purchased Services	1,447,788	2,549,636	3,997,424	1,494,354	2,051,949	3,546,303
Total Before Depreciation	<u>21,169,838</u>	<u>11,263,876</u>	<u>32,433,714</u>	<u>20,397,629</u>	<u>9,884,151</u>	<u>30,281,780</u>
Depreciation Expense	<u>-</u>	<u>1,117,403</u>	<u>1,117,403</u>	<u>-</u>	<u>1,121,763</u>	<u>1,121,763</u>
 Total	 <u>\$ 21,169,838</u>	 <u>\$ 12,381,279</u>	 <u>\$ 33,551,117</u>	 <u>\$ 20,397,629</u>	 <u>\$ 11,005,914</u>	 <u>\$ 31,403,543</u>

(1) Scholarships, Student Aid, Student Awards, Student Events

(2) Salary Reimbursements, Speakers, Supplies, Meetings, Events, Research, Sponsorships

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 13,371,305	\$ (36,579,337)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,117,403	1,121,763
Construction in Process Write-off	86,324	-
Contributions Held as Endowments	(5,355,506)	(5,135,178)
Provisions for Uncollectible Contributions, Net of Actuarial Adjustments on Annuity Obligations	20,054	118,596
Actuarial Adjustment on Contributions Receivable	121,203	233,205
Net Realized and Unrealized (Gains) Losses on Investments	(34,875,760)	34,744,624
Loss on Sale of Property and Equipment	-	195,949
Change in Annuity Payable Obligation	597,529	(114,441)
Amortization of Debt Issuance Costs	17,855	17,855
Changes in Operating Assets and Liabilities Which Provided (Used) Cash:		
Accounts Receivable	(248,136)	(86,358)
Contributions Receivable	(174,462)	2,274,442
Prepaid Expense	(429,300)	(75,337)
Accounts Payable	937,605	430,215
Accrued Liabilities and Deferred Revenue	(26,530)	52,691
Cash Surrender Value of Life Insurance and Annuities	127,848	(46,947)
Funds Held for Affiliates	31,797,824	19,589,393
Net Cash Provided by Operating Activities	7,085,256	16,741,135
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,747,808)	(212,605)
Purchases of Investments	(185,993,401)	(53,318,182)
Proceeds from Sale of Property and Equipment	-	939,539
Proceeds from Sales and Maturities of Investments	176,852,205	31,081,881
Payments to Annuitants	(367,946)	(370,761)
Net Cash Used by Investing Activities	(11,256,950)	(21,880,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Outstanding Senior Secured Notes	(353,039)	(336,191)
Contributions Held as Endowments	5,355,506	5,135,178
Net Cash Provided by Financing Activities	5,002,467	4,798,987
NET CHANGE IN CASH AND CASH EQUIVALENTS	830,773	(340,006)
Cash and Cash Equivalents - Beginning of Year	1,802,881	2,142,887
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,633,654	\$ 1,802,881
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 421,248	\$ 371,928

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Toledo Foundation and Subsidiaries (collectively, the Foundation) is a nonprofit Ohio corporation organized to receive, hold, invest, and administer property and to make expenditures to or for the benefit of The University of Toledo (the University).

The consolidated financial statements for the Foundation include accounts of wholly owned subsidiaries, The University of Toledo Foundation Real Estate Corporation (the Corporation) and UTF Gateway Investments LLC (Gateway Investments). The Corporation was organized to acquire, hold title to, and collect income from real property for the benefit of the Foundation and the University. Gateway Investments was organized for the construction and leasing of real property to house The University of Toledo Gateway (the Gateway), a mixed-use facility to include the University bookstore, retail space, and student off-campus housing.

Assets, liabilities, and operations of all the above entities have been included in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Net Assets Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific purpose, an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and short-term investments with maturities less than 90 days that are not part of the long-term investment pool.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No allowance was deemed necessary at June 30, 2023 and 2022.

Contributions and Contributions Receivable

Unconditional promises to give are recognized as without donor restrictions, or with donor restrictions revenue based on the donor's intent when amounts are pledged. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return or release – are recognized when the conditions in which they depend on are substantially met. There are no conditional promises to give at June 30, 2023 and 2022.

In-Kind Gifts

In-kind gifts, when received, are reflected as contributions in the accompanying consolidated financial statements at the estimated fair value at the date of receipt. The Foundation received in-kind gifts in 2023 and 2022 valued at \$19,189 and \$98,095, respectively.

Investments

Investment securities are stated at fair value following the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as further described in Note 13.

Purchases and sales of investment securities are recorded on the trade date. Realized gains or losses from the sale of securities are determined using the cost basis of the securities sold. Interest and dividend income is reported when earned. Investment income and related administrative, investment, and fiduciary expenses are allocated to the funds on a basis that reflects the ratio of the related funds invested in the pooled portfolio to total market value.

Charitable Remainder Trusts

The Foundation is named as a beneficiary of several irrevocable trusts. The assets of the trusts are held by third parties as co-trustees appointed by the Foundation or by a trustee designated by the donor who manages the assets and distributes the income as defined in each trust. The Foundation's interest in the charitable remainder trusts is recognized based on the fair market value of the trust assets, less any liabilities of the trust. Under a split-interest trust, the donor is paid specified distributions for a future period of time and upon termination of the trust, the Foundation receives all or a portion of the trust assets.

Life Insurance Cash Surrender Value

The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as beneficiary. These policies are valued at their cash surrender value.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment

Property and equipment over \$25,000 are recorded at cost when purchased. Donated property is recorded at estimated fair market value at the date of acquisition. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Contributions of long-lived assets, such as property, are recognized as an increase in net assets without donor restriction in the year the asset is received. Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$1,117,403 and \$1,121,763, respectively.

Capitalized Software

Costs related to software purchased for internal use, which are required to be capitalized, are included in property and equipment.

Leases

The Foundation determines if an arrangement is a lease at inception. The Foundation considered its existing capitalization threshold for property and equipment of \$25,000 as a recognition threshold for lease assets and lease liabilities. As of June 30, 2023, the Foundation has not entered into any leases over this threshold. However, if an arrangement should be identified over this threshold, operating leases would be included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases would be included in ROU assets – financing and lease liability – financing in the consolidated statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the consolidated statement of financial position.

Annuities Payable

Annuities payable represent the cumulative present value of the liabilities to donors of irrevocable charitable gift annuities based on the life expectancy of each annuitant or based upon the fixed term of the annuity. Payments to donors are expected to range from 2024 to 2052. The present value is determined by applying a discount rate and an annuity factor. The discount rate was 4.20% and 3.60% for 2023 and 2022, respectively. Annuity adjustment factors based on Internal Revenue Service (IRS) Publications 1457 and 1458.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Funds Held for Affiliates

The Foundation raises or holds contributions for affiliates. The Foundation accepts contributions from donors and agrees to transfer those assets, the return on investment of those assets or both, to the affiliate that was specified by the donor.

The Foundation continues to report these funds as assets of the Foundation; however, a liability has been established for the fair value of the funds. All financial activity related to the funds is recorded as adjustments to the funds held for affiliate's liability and is omitted from the consolidated statement of activities.

Administrative Fees

The Foundation charges an annual administrative fee based on endowment balances for managing and administering the investments under its control. In addition, the Foundation charges quarterly administrative fees for pooled investments belonging to the University and The University of Toledo Alumni Association (the Alumni Association). The University investments include the board-designated reserves and endowments. In 2023 and 2022, the tiered fee ranged from .75% to 1.5% of the fund balances and is computed on a rolling twelve quarter average. The amount charged to the University and the Alumni Association was approximately \$3,600,000 and \$3,400,000 in 2023 and 2022, respectively. Administrative fees charged to restricted funds of the Foundation are included in revenue without donor restrictions.

Bookstore Revenue

Bookstore revenue is recognized at a point in time as further described in Note 11.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Invoices for professional fees and purchased services directly relate to the specific function and are therefore posted to the appropriate program or supporting function. There are no shared expenses that require allocation.

Income Tax Status

The Foundation and the Corporation are incorporated under the laws of the state of Ohio as nonprofit corporations and are exempt from state and local income taxes. The IRS has determined that the Foundation and the Corporation are tax-exempt organizations as defined under Section 501(c) (3) and Section 501(c) (25), respectively, of the Internal Revenue Code. Other subsidiaries of the Foundation are incorporated in the state of Ohio as limited liability companies and may cause the Foundation to be subject to unrelated business income tax on certain activities unrelated to its primary mission. Management has estimated potential liability to unrelated business income tax to be nominal.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Tax Status (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation and Corporation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Estimates

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

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

The adoption of the new standard resulted in no significant impact to the consolidated financial statements as of June 30, 2023.

Subsequent Events

We have evaluated subsequent events through September 28, 2023, the date the consolidated financial statements were available to be issued.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,658,143	\$ 1,801,827
Accounts Receivable - Operations	1,090,658	921,181
Operating Investments	<u>5,462,060</u>	<u>7,912,814</u>
Total	<u>\$ 9,210,861</u>	<u>\$ 10,635,822</u>

The Foundation's endowment consists of donor-restricted endowments and funds designated by the board of trustees of the Foundation (the board) as endowments. Income from donor-restricted endowments is restricted for specific purposes and is not available for general expenditure.

The board-designated endowment of \$16,703,266 and \$15,715,364 as of June 30, 2023 and 2022, respectively, is subject to an annual spending rate of 4.0% as described in Note 8. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Foundation's nonendowed funds consist of donor-restricted funds and funds designated by the board for a specific purpose. The balances of those nonendowed funds with donor restrictions are not available for general expenditure.

The Foundation charges an annual administrative fee that ranges from 0.75% to 1.5% as described in Note 1 on the endowed fund balances and other investments under its management. This annual administrative fee is available over the course of the year for general expenditure.

As part of the Foundation's liquidity management plan, the board designates a portion of any operating surplus to its operating reserve, which was \$4,798,579 as of June 30, 2023 and 2022. Similar to other board-designated funds, the operating reserve is considered available for general expenditures.

NOTE 3 CONTRIBUTIONS RECEIVABLE

As of June 30, 2023 and 2022, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2023 and 2022 amounted to \$565,199 and \$958,043, respectively.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CONTRIBUTIONS RECEIVABLE (CONTINUED)

Contributions receivable at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Within One Year	\$ 5,304,563	\$ 5,504,610
Over One to Five Years	5,873,662	5,490,732
More than Five Years	<u>311,014</u>	<u>319,435</u>
Total	11,489,239	11,314,777
Risk Premium	(1,018,031)	(997,977)
Present Value Discount	<u>(433,076)</u>	<u>(311,873)</u>
Net Contributions Receivable	10,038,132	10,004,927
Net Due in One Year	4,911,472	5,091,850
Net Due in Excess of One Year	<u>5,126,660</u>	<u>4,913,077</u>
Total Contributions Receivable	<u>\$ 10,038,132</u>	<u>\$ 10,004,927</u>

NOTE 4 INVESTMENTS

Certain investments of the University and the Alumni Association are pooled with investments of the Foundation. The pooled investments are managed by the Foundation. The following are the pooled investments at June 30:

	<u>2023</u>	<u>2022</u>
Common Stock	\$ 38,959,861	\$ 56,938,207
Mutual Funds, Index Funds, and EFTs - Equity	287,019,632	278,014,509
Mutual Funds, ETFs - Fixed Income	70,459,782	64,039,931
Hedge Funds	61,851,338	44,875,677
Partnerships	127,066,976	121,076,654
U.S. Government and Agency Issues	12,082,217	12,222,260
Corporate Bonds	2,496,665	2,466,520
Real Estate	9,142,661	12,771,908
Cash Equivalents	29,490,355	4,076,188
Accrued Interest	<u>640,254</u>	<u>465,757</u>
Total Pooled Investments	<u>\$ 639,209,741</u>	<u>\$ 596,947,611</u>

At the October 2020 meeting, the board approved new terms for funding by the pooled investment portfolio of up to \$7,300,000 for the University capital projects. The terms were changed, from the original loan agreement made in March 2016 and amended in January 2019, and includes extending the full payment of the loan until July 1, 2036. The balance owed to the pool as of June 30, 2023 and 2022, is \$3,652,707 and \$3,719,832, respectively, and is included in U.S. Government and Agency Issues above.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

The Foundation holds other investments that do not participate in the investment pool. The following are the Foundation's nonpooled investments at June 30:

	<u>2023</u>	<u>2022</u>
Common Stock	\$ 1,410,570	\$ 1,270,589
Private Closely Held	2,038,100	2,038,100
Mutual Funds and EFTs - Fixed Income	420,806	448,503
Mutual Funds, Index Funds, and EFTs - Equity	5,016,832	4,273,969
Cash Equivalents	236,046	269,602
Accrued Interest	680	506
Total Nonpooled Investments	<u>\$ 9,123,034</u>	<u>\$ 8,301,269</u>

The Foundation holds investments as beneficiary of irrevocable charitable remainder trust agreements. The following are the investments' holdings related to the charitable remainder trusts at June 30:

	<u>2023</u>	<u>2022</u>
Common Stock	\$ 1,989,337	\$ 1,822,628
Mutual Funds and EFTs - Fixed Income	831,701	804,211
Mutual Funds, Index Funds, and EFTs - Equity	1,290,216	1,017,142
Corporate Bonds	396,932	100,348
Cash Equivalents	281,564	25,330
Accrued Interest	10,716	3,170
Total Charitable Remainder Trust Investments	<u>\$ 4,800,466</u>	<u>\$ 3,772,829</u>

Investment and custody fees of \$853,959 and \$958,309 relating to the Foundation's investments were incurred for the years ended June 30, 2023 and 2022, respectively.

The Foundation holds real estate that is classified as investments on the consolidated statements of financial position. Real estate held as investments is recorded at cost and totaled \$593,476 as of June 30, 2023 and 2022.

On March 30, 2016, the University entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-UHC Alliance Newco, Inc. (now known as Vizient Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at \$2,000,000 as of June 30, 2016, and a corresponding liability payable to the University is recorded and is included as grantor trust payable to a related party on the consolidated statement of financial position. The University's interest in Vizient (a private company) is less than 1% and the cost basis is used to record the asset and corresponding liability and the investment is reviewed annually for impairment.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

The aggregate carrying amount of the investments measured on a nonrecurring basis included in the nonpooled investments on the consolidated statements of financial position is \$2,038,100 as of June 30, 2023 and 2022. The fair value of these investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

The pooled investments provided funding to Gateway Investments in the total amount of \$4,850,000 as of June 30, 2023 and 2022. The Foundation's portion of the funding from the pooled investments was approximately \$2,526,000 and \$2,620,000 as of June 30, 2023 and 2022, respectively. The Foundation's contributions have been eliminated in the consolidating financial statements.

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

NOTE 5 LEASE AGREEMENTS

The Foundation has entered into two lease agreements for office space in their Dorr Street facility. The December 2018 agreement has a five-year term and lease revenue amounted to \$810,000 for years ended June 30, 2023 and 2022. Future annual lease revenue to be received under this lease is \$405,000 for 2024. The December 2019 agreement was renewed in December 2023 for another three-year term and lease revenue amounted to \$173,257 and \$152,778 for the years ended June 30, 2023 and 2022, respectively. Future lease payments to be received under this lease is as follows: \$177,965 for 2024, \$177,965 for 2025, \$177,965 for 2026 and \$74,150 for 2027. Total lease income to be received under the aforementioned leases amounts to \$1,013,045 at June 30, 2023.

NOTE 6 PENSION PLANS

The Foundation has noncontributory defined contribution retirement plans covering all permanent employees who have at least 1,000 hours of service in a 12-consecutive-month period. Contributions are based on a percentage of gross wages. Several employees that were originally covered by the Ohio Public Employees Retirement System (OPERS) prior to the Foundation having its own employees were grandfathered into OPERS. There is one active employee covered by OPERS at June 30, 2023 and 2022. Employees participate in only one of the retirement plans. Total pension expense for the years ended 2023 and 2022 was \$350,561 and \$313,756, respectively.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Academics	\$ 23,392,565	\$ 23,671,535
Student Aid	5,035,193	5,044,258
Capital Projects	1,931,772	2,485,812
Athletic Programs	5,921,948	6,454,214
Research	2,717,793	2,780,469
General Support	1,152,302	2,013,987
Total	<u>40,151,573</u>	<u>42,450,275</u>
Endowments:		
Subject to Spending Policy:		
Academics	62,435,940	58,730,187
Student Aid	53,264,259	49,617,984
Capital Projects	4,939,246	4,691,551
Athletic Programs	271,905	231,186
Research	5,618,025	4,740,754
General Support	2,745,351	2,549,232
Total	<u>129,274,726</u>	<u>120,560,894</u>
Restricted by Donors in Perpetuity for:		
Academics	57,004,819	54,565,199
Student Aid	73,324,114	70,167,376
Capital Projects	3,754,365	3,752,690
Athletic Programs	786,079	732,604
Research	16,507,362	16,115,872
General Support	5,039,423	4,911,776
Total	<u>156,416,162</u>	<u>150,245,517</u>
Total Endowments	<u>285,690,888</u>	<u>270,806,411</u>
Total Net Assets with Donor Restrictions	<u>\$ 325,842,461</u>	<u>\$ 313,256,686</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Satisfaction of Time and Purpose Restrictions:		
Academics	\$ 11,331,756	\$ 5,984,741
Student Aid	195,975	4,712,304
Capital Projects	439,421	782,617
Athletic Programs	4,406,540	3,703,968
Research	41,578	746,090
General Support	1,022,984	211,255
Total Net Assets Released from Donor Restrictions	<u>\$ 17,438,254</u>	<u>\$ 16,140,975</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 8 ENDOWMENT FUNDS

The Foundation's endowment consists of funds established for a variety of purposes. The endowment consists of donor-restricted and board-designated endowment funds. As required by accounting principles generally accepted in the United States of America, 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.

Interpretation of Relevant Law

The board has reviewed UPMIFA and recognizes the importance of the preservation of the donor-restricted endowment funds absent explicit donor stipulations as well as the safeguarding of the original gifts to provide support to the University in perpetuity. As a result, the Foundation classifies net assets with donor restrictions of a perpetual nature as (a) the original gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards 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 endowment funds:

- Duration and preservation of the endowment fund
- Purpose of the Foundation and the endowment fund
- General economic conditions
- Possible effect of inflation or deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Foundation
- Investment policy of the Foundation

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Funds with Deficiencies

The objective is to achieve a total return in excess of the broad policy benchmarks comprised of each broad asset category weighted by its target allocation. The current broad policy benchmarks are:

U.S. Equity: Russell 3000

International Equity: MCSCI ACWI ex-U.S.

Global Fixed Income: Bloomberg Barclays U.S. Aggregate Index

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations or continued appropriation for certain programs deemed prudent by the board. These deficiencies, \$137,408 and \$371,371 at June 30, 2023 and 2022, respectively, are reported in net assets with donor restrictions.

Strategies Employed for Achieving Objectives

To satisfy its long-term total 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 greater emphasis on equity-based investments constructed with prudent risk constraints. Over time, the Foundation expects its endowment funds to provide an average rate of return in excess of average appropriations.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy based on a three-year moving market value average of invested funds. The Foundation appropriated 4% for 2023 and 2022. In establishing this policy, the Foundation considered the long-term expected total return on endowment assets. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowments to accumulate capital sufficient to maintain its purchasing power.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

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

	2023		
	Board- Endowed Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 15,715,364	\$ 270,806,410	\$ 286,521,774
Investment Return:			
Investment Income	212,809	3,645,033	3,857,842
Net Appreciation	898,493	15,717,408	16,615,901
Total Investment Return	<u>1,111,302</u>	<u>19,362,441</u>	<u>20,473,743</u>
Transfers and Administrative Fees	<u>(123,400)</u>	<u>(4,477,963)</u>	<u>(4,601,363)</u>
Change in Net Assets	<u>987,902</u>	<u>14,884,478</u>	<u>15,872,380</u>
Endowment Net Assets - End of Year	<u>\$ 16,703,266</u>	<u>\$ 285,690,888</u>	<u>\$ 302,394,154</u>
	2022		
	Board- Endowed Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 11,835,697	\$ 300,642,230	\$ 312,477,927
Investment Return:			
Investment Income	139,214	3,604,831	3,744,045
Net Depreciation	<u>(1,075,218)</u>	<u>(27,993,557)</u>	<u>(29,068,775)</u>
Total Investment Return	<u>(936,004)</u>	<u>(24,388,726)</u>	<u>(25,324,730)</u>
Transfers and Administrative Fees	<u>4,815,671</u>	<u>(5,447,094)</u>	<u>(631,423)</u>
Change in Net Assets	<u>3,879,667</u>	<u>(29,835,820)</u>	<u>(25,956,153)</u>
Endowment Net Assets - End of Year	<u>\$ 15,715,364</u>	<u>\$ 270,806,410</u>	<u>\$ 286,521,774</u>

The above schedule and balances reflect contributions receivable of approximately \$2,832,761 and \$2,045,212 for endowed net assets with donor restrictions, for the years ended June 30, 2023 and 2022, respectively. Other transfers include appropriations in accordance with the 4% spending policy and satisfaction of donor restrictions.

Net assets related to charitable remainder trusts of \$2,517,271 and \$1,936,793 for years ended June 30, 2023 and 2022, respectively, are included in the above net assets with donor restrictions, classified based on the donors' restrictions. Charitable remainder trusts have assets invested based on the donors' directive. Spending from net assets of charitable remainder trusts commences upon the maturity of the trust.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Other transfers and funds appropriated for expenditures of net assets with donor restrictions relate mainly to transfers of endowed spendable earnings to operating net assets, as well as reclassifications due to changes in donor intent through revised fund agreements or other communications.

NOTE 9 RELATED PARTY TRANSACTIONS

As further described in Note 5, the Foundation began leasing space to a tenant in December 2019, for an annual amount of \$100,000, subject to a potential lease adjustment based on the tenant's positive net operating income. Total lease income from the aforementioned lease amounted to \$173,257 and \$152,778 in 2023 and 2022, respectively.

Throughout the year, the Foundation has purchased goods or services from companies which are related to some Foundation board members through ownership or employment, the amounts of which are immaterial.

The board approved funding by the pooled investment portfolio of up to \$7,300,000 for University capital projects. This 10-year loan, further discussed in Note 4, was approved by the University in July 2016 and amended in January 2019. The balance owed to the pool as of June 30, 2023 and 2022 is \$3,652,707 and \$3,719,832, respectively.

Subsequent to June 30, 2023, the board approved funding for multiple draw term loan to the University for up to \$10,000,000. The University will have up to 7 years to fully draw funds and each draw will have a corresponding term not to exceed 5 years. Interest will be assessed at Secured Overnight Financing Rate (SOFR) plus 0.75%, subject to change quarterly. As of June 30, 2023, no draws have been approved or taken.

Also subsequent to June 30, 2023, the board approved funding to University of Toledo Physicians, LLC of up to \$5,000,000 for working capital needs. This revolving line of credit has a draw period of 5 years. Interest will be assessed at SOFR plus 1.25%, subject to change quarterly. As of June 30, 2023, no draws have been approved or taken.

NOTE 10 REAL ESTATE CORPORATION

The Corporation entered into a Ground Lease Agreement (the lease) for property it owns on Dorr Street, effective July 1, 2010. The lease has an initial term of 20 years and provides for four additional option periods with each option period including five additional years. During the initial term, base lease revenue of \$32,000 was paid per year for the first five years. Each sequential five years will include an 8% increase to the base lease revenue. As of October 1, 2020, the effective base rate is \$37,325. After the initial 20-year term, the base lease revenue will be determined by the prevailing fair market rental value.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 UTF GATEWAY INVESTMENTS

Gateway Investments entered into an amended and restated ground lease agreement with the University on July 26, 2011. The University agreed to lease Gateway Investments land for an initial term of 40 years commencing on July 1, 2011, with two optional 10-year extension periods. Gateway Investments developed and constructed the Gateway on the premises.

On November 17, 2011, Gateway Investments and the Foundation, as guarantor, issued senior secured notes in the amount of \$10,800,000 in connection with the long-term financing of the Gateway. The notes are secured through the open-end mortgage, security agreement, assignment of leases, and rents and fixture filings. The notes were privately placed with a bank. The notes bear an interest rate of 4.9% and mature on November 1, 2027. Annual principal payments range from \$304,868 to \$6,082,221 and are payable on November 1. As part of the note purchase agreement, the Foundation is required under the guarantor covenant to maintain total net assets in excess of \$140,000,000.

In connection with the issuance of the senior notes, Gateway Investments incurred costs of approximately \$271,000 that are amortized over the life of the notes through 2028 on a straight-line basis.

Minimum principal payments on the notes to maturity as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2024	\$ 370,732
2025	389,311
2026	408,822
2027	429,310
2028	6,082,221
Total	<u>\$ 7,680,396</u>

The following summarizes the notes payable the Foundation has secured with balances due as of June 30:

	<u>2023</u>	<u>2022</u>
Senior Secured Notes Payable	\$ 7,757,767	\$ 8,110,806
Less: Unamortized Debt Issuance Costs	77,371	95,226
Total Notes Payable, Net	7,680,396	8,015,580
Less: Current Maturities	370,732	353,039
Total Notes Payable, Less Current Maturities	<u>\$ 7,309,664</u>	<u>\$ 7,662,541</u>

Interest expense consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest	\$ 388,129	\$ 405,047
Amortization of Bond Issuance Costs	17,855	17,855
Total	<u>\$ 405,984</u>	<u>\$ 422,902</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 UTF GATEWAY INVESTMENTS (CONTINUED)

Bond issuance costs consist of the following at June 30:

	2023	2022
Loan Acquisition Costs	\$ 271,000	\$ 271,000
Less: Accumulated Amortization	193,629	175,774
Net Loan Acquisition Costs	\$ 77,371	\$ 95,226

During 2015, a board resolution established a Bond Sinking Fund to invest funds to meet the balloon principal payment of approximately \$6,100,000 that matures November 1, 2027. After an initial investment of \$330,000 on December 22, 2014, quarterly transfers of \$82,500 from operating accounts commenced.

The Foundation entered into a lease agreement with Gateway Investments on August 31, 2011, to occupy retail space for a collegiate bookstore. The term of the agreement is 15 years with three five-year renewal options. The minimum annual lease is approximately \$293,000 for lease years 1 through 5; \$302,000 for lease years 6 through 10; \$311,000 for lease years 11 through 15. This lease revenue is eliminated in consolidation.

The Foundation has a management agreement with Barnes & Noble to provide services to manage the collegiate bookstore and provide the bookstore inventory located within the Gateway through June 30, 2027, with an automatic renewal for one additional five-year term. The bookstore is operated under the Barnes & Noble trade name. Under the terms of the agreement, Barnes & Noble pays the Foundation a variable fee on aggregate collectible sales. The variable fee is 11% of collectible sales up to \$10,000,000; 12.5% of collectible sales between \$10,000,000 and \$12,000,000; and 14% of collectible sales in excess of \$12,000,000. Revenue recognized related to the operation of the bookstore was approximately \$3,183,000 and \$3,462,000 in 2023 and 2022, respectively, and is included in bookstore revenue on the consolidated statements of activities.

Related expense recognized was approximately \$2,959,000 and \$3,201,000 in 2023 and 2022, respectively, and is included in bookstore expenses on the consolidated statements of activities.

Gateway Investments is the landlord for seven other leases, and such leases include renewal options that include terms from three to ten years. Total lease revenue related to these leases was approximately \$572,000 in 2023 and \$566,000 in 2022.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 UTF GATEWAY INVESTMENTS (CONTINUED)

The following table summarizes the expected lease receipts during the initial terms of contracts:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 468,345
2025	450,018
2026	451,779
2027	439,300
2028	86,249
Thereafter	67,200
Total	<u>\$ 1,962,891</u>

NOTE 12 FUNDS HELD FOR AFFILIATES

Transactions in agency funds are summarized below for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Contributions - Affiliates	\$ 17,375,416	\$ 50,000,000
Investment Income (Loss), Net	20,384,648	(24,434,438)
Distributions - Affiliates	<u>(5,962,240)</u>	<u>(5,976,169)</u>
Change in Balance	31,797,824	19,589,393
Balance in Affiliate Funds - Beginning of Year	<u>275,117,455</u>	<u>255,528,062</u>
Balance in Affiliate Funds - End of Year	<u>\$ 306,915,279</u>	<u>\$ 275,117,455</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to define fair value and establish a framework for measuring fair value. The three-level fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access. Fair values determined by Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

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

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments valued at fair value using Level 1 inputs are cash equivalents, common stocks, and mutual funds that have observable quoted prices in active markets. Fair values determined by Level 2 inputs such as interest rates and yield curves are government bonds, government agency bonds, corporate bonds, and certain other funds. Level 3 investments consist of assets held in remainder trusts and contributions receivable which use discounted cash flows and rates to determine the fair value which are considered unobservable inputs. Hedge funds and partnerships are measured based on information provided by fund managers and general partners including audited financial statements, unaudited financial statements, and net asset valuations.

Disclosures concerning assets measured at fair value on a recurring basis for June 30, 2023 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
ASSETS				
Pooled Investments:				
Mutual Funds, Index Funds, and ETFs - Equities	\$ 287,019,632	\$ -	\$ -	\$ 287,019,632
Mutual Funds and ETFs - Fixed Income Common Stock	70,459,782 38,959,861	-	-	70,459,782 38,959,861
U.S. Government and Agency Issues	-	12,082,217	-	12,082,217
Corporate Bonds	-	2,496,665	-	2,496,665
Real Estate	-	5,946,398	-	5,946,398
Subtotal	<u>396,439,275</u>	<u>20,525,280</u>	<u>-</u>	<u>416,964,555</u>
Hedge Funds - NAV Practical Expedient	-	-	-	61,851,338
Partnerships - NAV Practical Expedient	-	-	-	127,066,976
Real Estate - NAV Practical Expedient	-	-	-	3,196,263
Cash Equivalents	-	-	-	29,490,355
Accrued Interest	-	-	-	640,254
Total Pooled Investments	<u>\$ 396,439,275</u>	<u>\$ 20,525,280</u>	<u>\$ -</u>	<u>\$ 639,209,741</u>
Nonpooled Investments:				
Mutual Funds and ETFs - Fixed Income	\$ 420,806	\$ -	\$ -	\$ 420,806
Mutual Funds, Index Funds, and ETFs - Equities	5,016,832	-	-	5,016,832
Common Stock	1,410,570	-	-	1,410,570
Subtotal	<u>6,848,208</u>	<u>-</u>	<u>-</u>	<u>6,848,208</u>
Private Closely Held	-	-	-	2,038,100
Cash Equivalents	236,046	-	-	236,046
Accrued Interest	680	-	-	680
Total Nonpooled Investments	<u>\$ 7,084,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,123,034</u>
Other Assets:				
Assets Held in Remainder Trusts	\$ -	\$ -	\$ 4,800,466	\$ 4,800,466
Contributions Receivable	\$ -	\$ -	\$ 10,038,132	\$ 10,038,132

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Disclosures concerning assets measured at fair value on a recurring basis for June 30, 2022 are as follows:

ASSETS	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Pooled Investments:				
Mutual Funds, Index Funds, and ETFs - Equities	\$ 278,014,509	\$ -	\$ -	\$ 278,014,509
Mutual Funds and ETFs - Fixed Income Common Stock	64,039,931 56,938,207	-	-	64,039,931 56,938,207
U.S. Government and Agency Issues	-	12,222,260	-	12,222,260
Corporate Bonds	-	2,466,520	-	2,466,520
Real Estate	-	12,771,908	-	12,771,908
Subtotal	<u>398,992,647</u>	<u>27,460,688</u>	-	<u>426,453,335</u>
Hedge Funds - NAV Practical Expedient	-	-	-	44,875,677
Partnerships - NAV Practical Expedient	-	-	-	117,972,669
Real Estate - NAV Practical Expedient	-	-	-	3,103,985
Cash Equivalents	-	-	-	4,076,188
Accrued Interest	-	-	-	465,757
Total Pooled Investments	<u>\$ 398,992,647</u>	<u>\$ 27,460,688</u>	<u>\$ -</u>	<u>\$ 596,947,611</u>
Nonpooled Investments:				
Mutual Funds and ETFs - Fixed Income	\$ 448,503	\$ -	\$ -	\$ 448,503
Mutual Funds, Index Funds, and ETFs - Equities	4,273,969	-	-	4,273,969
Common Stock	1,270,589	-	-	1,270,589
Subtotal	<u>5,993,061</u>	-	-	<u>5,993,061</u>
Private Closely Held	-	-	-	2,038,100
Cash Equivalents	-	-	-	269,602
Accrued Interest	-	-	-	506
Total Nonpooled Investments	<u>\$ 5,993,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,301,269</u>
Other Assets:				
Assets Held in Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,772,829</u>	<u>\$ 3,772,829</u>
Contributions Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,004,927</u>	<u>\$ 10,004,927</u>

The Foundation measures contributions receivable at fair value to provide a valuation based on current yield curves and create consistency in financial presentation with measurements of other financial instruments. Fair value is determined using the present value technique, adjusting cash flows from unconditional promises to give by a risk premium and then discounting the expected cash flows, net of risk premium, using a risk-free interest rate based on current market conditions. The risk premium is determined for each individual pledge based on any expected variance in timing of payments, pledges past due, donor's relationship with the Foundation, publicity of the pledge, the Foundation's collection history, and any other relevant information.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Foundation's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of value for those inputs:

	Fair Value at June 30, 2023	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions Receivable	\$ 10,038,132	Discounted Cash Flow	Risk-Free Rate Default Factor Past Due Allowance	0.6 - 1.5% 10% 10% - 90%
Assets Held in Remainder Trusts	4,800,466	Market Value of Underlying Assets	None	None
	Fair Value at June 30, 2022	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions Receivable	\$ 10,004,927	Discounted Cash Flow	Risk-Free Rate Default Factor Past Due Allowance	0.6 - 1.5% 10% 10% - 90%
Assets Held in Remainder Trusts	3,772,829	Market Value of Underlying Assets	None	None

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30:

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Aether Real Assets II, LP	A partnership that strives for superior risk-adjusted returns by focusing on its primary sectors of oil and natural gas, metals, and minerals, and agriculture and timber. Other sectors of focus include traditional and alternative energy assets, infrastructure and capital assets, and water and other investments.	\$ 1,117,945	\$ 330,764	\$ 1,238,792	\$ -	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Blackrock Appreciation Strategy Fund Class F	Equity investments traded on a recognized securities exchange are valued at that day's official closing price. Collective investment funds and short-term investment funds are valued based on the unit value determined for each fund on the Valuation Date. Futures contracts are valued based on that days last reported settlement or trade price on the exchange where the contract is traded.	25,673,673	-	-	-	Monthly	30 Days
Cordillera III	A private Partnership that invests in niche, non-correlated alternative strategies with unique return drivers such as specialty agriculture, intellectual property, litigation finance, royalties, broadband spectrum, and ESG platforms.	3,177,734	2,520,030	2,898,645	3,098,359	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Falcon Strategic Partners IV, LP	The partnership has a differentiated disciplined approach to mezzanine investing that seeks inefficiencies in the lower middle market; Falcon Strategic encourages a partnership approach; identifies price potential transactions in a calibrated risk/return framework; and supports long-term value creation.	2,545,204	522,661	2,969,798	-	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Falcon Strategic Partners V, LP	The Partnership invests primarily in mezzanine securities issued by lower middle market companies located in North America. Pursues an opportunistic approach, investing across a wide variety of industry sectors and transaction types alongside entrepreneurs, management teams, nontraditional sponsors, and private equity funds; combining creative and flexible investment structures with carefully calibrated, risk-adjusted pricing. Active return comparisons used the S&P 500 Index and the Barclays five to seven-year High Field Index.	\$ 5,410,978	\$ 1,710,042	\$ 4,920,987	\$ -	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
FEG Private Opportunities Fund, LP.	A fund of funds structure to invest in three key market segments: global private equity, special situations, and real assets. The funds will identify other private investment funds in which to invest. The funds are expected to invest in twelve to fifteen private equity funds, five to eight real asset funds, and five to eight special situation funds.	98,834,052	111,839,000	94,330,394	122,639,000	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
FEG Private Opportunities Fund II, LP.							
FEG Private Opportunities Fund III, LP.							
FEG Private Opportunities Fund V, LP.							
FEG Private Opportunities Fund VI, LP.							

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Fir Tree International Value Fund	The multi-strategy hedge fund utilizes an opportunistic, value oriented approach. Investing on a global basis, across multiple asset classes, sectors, capital structures, and public and private markets, migrates to less efficient parts of the market looking for undiscovered value including various structured products overlooked by the marketplace. The Fund has generated returns significantly above the HFRI Weighted Composite Index and Barclays Aggregate Bond Index.	\$ 7,094,782	\$ -	\$ 7,024,310	\$ -	Biennial	90 Days
Graham Capital Management Fund II	A global macro hedge fund that specializes in both systematic and discretionary macro strategies. The fund employs a trend-based trading approach comprised of multiple sub-models, trading using several factors including price, volatility, and trade duration.	-	-	3,850,481	-	Close of business each Wednesday and last business day of each month.	3 Days (Written)
HBK Fund, LP	A diversified multi-strategy fund with a button-up process approach. Investment opportunities are sought on a global basis believing that international, especially emerging markets, are less efficient and therefore contain a wealth of arbitrage opportunities mostly on the credit, special situations and risk arbitrage side.	14,401,697	-	13,429,644	-	Quarterly	90 Days

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
HCI Equity Partners	A partnership that makes private investments in lower middle market industrial products and services companies; Target sound businesses with proven products or services that are in need of an institutional partner to help position the company for continued long-term growth.	\$ 9,376,694	\$ 2,513,668	\$ 7,782,976	\$ 2,876,724	No Restrictions	Requires notification to the general partner. Redemption is subject to written consent of general partner.
Iron Point	A Partnership that invests in opportunistic real estate, targeting assets that are out of favor at a discount. Value is added through deal structuring, legal analysis, and acquisitions. They draw on resources of Oak Hill where the team formerly ran the real estate group.	3,196,263	1,657,107	3,103,985	2,064,160	No Restrictions	Subject to consent of GP
Kayne Anderson Energy Fund VI, LP	The partnership's principal strategy is to establish significant investment positions in privately issued securities, of public and private energy companies or in certain assets of those companies, influence the creation of wealth and the growth of the business of those companies, and maintain control over its disposition of those securities in order to achieve its investment objective.	174,000	599,401	253,037	599,401	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Lime Rock	A private Partnership that makes growth equity investments in North American businesses that service renewable infrastructure, provide energy efficiency solutions and accelerate adoption of electric transportation.	2,391,558	2,709,777	1,332,109	3,413,758	No Restrictions	Requires notification to the general partner. Redemption is subject to written consent of general partner.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
MAP Renewable Energy 2018	A private Partnership investing in renewable energy-related investments, with the focus on US wind, solar, and energy storage projects, across early and late stage development, equity interests and ongoing royalty streams.	\$ -	\$ 1,225,000	\$ 1	\$ 1,225,000	No Restrictions	Subject to consent of GP
Metropolitan Real Estate Partners VII, LP	A private real estate fund of funds focused primarily on value-added and opportunistic private real estate funds, most of which are niche funds that do not utilize operating partners. The fund seeks exposure to a broad set of underlying funds with differing sector and geographic allocations.	195,476	141,679	259,648	141,679	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Pelham	A hedged equity manager that invests long and short in European equities. Net exposure will typically range from 70-90%.	-	-	3,935,481	-	Monthly	90 Days
Pennant Windward LLC	A fundamental based long/short equity hedge fund utilizing a research driven approach to investing. The fund generally includes a macro hedging component and will opportunistically invest in nonequity securities when relevant. The fund will be predominately invested in the U.S. but will have some exposure to international markets. The fund seeks to outperform returns as measured by the HFRI Equity Hedge Index and S&P 500, with a lower level of volatility.	-	-	844,436	-	Quarterly	60 Days
Pleiad Asia	A hedged equity manager that invests long and short in Asian equities. Net exposure will typically range from 0-30%.	4,387,768	-	4,984,072	-	Quarterly	60 Days

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
RCP Secondary Opportunity Fund IV, LP	Fair values of private investments are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available.	\$ 1,898,168	\$ 1,740,000	\$ -	\$ -	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Ridgewood Water & Strategic Infrastructure	A private equity fund focused on identifying high-quality infrastructure assets with stable, predictable cash flows and the potential for growth.	366,867	5,479,946	-	-	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Robeco Sam Clean Tech Private Equity II, LP	A partnership assembled as a portfolio of funds seeking the most attractive Clean Tech private equity managers and co-investments, focusing on development and late-stage deployment of proven technologies and on project development.	1,306,111	157,949	1,495,534	157,949	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Rocket Venture II	A limited liability company with the objective of investing in privately held technology related businesses generally in the imagining, incubating, and demonstrating phases of development, located in the State of Ohio.	272,612	-	313,464	-	No Restrictions	90 Days (Written to the President)

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2023		June 30, 2022		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Siguler Guff Distressed Opportunities Fund III, LP	A partnership assembled as a Portfolio of funds representing a full spectrum of distressed investment approaches, including short-term and medium-term trading strategies, taking an influencing role in the reorganization process, investing for control in the class of the securities to affect the reorganization process, or acquiring the issuer.	\$ -	\$ 136,164	\$ 176,952	\$ 136,164	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Strategic Value Partners Fund	A hedge fund focusing on distressed, event-driven deals with impending restructurings along with other deep-value investments. The fund is global in nature primarily in the U.S. and Europe. Target investments are typically 65-80% senior debt and 20-35% subordinated debt/equity. The fund generally does not employ leverage at the fund level.	10,293,418	-	10,807,254	-	Quarterly	95 Days
		<u>\$ 192,115,000</u>	<u>\$ 133,283,188</u>	<u>\$ 165,952,000</u>	<u>\$ 136,352,194</u>		

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The total approximate fair value of the hedge funds and partnership funds listed in the preceding table is \$192,115,000 and \$165,952,000 at June 30, 2023 and 2022, respectively. These investments are managed by the Foundation; however, the Foundation's portion of the pool of these investments is 52.0% and 54.0% at June 30, 2023 and 2022, or approximately \$99,900,000 and \$89,658,000, respectively.

The total unfunded commitments listed in the preceding table are \$133,283,188 and \$136,652,194 at June 30, 2023 and 2022, respectively. The Foundation's portion of these commitments is approximately \$69,307,000 and \$73,666,000 at June 30, 2023 and 2022, respectively.

NOTE 14 CONCENTRATIONS

The Foundation and Corporation have noninterest-bearing accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation maintains other cash balances at several financial institutions. Other cash accounts are insured by the FDIC up to \$250,000. During the years ended June 30, 2023 and 2022, the Foundation maintained balances that exceeded insurable limits.

The Foundation is dependent on financial support from contributions. Approximately 15% of the Foundation's receivable balance as of June 30, 2022, is from one donor (none for 2023).

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,908,526	\$ 231,608	\$ 493,520	\$ -	\$ 2,633,654
Accounts Receivable	2,983,947	-	14,594	(1,807,500)	1,191,041
Contributions Receivable, Net of Allowance for Uncollectible Contributions	4,911,472	-	-	-	4,911,472
Prepaid Expense	457,086	24,717	174,623	(144,000)	512,426
Total Current Assets	<u>10,261,031</u>	<u>256,325</u>	<u>682,737</u>	<u>(1,951,500)</u>	<u>9,248,593</u>
NONCURRENT ASSETS					
Investments:					
Pooled Investments	641,735,254	-	-	(2,525,513)	639,209,741
Nonpooled Investments	5,551,155	-	3,571,879	-	9,123,034
Real Estate	593,476	-	-	-	593,476
Assets Held in Charitable Remainder Trusts	4,800,466	-	-	-	4,800,466
Total Investments	<u>652,680,351</u>	<u>-</u>	<u>3,571,879</u>	<u>(2,525,513)</u>	<u>653,726,717</u>
Due from Real Estate Corporation	9,491,860	-	-	(9,491,860)	-
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	5,126,660	-	-	-	5,126,660
Cash Value of Life Insurance and Annuities	1,348,763	-	-	-	1,348,763
PROPERTY AND EQUIPMENT					
Land and Land Improvements	6,150,517	2,236,146	-	-	8,386,663
Gateway	-	-	15,623,676	-	15,623,676
Rental Property	-	171,229	-	-	171,229
Construction in Process	216,843	-	8,010	-	224,853
Building and Equipment	26,388,532	-	239,387	-	26,627,919
Total Property and Equipment	<u>32,755,892</u>	<u>2,407,375</u>	<u>15,871,073</u>	<u>-</u>	<u>51,034,340</u>
Less: Accumulated Depreciation	3,970,013	264,148	4,317,789	-	8,551,950
Net Property and Equipment	<u>28,785,879</u>	<u>2,143,227</u>	<u>11,553,284</u>	<u>-</u>	<u>42,482,390</u>
Total Assets	<u>\$ 707,694,544</u>	<u>\$ 2,399,552</u>	<u>\$ 15,807,900</u>	<u>\$ (13,968,873)</u>	<u>\$ 711,933,123</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT LIABILITIES					
Accounts Payable	\$ 2,675,281	\$ 7,233	\$ 1,899,419	\$ (1,807,500)	\$ 2,774,433
Accrued Liabilities	384,671	8,273	166,229	(144,000)	415,173
Deferred Revenue	-	6,971	54,956	-	61,927
Senior Secured Notes Payable	-	-	370,732	-	370,732
Total Current Liabilities	<u>3,059,952</u>	<u>22,477</u>	<u>2,491,336</u>	<u>(1,951,500)</u>	<u>3,622,265</u>
NONCURRENT LIABILITIES					
Due to University of Toledo Foundation	-	9,491,860	-	(9,491,860)	-
Senior Secured Notes Payable, Net of Debt Issuance Costs	-	-	7,309,664	-	7,309,664
Gateway Funding from Pooled Investments	-	-	2,324,487	-	2,324,487
Grantor Trust Payable to a Related Party	2,012,824	-	-	-	2,012,824
Annuities Payable	2,427,437	-	-	-	2,427,437
Funds Held for Affiliates	306,915,279	-	-	-	306,915,279
Total Liabilities	<u>314,415,492</u>	<u>9,514,337</u>	<u>12,125,487</u>	<u>(11,443,360)</u>	<u>324,611,956</u>
NET ASSETS (DEFICIT)					
Without Donor Restrictions:					
Operating Funds:					
Undesignated	2,104,712	-	-	-	2,104,712
Designated:					
Real Estate	39,642,628	(7,114,785)	-	-	32,527,843
Gateway	-	-	3,682,413	(2,525,513)	1,156,900
Board	8,984,569	-	-	-	8,984,569
Total Without Donor Restrictions Operating Funds	<u>50,731,909</u>	<u>(7,114,785)</u>	<u>3,682,413</u>	<u>(2,525,513)</u>	<u>44,774,024</u>
Board Endowed	16,703,266	-	-	-	16,703,266
Grant	1,416	-	-	-	1,416
Total Without Donor Restrictions	<u>67,436,591</u>	<u>(7,114,785)</u>	<u>3,682,413</u>	<u>(2,525,513)</u>	<u>61,478,706</u>
With Donor Restrictions	325,842,461	-	-	-	325,842,461
Total Net Assets (Deficit)	<u>393,279,052</u>	<u>(7,114,785)</u>	<u>3,682,413</u>	<u>(2,525,513)</u>	<u>387,321,167</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 707,694,544</u>	<u>\$ 2,399,552</u>	<u>\$ 15,807,900</u>	<u>\$ (13,968,873)</u>	<u>\$ 711,933,123</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,214,005	\$ 340,630	\$ 248,246	\$ -	\$ 1,802,881
Accounts Receivable	2,294,490	-	5,915	(1,357,500)	942,905
Contributions Receivable, Net of Allowance for Uncollectible Contributions	5,091,850	-	-	-	5,091,850
Prepaid Expense	83,126	-	144,000	(144,000)	83,126
Total Current Assets	<u>8,683,471</u>	<u>340,630</u>	<u>398,161</u>	<u>(1,501,500)</u>	<u>7,920,762</u>
NONCURRENT ASSETS					
Investments:					
Pooled Investments	599,567,700	-	-	(2,620,089)	596,947,611
Nonpooled Investments	5,203,901	-	3,097,368	-	8,301,269
Real Estate	593,476	-	-	-	593,476
Assets Held in Charitable Remainder Trusts	3,772,829	-	-	-	3,772,829
Total Investments	<u>609,137,906</u>	<u>-</u>	<u>3,097,368</u>	<u>(2,620,089)</u>	<u>609,615,185</u>
Due from Real Estate Corporation	8,303,504	-	-	(8,303,504)	-
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	4,913,077	-	-	-	4,913,077
Cash Value of Life Insurance and Annuities	1,476,611	-	-	-	1,476,611
PROPERTY AND EQUIPMENT					
Land and Land Improvements	6,150,517	920,862	-	-	7,071,379
Gateway	-	-	15,541,459	-	15,541,459
Rental Property	-	171,229	-	-	171,229
Construction in Process	28,250	-	-	-	28,250
Building and Equipment	26,321,152	-	239,387	-	26,560,539
Total Property and Equipment	<u>32,499,919</u>	<u>1,092,091</u>	<u>15,780,846</u>	<u>-</u>	<u>49,372,856</u>
Less: Accumulated Depreciation	3,255,084	263,563	3,915,900	-	7,434,547
Net Property and Equipment	<u>29,244,835</u>	<u>828,528</u>	<u>11,864,946</u>	<u>-</u>	<u>41,938,309</u>
Total Assets	<u>\$ 661,759,404</u>	<u>\$ 1,169,158</u>	<u>\$ 15,360,475</u>	<u>\$ (12,425,093)</u>	<u>\$ 665,863,944</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT LIABILITIES					
Accounts Payable	\$ 1,814,464	\$ 77	\$ 1,379,787	\$ (1,357,500)	\$ 1,836,828
Accrued Liabilities	386,821	1,371	192,185	(144,000)	436,377
Deferred Revenue	-	6,971	60,282	-	67,253
Senior Secured Notes Payable	-	-	353,039	-	353,039
Total Current Liabilities	<u>2,201,285</u>	<u>8,419</u>	<u>1,985,293</u>	<u>(1,501,500)</u>	<u>2,693,497</u>
NONCURRENT LIABILITIES					
Due to University of Toledo Foundation	-	8,303,504	-	(8,303,504)	-
Senior Secured Notes Payable, Net of Debt Issuance Costs	-	-	7,662,541	-	7,662,541
Gateway Funding from Pooled Investments	-	-	2,229,911	-	2,229,911
Grantor Trust Payable to a Related Party	2,012,824	-	-	-	2,012,824
Annuities Payable	2,197,854	-	-	-	2,197,854
Funds Held for Affiliates	275,117,455	-	-	-	275,117,455
Total Liabilities	<u>281,529,418</u>	<u>8,311,923</u>	<u>11,877,745</u>	<u>(9,805,004)</u>	<u>291,914,082</u>
NET ASSETS (DEFICIT)					
Without Donor Restrictions:					
Operating Funds:					
Undesignated	1,617,614	-	-	-	1,617,614
Designated:					
Real Estate	39,245,052	(7,142,765)	-	-	32,102,287
Gateway	-	-	3,482,730	(2,620,089)	862,641
Board	10,395,270	-	-	-	10,395,270
Total Without Donor Restrictions Operating Funds	<u>51,257,936</u>	<u>(7,142,765)</u>	<u>3,482,730</u>	<u>(2,620,089)</u>	<u>44,977,812</u>
Board Endowed	15,715,364	-	-	-	15,715,364
Total Without Donor Restrictions	<u>66,973,300</u>	<u>(7,142,765)</u>	<u>3,482,730</u>	<u>(2,620,089)</u>	<u>60,693,176</u>
With Donor Restrictions	313,256,686	-	-	-	313,256,686
Total Net Assets (Deficit)	<u>380,229,986</u>	<u>(7,142,765)</u>	<u>3,482,730</u>	<u>(2,620,089)</u>	<u>373,949,862</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 661,759,404</u>	<u>\$ 1,169,158</u>	<u>\$ 15,360,475</u>	<u>\$ (12,425,093)</u>	<u>\$ 665,863,944</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	The University of Toledo Foundation and Subsidiaries
SUPPORT, REVENUE, AND GAINS (LOSSES)							
Contributions	\$ 8,510,392	\$ -	\$ -	\$ -	\$ 417,534	\$ 8,092,858	\$ 8,510,392
Unconditional Promises to Give	4,177,735	-	-	-	4,762	4,172,973	4,177,735
Administrative Fees	3,630,421	-	-	-	6,813,242	(3,182,821)	3,630,421
Annuities and Trusts, Net of Actuarial Adjustments	312,561	-	-	-	-	312,561	312,561
Grant Income	141,084	-	-	-	141,084	-	141,084
Ancillary and Nongift	1,049,068	-	-	-	1,238	1,047,830	1,049,068
Bookstore Revenue	3,182,510	-	-	-	3,182,510	-	3,182,510
Center for Alumni and Donor Engagement	1,035,776	-	-	-	1,035,776	-	1,035,776
Income - UTF Gateway Investments	-	-	1,499,923	(372,674)	1,127,249	-	1,127,249
Income - Real Estate Corp.	-	63,735	-	-	63,735	-	63,735
Interest and Dividends	5,442,725	-	86,340	-	1,190,183	4,338,882	5,529,065
Investment Fees	(853,959)	-	-	-	(166,324)	(687,635)	(853,959)
Net Realized and Unrealized Losses	18,958,613	-	58,172	-	3,273,968	15,742,817	19,016,785
Satisfaction of Program and Donor Restrictions	-	-	-	-	17,438,254	(17,438,254)	-
Other Transfers	-	-	-	-	(186,564)	186,564	-
Total Support, Revenue, and Gains (Losses)	45,586,926	63,735	1,644,435	(372,674)	34,336,647	12,585,775	46,922,422
EXPENSES							
University Program Services:							
Academics	6,101,649	-	-	-	6,101,649	-	6,101,649
Athletics	4,512,950	-	-	-	4,512,950	-	4,512,950
Student Aid	5,839,507	-	-	-	5,839,507	-	5,839,507
Capital Projects	1,343,053	-	-	-	1,343,053	-	1,343,053
Research	309,966	-	-	-	309,966	-	309,966
Bookstore	3,331,305	-	-	(372,674)	2,958,631	-	2,958,631
Donor Life Insurance Premiums	104,082	-	-	-	104,082	-	104,082
Management and General	5,355,211	35,755	1,350,176	-	6,741,142	-	6,741,142
Fundraising	5,640,137	-	-	-	5,640,137	-	5,640,137
Total Expenses	32,537,860	35,755	1,350,176	(372,674)	33,551,117	-	33,551,117
CHANGE IN NET ASSETS, BEFORE TRANSFERS	13,049,066	27,980	294,259	-	785,530	12,585,775	13,371,305
CAPITAL TRANSFERS	-	-	(94,576)	94,576	-	-	-
CHANGE IN NET ASSETS	13,049,066	27,980	199,683	94,576	785,530	12,585,775	13,371,305
Net Assets (Deficit) - Beginning of Year	380,229,986	(7,142,765)	3,482,730	(2,620,089)	60,693,176	313,256,686	373,949,862
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 393,279,052</u>	<u>\$ (7,114,785)</u>	<u>\$ 3,682,413</u>	<u>\$ (2,525,513)</u>	<u>\$ 61,478,706</u>	<u>\$ 325,842,461</u>	<u>\$ 387,321,167</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	The University of Toledo Foundation and Subsidiaries
SUPPORT, REVENUE, AND GAINS (LOSSES)							
Contributions	\$ 11,141,005	\$ -	\$ -	\$ -	\$ 340,318	\$ 10,800,687	\$ 11,141,005
Unconditional Promises to Give	3,534,238	-	-	-	20,711	3,513,527	3,534,238
Administrative Fees	3,382,148	-	-	-	6,438,203	(3,056,055)	3,382,148
Annuities and Trusts, Net of Actuarial Adjustments	114,440	-	-	-	-	114,440	114,440
Ancillary and Nongift	1,001,236	-	-	-	8,391	992,845	1,001,236
Bookstore Revenue	3,461,730	-	-	-	3,461,730	-	3,461,730
Center for Alumni and Donor Engagement	1,024,755	-	-	-	1,024,755	-	1,024,755
Income - UTF Gateway Investments	-	-	1,521,254	(360,559)	1,160,695	-	1,160,695
Income - Real Estate Corp.	-	63,735	-	-	63,735	-	63,735
Interest and Dividends	5,643,157	-	132,401	-	1,259,507	4,383,650	5,643,157
Investment Fees	(958,309)	-	-	-	(185,980)	(772,329)	(958,309)
Net Realized and Unrealized Losses	(34,209,306)	-	(535,318)	-	(6,701,236)	(28,043,388)	(34,744,624)
Satisfaction of Program and Donor Restrictions	-	-	-	-	16,140,975	(16,140,975)	-
Other Transfers	-	-	-	-	(22,591)	22,591	-
Total Support, Revenue, and Gains (Losses)	(5,864,906)	63,735	1,118,337	(360,559)	23,009,213	(28,185,007)	(5,175,794)
EXPENSES							
University Program Services:							
Academics	6,966,860	-	-	-	6,966,860	-	6,966,860
Athletics	4,095,411	-	-	-	4,095,411	-	4,095,411
Student Aid	4,896,114	-	-	-	4,896,114	-	4,896,114
Capital Projects	848,535	-	-	-	848,535	-	848,535
Research	259,231	-	-	-	259,231	-	259,231
Bookstore	3,561,277	-	-	(360,559)	3,200,718	-	3,200,718
Donor Life Insurance Premiums	130,760	-	-	-	130,760	-	130,760
Management and General	4,910,532	13,844	1,362,842	-	6,287,218	-	6,287,218
Fundraising	4,718,696	-	-	-	4,718,696	-	4,718,696
Total Expenses	30,387,416	13,844	1,362,842	(360,559)	31,403,543	-	31,403,543
CHANGE IN NET ASSETS, BEFORE TRANSFERS	(36,252,322)	49,891	(244,505)	-	(8,394,330)	(28,185,007)	(36,579,337)
CAPITAL TRANSFERS	-	-	196,221	(196,221)	-	-	-
CHANGE IN NET ASSETS	(36,252,322)	49,891	(48,284)	(196,221)	(8,394,330)	(28,185,007)	(36,579,337)
Net Assets (Deficit) - Beginning of Year	416,482,308	(7,192,656)	3,531,014	(2,423,868)	69,087,506	341,441,693	410,529,199
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 380,229,986</u>	<u>\$ (7,142,765)</u>	<u>\$ 3,482,730</u>	<u>\$ (2,620,089)</u>	<u>\$ 60,693,176</u>	<u>\$ 313,256,686</u>	<u>\$ 373,949,862</u>



**INDEPENDENT AUDITORS' 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**

Board of Trustees
The University of Toledo Foundation and Subsidiaries
Toledo, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The University of Toledo Foundation and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial statements, we considered The University of Toledo Foundation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The University of Toledo Foundation and Subsidiaries internal control. Accordingly, we do not express an opinion on the effectiveness of The University of Toledo Foundation and Subsidiaries' 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 an 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.

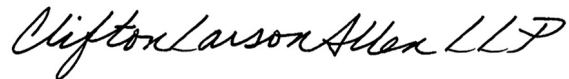
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Toledo, Ohio
September 28, 2023



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OHIO AUDITOR OF STATE KEITH FABER



UNIVERSITY OF TOLEDO FOUNDATION

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/19/2023

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