# University of Wyoming Foundation

**Financial Report**

**June 30, 2023**

# Contents

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

# Independent Auditor's Report

To the Board of Directors
University of Wyoming Foundation

### *Opinion*

We have audited the financial statements of University of Wyoming Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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 Note 4 to the financial statements, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers and partnership general partners. The investments are valued at approximately $389,000,000 and $381,000,000 as of June 30, 2023 and 2022 (representing 69 and 71 percent of net assets), respectively. 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 financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditor’s Responsibilities for the Audits of the Financial Statements*

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

To the Board of Directors
University of Wyoming Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

October 23, 2023

# Statement of Financial Position

**June 30, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 1,158,962 | $ 1,078,022 |
| Investments (Note 4) | 838,561,820 | 808,963,191 |
| Receivables - Net of allowances: | | |
| Contributions receivable (Note 5) | 21,222,588 | 8,024,688 |
| Other accounts receivable | 185,406 | 118,393 |
| Prepaid expenses and other assets | 73,419 | - |
| Contributed assets held for sale | 1,677,000 | - |
| Property and equipment - Net (Note 6) | 33,509,978 | 26,224,260 |
| Total assets | **$ 896,389,173** | **$ 844,408,554** |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable (Note 7) | $ 4,985,132 | $ 3,835,224 |
| Amounts held for others (Note 8) | 318,097,374 | 293,357,847 |
| Split-interest agreements payable (Note 9) | 4,628,049 | 4,970,243 |
| Accrued and other liabilities | 464,507 | 447,326 |
| Student Success Center line of credit (Note 10) | - | 679,173 |
| Grand Avenue Property note payable (Note 10) | 4,976,904 | 5,196,698 |
| Total liabilities | 333,151,966 | 308,486,511 |
| **Net Assets** (Note 11) | | |
| Without donor restrictions: | | |
| Undesignated | 30,387,873 | 34,416,876 |
| Board designated | 52,665,169 | 50,241,780 |
| Total without donor restrictions | 83,053,042 | 84,658,656 |
| With donor restrictions | 480,184,165 | 451,263,387 |
| Total net assets | 563,237,207 | 535,922,043 |
| Total liabilities and net assets | **$ 896,389,173** | **$ 844,408,554** |

# Statement of Activities and Changes in Net Assets

**Years Ended June 30, 2023 and 2022**

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Revenue, Gains (Losses), and Other Support** | | | | | | |
| Contributions and state match | $ 22,480,559 | $ 37,429,724 | $ 59,910,283 | $ 3,994,272 | $ 22,925,694 | $ 26,919,966 |
| Less contributions to accounts held for others (Note 8) | (22,474,901) | - | (22,474,901) | (3,672,172) | - | (3,672,172) |
| Contributions of nonfinancial assets | - | 1,485,000 | 1,485,000 | - | - | - |
| University of Wyoming | 1,917,212 | - | 1,917,212 | 760,978 | 2,290,356 | 3,051,334 |
| Assessments | 8,965,971 | (8,958,256) | 7,715 | 9,655,850 | (9,650,009) | 5,841 |
| Net investment income (loss) | 11,851,142 | 24,322,729 | 36,173,871 | (30,559,601) | (30,258,019) | (60,817,620) |
| (Less) plus net investment (income) loss on amounts held for others (Note 8) | (9,916,327) | - | (9,916,327) | 26,314,950 | - | 26,314,950 |
| Change in cash surrender value of life insurance policies | - | (10,174) | (10,174) | - | (22,946) | (22,946) |
| Change in value of split-interest agreements | - | 148,704 | 148,704 | - | (1,542,185) | (1,542,185) |
| Other revenue | 944,239 | 2,025,886 | 2,970,125 | 58 | 327,747 | 327,805 |
| Less fees and other charges on amounts held for others (Note 8) | - | - | - | (58) | - | (58) |
| Net assets released from restrictions | 27,522,835 | (27,522,835) | - | 37,919,896 | (37,919,896) | - |
| Total revenue, gains (losses), and other support | 41,290,730 | 28,920,778 | 70,211,508 | 44,414,173 | (53,849,258) | (9,435,085) |
| **Expenses** | | | | | | |
| Program services: | | | | | | |
| Program expenses | 35,779,546 | - | 35,779,546 | 31,021,942 | - | 31,021,942 |
| Less distributions made from amounts held for others (Note 8) | (7,651,314) | - | (7,651,314) | (7,365,826) | - | (7,365,826) |
| Total program services | 28,128,232 | - | 28,128,232 | 23,656,116 | - | 23,656,116 |
| Support services: | | | | | | |
| Fundraising | 7,853,637 | - | 7,853,637 | 6,932,687 | - | 6,932,687 |
| Management and general | 6,914,475 | - | 6,914,475 | 5,044,065 | - | 5,044,065 |
| Total expenses | 42,896,344 | - | 42,896,344 | 35,632,868 | - | 35,632,868 |
| **(Decrease) Increase in Net Assets** | (1,605,614) | 28,920,778 | 27,315,164 | 8,781,305 | (53,849,258) | (45,067,953) |
| **Net Assets** - Beginning of year | 84,658,656 | 451,263,387 | 535,922,043 | 75,877,351 | 505,112,645 | 580,989,996 |
| **Net Assets** - End of year | **$ 83,053,042** | **$ 480,184,165** | **$ 563,237,207** | **$ 84,658,656** | **$ 451,263,387** | **$ 535,922,043** |

# Statement of Functional Expenses

**Year Ended June 30, 2023**

| | Program Services | Fundraising | Management and General | Total |
|---|---|---|---|---|
| Distributions to University of Wyoming | $ 35,174,149 | $ - | $ - | $ 35,174,149 |
| Less distributions made from amounts held for others | (7,651,314) | - | - | (7,651,314) |
| University of Wyoming support | 426,250 | - | - | 426,250 |
| University of Wyoming president support | 179,147 | - | - | 179,147 |
| Salaries | - | 3,895,836 | 2,158,907 | 6,054,743 |
| Employee benefits | - | 1,655,839 | 1,029,160 | 2,684,999 |
| Equipment and data processing | - | 1,100,443 | 596,409 | 1,696,852 |
| Building maintenance | - | - | 226,622 | 226,622 |
| Printing and duplication | - | 386,718 | 25,676 | 412,394 |
| Investment counsel fees | - | - | 338,167 | 338,167 |
| Travel and entertainment | - | 416,423 | 141,405 | 557,828 |
| Interest | - | - | 158,821 | 158,821 |
| Insurance | - | - | 174,125 | 174,125 |
| Contractual services | - | 307,942 | 678,007 | 985,949 |
| Professional development | - | 86,901 | 54,699 | 141,600 |
| Directors meeting expenses | - | - | 1,485 | 1,485 |
| Supplies | - | 3,535 | 23,149 | 26,684 |
| Moving and recruiting expenses | - | - | 74,446 | 74,446 |
| Legal fees | - | - | 18,883 | 18,883 |
| Depreciation | - | - | 1,214,514 | 1,214,514 |
| Total functional expenses | **$ 28,128,232** | **$ 7,853,637** | **$ 6,914,475** | **$ 42,896,344** |

# Statement of Functional Expenses

**Year Ended June 30, 2022**

| | Program Services | Fundraising | Management and General | Total |
|---|---|---|---|---|
| Distributions to University of Wyoming | $ 30,857,629 | $ - | $ - | $ 30,857,629 |
| Less distributions made from amounts held for others | (7,365,826) | - | - | (7,365,826) |
| University of Wyoming president support | 164,313 | - | - | 164,313 |
| Salaries | - | 3,894,957 | 1,520,583 | 5,415,540 |
| Employee benefits | - | 1,528,749 | 739,136 | 2,267,885 |
| Equipment and data processing | - | 778,488 | 288,863 | 1,067,351 |
| Building maintenance | - | - | 450,506 | 450,506 |
| Printing and duplication | - | 317,848 | 20,979 | 338,827 |
| Investment counsel fees | - | - | 329,583 | 329,583 |
| Travel and entertainment | - | 276,052 | 12,636 | 288,688 |
| Interest | - | - | 193,294 | 193,294 |
| Insurance | - | - | 150,494 | 150,494 |
| Contractual services | - | 49,826 | 44,416 | 94,242 |
| Professional development | - | 58,256 | 29,945 | 88,201 |
| Communications | - | - | 72,161 | 72,161 |
| Directors meeting expenses | - | - | 69,492 | 69,492 |
| Supplies | - | 4,830 | 25,858 | 30,688 |
| Donor functions | - | 23,681 | 4,340 | 28,021 |
| Legal fees | - | - | 12,775 | 12,775 |
| Depreciation | - | - | 1,079,004 | 1,079,004 |
| Total functional expenses | **$ 23,656,116** | **$ 6,932,687** | **$ 5,044,065** | **$ 35,632,868** |

# Statement of Cash Flows

**Years Ended June 30, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Increase (decrease) in net assets | $ 27,315,164 | $ (45,067,953) |
| Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities: | | |
| Depreciation | 1,214,514 | 1,079,004 |
| Change in value of charitable remainder trusts | (148,704) | 1,542,185 |
| Contributions of nonfinancial assets | (1,485,000) | - |
| Net investment return | (26,257,544) | 34,502,670 |
| Contributions for long-term purposes | (20,374,000) | - |
| Changes in operating assets and liabilities that provided (used) cash and cash equivalents: | | |
| Contributions receivable | 736,064 | 5,526,420 |
| Other accounts receivable | (67,013) | (34,472) |
| Prepaid expenses and other assets | (73,419) | - |
| Accounts payable | 1,149,908 | 614,522 |
| Amounts held for others | 14,823,200 | (3,693,596) |
| Accrued and other liabilities | 17,181 | 74,108 |
| Split-interest agreements payable | (193,490) | (2,457,121) |
| Net cash and cash equivalents used in operating activities | (3,343,139) | (7,914,233) |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (1,685,711) | (1,184,571) |
| Purchases of investments | (716,607,175) | (221,450,085) |
| Proceeds from sales and maturities of investments | 716,175,896 | 229,652,795 |
| Net cash and cash equivalents (used in) provided by investing activities | (2,116,990) | 7,018,139 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from line of credit | - | 679,173 |
| Payments on line of credit | (679,173) | - |
| Payments on notes payable | (219,794) | (726,052) |
| Contributions collected for long-term purposes | 6,440,036 | - |
| Net cash and cash equivalents provided by (used in) financing activities | 5,541,069 | (46,879) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 80,940 | (942,973) |
| **Cash and Cash Equivalents** - Beginning of year | 1,078,022 | 2,020,995 |
| **Cash and Cash Equivalents** - End of year | **$ 1,158,962** | **$ 1,078,022** |
| **Supplemental Cash Flow Information** - Cash paid for interest | $ 162,260 | $ 192,884 |
| **Significant Noncash Transactions** - Transfer of property and equipment from investments | $ 7,006,521 | $ - |

See notes to financial statements.

## Note 1 - Nature of Business

University of Wyoming Foundation (the "Foundation") is an independent not-for-profit organization established for the purpose of obtaining contributions for the benefit of the University of Wyoming (the "University") and management of the related investments in accordance with donor directions. The Foundation and the University of Wyoming Institutional Advancement Office cooperate significantly and utilize common staff in performing the fundraising activities and management of investments. Accordingly, the Foundation's financial statements present the shared budget expenditures and recognize as support the University of Wyoming's contribution to the shared budget.

## Note 2 - Significant Accounting Policies

***Basis of Presentation***

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP).

***Classification of Net Assets***

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

***Use of Estimates***

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

***Cash and Cash Equivalents***

The Foundation considers all depository bank account balances, other than those held as part of the investment portfolio and subject to the investment policy, to be cash and cash equivalents. At times, the Foundation may hold cash and cash equivalents in excess of FDIC insurance coverage.

***Property and Equipment***

The Foundation capitalizes major expenditures for property and equipment, which are recorded at cost or, if donated, at fair value at the time of donation.

Gifts of long-lived assets, if any, such as land, buildings, or equipment, are reported as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

## Note 2 - Significant Accounting Policies (Continued)

Straight-line depreciation methods are used for computing depreciation. Assets are depreciated over their estimated useful lives, as outlined in the table below.

| | Depreciable Life - Years |
|---|---|
| Buildings | 35-39 |
| Vehicles | 5 |
| Furniture, fixtures, and other | 5-15 |
| Computers, equipment, and software | 5-15 |
| Digital asset mining equipment | 3 |
| Right-of-use operating lease assets | 5 |

Costs of maintenance and repairs are charged to expense when incurred.

***Investments***

The Foundation records investment purchases initially at cost or, when donated to the Foundation, at fair value at the date of donation. The majority of investments are held in the short-term or long-term investment pools (endowment pool). Both investment pools are managed at the direction of the chief investment officer and the investment committee of the Foundation's board of directors.

Other entities affiliated with the University, including the Cowboy Joe Club, various departments of the University of Wyoming, and the University's endowments, participate with the Foundation where certain assets are pooled for investment purposes. The Foundation manages the assets of the pool and maintains separate accounts for each participant. Investment income, gains, losses, and expenses of the pool are allocated to each participant based on their unit interest in the pool, consistent with the practice described below for endowments. These portions of the investment pools managed on behalf of others are included in the investment asset balances presented, as well as a liability for amounts due to others, on the statement of financial position. The investment returns (losses) and other activity affecting these amounts managed on behalf of others are excluded from total revenue or expenses on the statement of activities and changes in net assets, as these transactions do not increase or decrease the net assets of the Foundation.

Investments in limited liability companies in which the Foundation has more than a minor interest (more than 20 percent) is accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Foundation’s proportionate share of undistributed earnings or losses. Impairment losses, if any, due to a decline in the value of the investment that would be other than temporary will be recognized when incurred. No impairment losses were recognized for 2023 and 2022.

Investments in equity securities with readily determinable fair values and investments in debt securities are reported at fair value, with unrealized gains and losses included in earnings.

Investments in equity securities without a readily determinable fair value are recorded at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for 2023 and 2022.

Included in the investment portfolio are real estate and note receivable assets managed under the investment policy. These assets are stated at cost and present value, respectively, subject to impairment. No impairment losses were recognized for 2023 and 2022.

## Note 2 - Significant Accounting Policies (Continued)

The investment portfolio also includes bitcoin digital assets, which are initially valued at cost and subject to impairment on an ongoing basis if impairment indicators are present, consistent with the accounting for indefinite-lived intangibles. The Foundation considers these assets to be investments, and they are managed under the investment policy.

The alternative investments, composed primarily of hedge funds and limited partnerships, which are not readily marketable, are measured at fair value, valued at net asset value per share as the practical expedient. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Endowed funds use an investment pool approach, under which each restricted purpose endowment has a specific unit interest based on its capital contributions to the pool. Income earned in the pool is allocated monthly to unrestricted funds for general operations and to the individual endowments in proportion to the unit interests as of the end of the month. Gains and losses from the sale of pooled investments and unrealized gains and losses on investments held are allocated in the same manner.

***Investments Risk and Uncertainties***

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

***Split-interest Agreements***

The Foundation is a remainder beneficiary of several charitable gift annuity and charitable remainder unitrusts. Required distributions to other beneficiaries range from 4.5 percent to 9.1 percent of gift or market value, as defined by each agreement. The discount rates used to calculate the present value range from 3.6 percent to 4.2 percent.

***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. Contributions without donor-imposed restrictions are reported as contributions without donor restrictions.

During the fiscal year ended June 30, 2023, total recognized contributed nonfinancial assets consisted of one gift of real property. The gift had donor-imposed restrictions, with the intention of monetizing and the proceeds to be provided for the use of the College of Agriculture, Life Sciences, and Natural Resources. The contributed real property was monetized as soon as possible in accordance with the Foundation's policy. In valuing the donated real property, the Foundation relied on a third-party appraisal that was completed at the time of gift acceptance. It is the Foundation's policy for contributed nonfinancial assets, especially real property, to be sold as soon as possible.

## Note 2 - Significant Accounting Policies (Continued)

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated to the various functions based on either the underlying purpose of the expense or allocated based on the percentage of time employees spend on each function for those that can be attributable to more than one function. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 23, 2023, which is the date the financial statements were available to be issued.

## Note 3 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of June 30 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 1,158,962 | $ 1,078,022 |
| Investments | 838,561,820 | 808,963,191 |
| Contributions receivable | 21,222,588 | 8,024,688 |
| Other receivables | 185,406 | 118,393 |
| Financial assets - At year end | 861,128,776 | 818,184,294 |
| Less those unavailable for general expenditures within one year due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Restricted by donor with purpose and time restrictions | 54,072,827 | 38,453,931 |
| Subject to appropriation and satisfaction of donor restrictions related to endowment | 426,111,338 | 412,809,456 |
| Amounts held for others | 318,097,374 | 293,357,847 |
| Split-interest agreements payable | 4,628,049 | 4,970,243 |
| Board designations - Endowment fund, primarily for long-term investing | 22,967,264 | 25,204,592 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 35,251,924 | $ 43,388,225 |

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short-term investments.

The Foundation also realizes there could be unanticipated liquidity needs.

## Note 3 - Liquidity and Availability of Resources (Continued)

The Foundation's endowment funds consist of donor-restricted endowments and board-designated endowments of $449,078,602 and $438,014,048 and custodial endowment corpus totaling $298,089,425 and $275,588,817 at June 30, 2023 and 2022, respectively. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the board-designated endowment has a spending rate based on December market values and based on the prior year's distribution. A total of $96,990 of appropriations from the board-designated endowment will be available within the next 12 months. Although the Foundation does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 4 for disclosures about investments).

## Note 4 - Investments and Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

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 use other inputs that are observable, either directly or indirectly. These 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. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above 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.

Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified into the fair value hierarchy below, but are shown in a separate column beside those assets that are classified into the hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the statement of financial position. Those investments that are measured at NAV require additional disclosures regarding the liquidity and redemption conditions around the investments, which are presented later in this note.

## Note 4 - Investments and Fair Value Measurements (Continued)

***Investments for Which it was Not Practicable to Estimate Fair Value***

The Foundation holds a number of equity interests related to startup companies. No cash was paid for these equity interests, as they were obtained as consideration in exchange for the use of university facilities and personnel, as well as licensing considerations. The investments are held on behalf of, and in trust for, the University of Wyoming. It was not practicable to estimate the fair value of these equity interests. These investments are considered for accounting treatment under GAAP as investments in equity securities without readily determinable fair values under ASC 321. Under this accounting treatment, the securities are recorded initially at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. The Foundation must reassess at each reporting period whether these equity securities continue to qualify for this treatment due to a lack of a readily determinable fair value. If a fair value becomes readily available or if the Foundation makes an election to measure these securities at fair value despite the impracticalities, the securities must be measured at fair value from that point forward. As no cost was incurred by the Foundation to obtain these equity securities, they are carried without value under this accounting treatment.

## Note 4 - Investments and Fair Value Measurements (Continued)

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the Foundation to determine those fair values:

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2023 | | | | |
|---|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV | Balance at June 30, 2023 |
| **Assets** | | | | | |
| Fixed income: | | | | | |
| Cash and equivalents subject to investment policy | $ 30,627,326 | $ 39,417,563 | $ - | $ - | $ 70,044,889 |
| Mutual funds | 2,709,285 | - | - | - | 2,709,285 |
| Investment-grade bonds | 511,981 | 6,864,988 | - | 56,753,468 | 64,130,437 |
| Opportunistic credit | - | - | - | 36,039,000 | 36,039,000 |
| Total fixed income | 33,848,592 | 46,282,551 | - | 92,792,468 | 172,923,611 |
| Equity: | | | | | |
| U.S. large- and mid-cap equity | 26,496,640 | - | - | 130,201,929 | 156,698,569 |
| Exchange-traded funds | 6,113,899 | - | - | - | 6,113,899 |
| U.S. small-cap equity | - | - | - | 14,267,869 | 14,267,869 |
| Developed foreign equity | 25,433,782 | - | - | - | 25,433,782 |
| Emerging markets equity | 26,496,853 | - | - | 24,014,456 | 50,511,309 |
| Total equity | 84,541,174 | - | - | 168,484,254 | 253,025,428 |
| Hedge funds: | | | | | |
| Event driven | - | - | 5,142 | 232,434 | 237,576 |
| U.S. investment-grade fixed income | - | - | - | 23,589,224 | 23,589,224 |
| Global macro | - | - | - | 4,046,565 | 4,046,565 |
| Long-short equity | - | - | - | 3,114,231 | 3,114,231 |
| Multistrategy | - | - | 198,213 | - | 198,213 |
| Total hedge funds | - | - | 203,355 | 30,982,454 | 31,185,809 |
| Private equity: | | | | | |
| Buyout | - | - | - | 154,457,084 | 154,457,084 |
| Private debt | - | - | - | 8,408,700 | 8,408,700 |
| Venture capital | - | - | 20,423,911 | 94,907,743 | 115,331,654 |
| Real assets | - | - | - | 345,073 | 345,073 |
| Lower middle market | - | - | - | 929,268 | 929,268 |
| Total private equity | - | - | 20,423,911 | 259,047,868 | 279,471,779 |
| Real assets: | | | | | |
| Infrastructure | - | - | - | 13,864,549 | 13,864,549 |
| Natural resources | - | - | - | 25,781,795 | 25,781,795 |
| Real estate | - | - | - | 38,526,870 | 38,526,870 |
| Total real assets | - | - | - | 78,173,214 | 78,173,214 |
| Total assets | $ 118,389,766 | $ 46,282,551 | $ 20,627,266 | $ 629,480,258 | $ 814,779,841 |

## Note 4 - Investments and Fair Value Measurements (Continued)

In addition to the investments carried at fair value as of June 30, 2023, the Foundation holds investment assets without readily determinable fair values of $686,399, investments accounted for under the equity method of $15,127,117, and bitcoin digital assets accounted for as indefinite-lived intangibles of $7,968,463, making total investments $838,561,820.

| | Assets Measured at Fair Value on a Recurring Basis at June 30, 2022 | | | | |
|---|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV | Balance at June 30, 2022 |
| **Assets** | | | | | |
| Fixed income: | | | | | |
| Cash and equivalents subject to investment policy | $ 27,656,507 | $ 21,598,250 | $ - | $ - | $ 49,254,757 |
| Investment-grade bonds | 26,465,311 | - | - | 84,145,877 | 110,611,188 |
| Opportunistic credit | - | - | - | 32,822,257 | 32,822,257 |
| Total fixed income | 54,121,818 | 21,598,250 | - | 116,968,134 | 192,688,202 |
| Equity: | | | | | |
| U.S. large- and mid-cap equity | 23,902,956 | - | - | 110,917,642 | 134,820,598 |
| U.S. small-cap equity | - | - | - | 11,875,167 | 11,875,167 |
| Developed foreign equity | 22,300,366 | - | - | - | 22,300,366 |
| Emerging markets equity | 21,960,464 | - | - | 23,676,644 | 45,637,108 |
| Total equity | 68,163,786 | - | - | 146,469,453 | 214,633,239 |
| Hedge funds: | | | | | |
| Event driven | - | - | 5,092 | 353,457 | 358,549 |
| Fixed income | - | - | - | 6,438,930 | 6,438,930 |
| Global macro | - | - | - | 17,773,634 | 17,773,634 |
| Long-short equity | - | - | - | 2,767,041 | 2,767,041 |
| Multistrategy | - | - | 199,315 | - | 199,315 |
| Total hedge funds | - | - | 204,407 | 27,333,062 | 27,537,469 |
| Private equity: | | | | | |
| Buyout | - | - | - | 142,068,299 | 142,068,299 |
| Private debt | - | - | - | 6,803,177 | 6,803,177 |
| Venture capital | - | - | 19,423,919 | 96,679,150 | 116,103,069 |
| Total private equity | - | - | 19,423,919 | 245,550,626 | 264,974,545 |
| Real assets: | | | | | |
| Infrastructure | - | - | - | 26,799,874 | 26,799,874 |
| Natural resources | - | - | - | 24,294,703 | 24,294,703 |
| Real estate | - | - | - | 37,675,909 | 37,675,909 |
| Total real assets | - | - | - | 88,770,486 | 88,770,486 |
| Total assets | $ 122,285,604 | $ 21,598,250 | $ 19,628,326 | $ 625,091,761 | $ 788,603,941 |

In addition to the investments carried at fair value as of June 30, 2022, the Foundation holds investment assets without readily determinable fair values of $7,994,026, investments accounted for under the equity method of $5,139,713, and bitcoin digital assets accounted for as indefinite-lived intangibles of $7,225,511, making total investments $808,963,191.

## Note 4 - Investments and Fair Value Measurements (Continued)

Certain investments were reclassified from Level 1 to Level 2 ($21,598,250) and NAV ($164,508,465) categories above as of June 30, 2022 for consistency with the presentation of the investments as of June 30, 2023. The change is not a result of change in valuation techniques, liquidity, or underlying assets of the investments, and there was no change in the valuation of the investments themselves.

The Foundation has two significant investments accounted for under the equity method as of June 30, 2023 and 2022. The Foundation owns 100 percent of the Class A membership interests in Thrive Creekside UW, LLC and HH 170 UW, LLC. Class B membership interests are held by the managing member and its affiliates.

The Foundation's investments without readily determinable fair values as of June 30, 2023 and 2022 have not incurred any downward or upward adjustments in value in either of the years then ended or cumulatively since the investments were placed, as no observable price changes for identical or similar investments of the same issuer have occurred, and no impairment indicators have become present. Accordingly, no unrealized gains or losses have been recognized on these investments without readily determinable fair values.

The fair values of fixed-income cash equivalents and investment-grade bonds at June 30, 2023 and 2022 were determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures, and are primarily Level 2 inputs.

***Investments in Entities that Calculate Net Asset Value per Share***

The Foundation holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

## Note 4 - Investments and Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | June 30, 2023 | June 30, 2022 | June 30, 2023 | | |
|---|---|---|---|---|---|
| | Fair Value | Fair Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
| Fixed income: | | | | | |
| Investment-grade bonds (a) | $ 56,753,468 | $ 84,145,877 | $ - | Daily | N/A |
| Opportunistic credit (b) | 36,039,000 | 32,822,257 | - | Quarterly | 30 days |
| Equity: (c) | | | | | |
| U.S. small-cap equity | 14,267,869 | 11,875,167 | 289,786 | Quarterly | 60-90 days |
| U.S. large- and mid-cap equity | 130,201,929 | 110,917,642 | - | Daily and monthly | 1 day |
| Emerging markets equity | 24,014,456 | 23,676,644 | - | Daily | 3 days |
| Hedge funds: | | | | | |
| Event driven (d) | 232,434 | 353,457 | - | Quarterly | 65 days |
| Fixed income (e) | 23,589,224 | 6,438,930 | - | Varies | 45-60 days |
| Global macro (f) | 4,046,565 | 17,773,634 | - | Varies | 90 days |
| Long-short equity (g) | 3,114,231 | 2,767,041 | 239,194 | Monthly | 30 days |
| Private equity: (h) | | | | | |
| Buyout | 154,457,084 | 142,068,299 | 34,745,582 | None | N/A |
| Private debt | 8,408,700 | 6,803,177 | 10,152,689 | None | N/A |
| Venture capital | 94,907,743 | 96,679,150 | 25,366,872 | None | N/A |
| Real assets | 345,073 | - | 4,462,500 | None | N/A |
| Lower middle market | 929,268 | - | 8,858,049 | None | N/A |
| Real assets: (i) | | | | | |
| Infrastructure | 13,864,549 | 26,799,874 | 2,126,118 | None | N/A |
| Natural resources | 25,781,795 | 24,294,703 | 5,781,017 | None | N/A |
| Real estate | 38,526,870 | 37,675,909 | 8,149,548 | None | N/A |
| Total | $ 629,480,258 | $ 625,091,761 | $ 100,171,355 | | |

As of June 30, 2023 and 2022, the net asset values of these investments have been provided by the underlying general partner or fund manager.

(a) The investment-grade bond class includes investments through debt in special purpose acquisition companies, which are publicly traded companies created for the purpose of acquiring or merging with an existing company looking to go public without going through an initial public offering.

(b) The opportunistic credit fund class includes investments in privately originated and privately negotiated investments, predominantly direct lending to U.S. companies through first lien senior secured and unitranche loans and second lien, unsecured, subordinated, or mezzanine loans and structured credit, as well as broadly syndicated loans and other debt and equity securities. The opportunistic credit fund class may also invest in publicly traded securities of large corporate issuers.

(c) The equity fund class includes investments in small-cap, mid-cap, and emerging market companies through acquisition of common stock. Investments include publicly traded U.S. and non-U.S. stocks; an investment in a privately held bank holding company; and a fund that may invest in vehicles, including equity-related, hybrid, and credit securities that are traded publicly and privately in the U.S. and non-U.S. markets.

## Note 4 - Investments and Fair Value Measurements (Continued)

(d) The event-driven hedge funds class includes investments in hedge funds that focus on a range of events. These events include activist, distressed - noncontrol, long-short credit, long-short equity, and merger (risk) arbitrage. These funds have limited transparency to underlying securities. The fair values of the investments in this class have been estimated using net asset value per share of the investments. The term for these investments ranges from 60 to 90 days.

(e) The fixed-income hedge fund class includes hedge funds that tend to focus on mispricing within credit instruments. The investments have limited transparency to underlying securities. The investments are valued using significant unobservable inputs. The fair values of the investments in this class have been estimated using net asset value per share of the investments. The term for these investments ranges from 60 to 90 days.

(f) The global macro hedge fund class includes investments in hedge funds that focus on macroeconomic conditions, speculating on the direct effect of interest rates, currencies, precious metals, commodities, and indices, often utilizing various degrees of leverage. The fair values of the investments in this class have been estimated using net asset value per share of the investments. The term of these investments ranges from 30 to 90 days.

(g) The long-short equity hedge fund class includes investments in hedge funds that invest both long and short, primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The investments contain exposure in the U.S. market but will also take advantage of investment opportunities in Europe, Asia, and emerging markets. The fair values of the investments in this class have been estimated using net asset value per share of the investments. As of June 30, 2023, all of the lock-up periods have expired for these investments. However, some of the investments have terms that make full liquidity unavailable at the Foundation's report date.

(h) The private equity funds class includes several private equity funds that employ buyout, private distressed debt, or venture capital strategies. These investments are not readily redeemable, but a secondary market does exist to provide the potential for early liquidation. The nature of these investments is that distributions are anticipated to be received through liquidation of the underlying assets of the fund and final distributions to the investors. The terms of these investments are 5 to 12 years. The fair values of the investments in this class have been estimated using net asset value of the Foundation’s ownership interest in partners’ capital.

(i) The real assets funds class includes several funds that focus on infrastructure, natural resources, and real estate that invest in primarily in assets in the U.S. These investments are not readily redeemable, but a secondary market does exist to provide the potential for early liquidation. The nature of these investments is that distributions are anticipated to be received through liquidation of the underlying assets of the fund and final distributions to the investors. The terms of these investments are 5 to 12 years. The fair values of the investments in this class have been estimated using net asset value of the Foundation’s ownership interest in partners’ capital.

## Note 5 - Contributions Receivable

Contributions receivable represent promises to give that have been made by donors but have not yet been received by the Foundation. Contributions that will not be received in subsequent years have been discounted using an estimated rate of return, which could be earned if such contributions had been made in the current year.

## Note 5 - Contributions Receivable (Continued)

Total contributions receivable as of June 30 were as follows:

| | 2023 | 2022 |
|---|---|---|
| Gross promises to give before unamortized discount | $ 22,577,984 | $ 8,457,446 |
| Less allowance for uncollectible contributions | (514,788) | (187,130) |
| Less allowance for net present value discount | (840,608) | (245,628) |
| Net contributions receivable | $ 21,222,588 | $ 8,024,688 |
| Amounts due in: | | |
| Less than one year | $ 12,598,781 | $ 4,680,454 |
| One to five years | 8,690,250 | 3,776,992 |
| More than five years | 1,288,953 | - |
| Total | $ 22,577,984 | $ 8,457,446 |

As of June 30, 2023, there were no donor concentrations in contributions receivable. As of June 30, 2022, one donor's pledges amounted to approximately 41 percent of contributions receivable.

## Note 6 - Property and Equipment

Property and equipment are summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| Land | $ 3,525,995 | $ - |
| Buildings - Marian H. Rochelle Gateway Center | 30,187,695 | 30,070,184 |
| Buildings - Misc. Grand Avenue properties | 3,500,000 | - |
| Furniture, fixtures, and other | 5,222,227 | 4,881,481 |
| Vehicles | 15,897 | - |
| Computers, equipment, and software | 1,154,832 | 936,807 |
| Digital asset mining equipment | 1,719,558 | 1,045,571 |
| Leasehold improvements | 11,899 | - |
| Right-of-use operating lease assets | 94,263 | 141,502 |
| Total cost | 45,432,366 | 37,075,545 |
| Accumulated depreciation | (11,922,388) | (10,851,285) |
| Net property and equipment | $ 33,509,978 | $ 26,224,260 |

Depreciation expense for 2023 and 2022 was $1,214,514 and $1,079,004, respectively.

## Note 7 - Accounts Payable

The current year accounts payable balance includes amounts owed to various departments and colleges of the University of Wyoming. All payables are expected to be paid within one year. As part of the efforts to comply with GASB No. 39 reporting in the current year, the University recorded a receivable for these amounts. These amounts are immaterial to both 2023 and 2022.

## Note 8 - Amounts Held for Others

The Foundation acts as an investment manager for certain assets for the University of Wyoming, the Cowboy Joe Club, and various departments of the University of Wyoming. The investments held on the behalf of others are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cowboy Joe Club | $ 1,105,257 | $ 1,459,353 |
| UW - State match | 166,689,467 | 163,817,478 |
| UW - Endowments | 150,302,650 | 128,081,016 |
| Total | $ 318,097,374 | $ 293,357,847 |

| | Cowboy Joe Club | UW - State Match | UW - Endowments | Total |
|---|---|---|---|---|
| **Activity for the year ended June 30, 2022** | | | | |
| July 1, 2021 balance | $ 1,202,301 | $ 182,001,239 | $ 140,162,853 | $ 323,366,393 |
| Additions | 382,552 | 985,051 | 2,304,569 | 3,672,172 |
| Transfers to UW | (24,879) | (4,721,434) | (2,619,513) | (7,365,826) |
| Investment return | (100,679) | (14,447,378) | (11,766,893) | (26,314,950) |
| Fees | 58 | - | - | 58 |
| June 30, 2022 balance | 1,459,353 | 163,817,478 | 128,081,016 | 293,357,847 |
| **Activity for the year ended June 30, 2023** | | | | |
| July 1, 2022 balance | 1,459,353 | 163,817,479 | 128,081,015 | 293,357,847 |
| Additions | 1,454 | 2,887,769 | 19,962,938 | 22,852,161 |
| Transfers to UW | (13,559) | (5,399,786) | (2,237,969) | (7,651,314) |
| Investment return | 35,392 | 5,384,005 | 4,496,930 | 9,916,327 |
| Fees | (123) | - | (264) | (387) |
| Other | (377,260) | - | - | (377,260) |
| June 30, 2023 balance | 1,105,257 | 166,689,467 | 150,302,650 | 318,097,374 |

## Note 9 - Split-interest Agreements

The Foundation is party to split-interest agreements with certain donors. These agreements include contracts entered into with certain donors from which the Foundation benefits. Under the agreements the donor has contributed funds to be held in trust, with the Foundation as the charitable beneficiary.

Under charitable remainder trusts, as a condition of the trust, the Foundation is required to pay an amount determined as a percentage of the market value of the trust assets each year to the donor(s) or another designated beneficiary until their death. Under charitable gift annuity arrangements, the Foundation is required to pay a fixed distribution of trust assets each year to the donor or another designated beneficiary until their death.

Obligations under the split-interest agreements represent the present value of future payments required be paid to the donors or other beneficiaries under the agreements. These obligations total $4,628,049 and $4,970,243 at June 30, 2023 and 2022, respectively.

Upon the death of the beneficiaries, the remaining funds become the property of the Foundation. The fair values of the assets related to these agreements total $8,836,210 and $8,982,774 at June 30, 2023 and 2022, respectively, and are included in investments.

## Note 10 - Notes Payable and Lines of Credit

On March 20, 2018, the Foundation entered into a construction line of credit agreement for the High Altitude Performance Center with a group of Wyoming banks. The loan was administered by one bank. The maximum drawdown amount was $8,700,000. The line of credit was due in March 2022 and had a fixed rate of interest of 5.5 percent. The line of credit was paid in full as of March 2, 2022.

On June 16, 2020, the Foundation purchased property located on Grand Avenue in Laramie, Wyoming, adjacent to the Marian H. Rochelle Gateway Center. The Foundation signed a promissory note as part of this purchase for $5,600,000 with Sheaffer Place, LLC, with an interest rate of 3 percent, to be paid in 240 equal principal and interest payments beginning on August 1, 2020 until July 1, 2040. The purpose of the purchase is to hold said property until the University of Wyoming is ready to integrate the property into its master plan and make it a contiguous part of the overall university campus. In the meantime, the Foundation is renting the property to generate returns on the investment.

On August 27, 2020, the Foundation entered into a construction line of credit agreement for the College of Business Student Success Center with a group of Wyoming banks. The loan is being administered by one bank. The maximum drawdown amount is $2,800,000. This line of credit is due in August 2025 and has a variable rate of interest, which is based on *The Wall Street Journal* prime rate less 0.25 percent. The rate at June 30, 2023 and 2022 was 5.0 percent.

These obligations are scheduled to mature as follows:

| Years Ending | Amount |
|---|---|
| 2024 | $ 226,480 |
| 2025 | 233,368 |
| 2026 | 240,466 |
| 2027 | 247,781 |
| 2028 | 255,317 |
| Thereafter | 3,773,492 |
| Total | $ 4,976,904 |

## Note 11 - Net Assets

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

| | 2023 | 2022 |
|---|---|---|
| Board-designated net assets: | | |
| Endowment (Note 12) | $ 22,967,264 | $ 25,204,592 |
| Invested in property and equipment - Net of debt | 29,697,905 | 25,037,188 |
| Total board-designated net assets | 52,665,169 | 50,241,780 |
| Undesignated net assets | 30,387,873 | 34,416,876 |
| Total unrestricted net assets | $ 83,053,042 | $ 84,658,656 |

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

| | 2023 | 2022 |
|---|---|---|
| Subject to expenditures for specified purposes to benefit the University | $ 54,072,827 | $ 38,453,931 |
| Subject to the Foundation's spending policy and appropriation from the endowment (Note 12) | 426,111,338 | 412,809,456 |
| Total | $ 480,184,165 | $ 451,263,387 |

## Note 12 - Donor-restricted and Board-designated Endowments

Total managed endowments at the Foundation were $741,489,354 and $713,602,865 at June 30, 2023 and 2022, respectively. Included in these totals were custodial endowments totaling $298,089,425 and $275,588,817 at June 30, 2023 and 2022, respectively.

The managed endowments at June 30, 2023 and 2022 consisted of 1,774 and 1,690 funds, respectively, established for a variety of purposes. The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Foundation is subject to the State of Wyoming's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

| | Endowment Net Asset Composition by Type of Fund as of June 30, 2023 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | $ 22,967,264 | $ - | $ 22,967,264 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 308,704,704 | 308,704,704 |
| Accumulated investment gains | - | 117,406,634 | 117,406,634 |
| Total | $ 22,967,264 | $ 426,111,338 | $ 449,078,602 |

## Note 12 - Donor-restricted and Board-designated Endowments (Continued)

| | Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - Beginning of year | $ 25,204,592 | $ 412,809,456 | $ 438,014,048 |
| Investment return: | | | |
| Investment income | 750,421 | 26,652,954 | 27,403,375 |
| Manager and administrative fees | (126,079) | (2,330,225) | (2,456,304) |
| Assessments | - | (8,640,043) | (8,640,043) |
| Total investment return | 624,342 | 15,682,686 | 16,307,028 |
| Contributions | 5,658 | 10,953,058 | 10,958,716 |
| Appropriation of endowment assets for expenditure | (2,867,328) | (13,333,862) | (16,201,190) |
| Endowment net assets - End of year | $ 22,967,264 | $ 426,111,338 | $ 449,078,602 |

| | Endowment Net Asset Composition by Type of Fund as of June 30, 2022 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds | $ 25,204,592 | $ - | $ 25,204,592 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 295,358,076 | 295,358,076 |
| Accumulated investment gains | - | 117,451,380 | 117,451,380 |
| Total | $ 25,204,592 | $ 412,809,456 | $ 438,014,048 |

| | Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - Beginning of year | $ 17,336,213 | $ 445,479,078 | $ 462,815,291 |
| Investment return: | | | |
| Investment loss | (1,207,796) | (31,733,741) | (32,941,537) |
| Manager and administrative fees | (405,274) | (7,912,114) | (8,317,388) |
| Total investment return | (1,613,070) | (39,645,855) | (41,258,925) |
| Contributions | 9,540,298 | 20,150,696 | 29,690,994 |
| Appropriation of endowment assets for expenditure | (58,849) | (13,174,463) | (13,233,312) |
| Endowment net assets - End of year | $ 25,204,592 | $ 412,809,456 | $ 438,014,048 |

## Note 12 - Donor-restricted and Board-designated Endowments (Continued)

***Underwater Endowment Funds***

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. Effective February 2023, if the fair value of an endowment falls below 80 percent of the fund's original gift value, expenditures will be suspended from the fund until the fund's fair market value equals or exceeds 80 percent of the original gift value. Deficiencies of this nature exist in 136 donor-restricted endowment funds, which together have an original gift value of $25,476,018, a current fair value of $24,116,718, and a deficiency of $1,359,300 as of June 30, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of directors.

As of June 30, 2022, deficiencies of this nature existed in 94 donor-restricted endowment funds, which together had an original gift value of $15,866,305, a current fair value of $14,627,767, and a deficiency of $1,238,537.

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 7 percent, net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). With consultation from its investment consultant, the Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Foundation's governing board meets at least once quarterly and more often, if needed, to discuss investment matters to ensure the best possible return, consistent with the preservation of principal, is achieved.

***Payout Policy and How the Investment Objectives Relate to Payout Policy***

The Foundation's board has adopted a payout policy that makes funds available for appropriation based on a calculation that uses 40 percent spending rate based the December market value and 60 percent based on the prior year distribution, with an inflationary adjustment. The effective spending rate of the December market value was 4.0 and 3.5 percent as of June 30, 2023 and 2022, respectively. The effective inflationary rate was 4.0 and 2.0 percent as of June 30, 2023 and 2022, respectively. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Foundation expects the current payout policy to allow its endowment to grow.

## Note 13 - Related Party Transactions

The Foundation is a strategic partner of the University of Wyoming and transacts with the University during the ordinary course of business. Transactions with the University and other related parties controlled by the University include all transactions related to amounts held for others (see Note 8) and all program services expenses shown on the statement of activities and changes in net assets.