SOUTHERN OREGON UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

Jones Roth
CPAs & Business Advisors

SOUTHERN OREGON UNIVERSITY FOUNDATION
FINANCIAL STATEMENTS
For the Years Ended June 30, 2026 and 2025

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Statements of Functional Expenses	8 - 9
Notes to Financial Statements	10 - 22

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southern Oregon University Foundation
Ashland, Oregon

Opinion

We have audited the accompanying financial statements of Southern Oregon University Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Oregon University Foundation as of June 30, 2026 and 2025, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Oregon University Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southern Oregon University 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 Southern Oregon University 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.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
October 23, 2026

FINANCIAL STATEMENTS

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets		
Cash and cash equivalents	$ 5,457,402	$ 1,055,538
Unconditional promises to give, current portion	3,277,965	2,253,670
Total current assets	8,735,367	3,309,208
Noncurrent assets		
Investments	59,177,266	53,554,838
Assets held under split-interest agreements	1,558,766	1,040,393
Unconditional promises to give, noncurrent, less allowance for uncollectibles and unamortized discount	7,204,788	6,920,470
Other assets	766,823	767,798
Total noncurrent assets	68,707,643	62,283,499
Total assets	$ 77,443,010	$ 65,592,707

	2026	2025
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 91,328	$ 61,491
Payments due to related entity, Southern Oregon University	2,829,920	2,867,020
Refundable advances	476,250	485,475
Total current liabilities	3,397,498	3,413,986
Noncurrent liabilities		
Obligations under split-interest agreements	649,791	420,634
Total liabilities	4,047,289	3,834,620
Net assets		
Without donor restrictions	6,454,487	3,893,963
With donor restrictions	66,941,234	57,864,124
Total net assets	73,395,721	61,758,087
Total liabilities and net assets	$ 77,443,010	$ 65,592,707

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Donations	$ 3,367,337	$ 9,413,830	$ 12,781,167
Contributed services support	652,627	-	652,627
Change in split-interest agreements	-	(29,467)	(29,467)
Net investment income	84,844	1,371,471	1,456,315
Net realized and unrealized gains (losses)	(2,678)	7,307,491	7,304,813
Fundraising activities and other income	201	208,708	208,909
Loss on return of contributions	-	(50,000)	(50,000)
Loss on return of endowment principal	-	(253,092)	(253,092)
Net assets released from restrictions	8,891,831	(8,891,831)	-
Total revenue and other support	12,994,162	9,077,110	22,071,272
Expenses			
Program services	7,896,390	-	7,896,390
Management and fundraising	2,537,248	-	2,537,248
Total expenses	10,433,638	-	10,433,638
Change in net assets	2,560,524	9,077,110	11,637,634
Net assets, beginning of year	3,893,963	57,864,124	61,758,087
Net assets, end of year	$ 6,454,487	$ 66,941,234	$ 73,395,721

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Donations	$ 338,626	$ 8,743,730	$ 9,082,356
Contributed services support	1,091,773	-	1,091,773
Change in split-interest agreements	-	(10,517)	(10,517)
Net investment income	147,646	2,081,858	2,229,504
Net realized and unrealized gains	13,505	3,219,729	3,233,234
Fundraising activities and other income	-	18,465	18,465
Net assets released from restrictions	9,645,007	(9,645,007)	-
Total revenue and other support	11,236,557	4,408,258	15,644,815
Expenses			
Program services	8,865,366	-	8,865,366
Management and fundraising	2,633,405	-	2,633,405
Total expenses	11,498,771	-	11,498,771
Change in net assets	(262,214)	4,408,258	4,146,044
Net assets, beginning of year	4,156,177	53,455,866	57,612,043
Net assets, end of year	$ 3,893,963	$ 57,864,124	$ 61,758,087

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 11,637,634	$ 4,146,044
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains	(7,304,813)	(3,233,234)
Contributions restricted for long-term investment	(1,172,084)	(2,099,150)
Investment income restricted for long-term investment	(1,224,283)	(1,879,331)
(Increase) decrease in:		
Other assets	975	-
Unconditional promises to give	(1,308,613)	190,263
Increase (decrease) in:		
Accounts payable	29,837	646
Related party payable	(37,100)	1,431,004
Obligations under split-interest agreements	229,157	179,630
Deferred revenue	(9,225)	66,125
Net cash provided (used) by operating activities	841,485	(1,198,003)
Cash flows from investing activities		
Proceeds from sale of investments	4,865,674	1,064,354
Purchase of investments	(3,701,662)	(4,357,060)
Purchase of other assets	-	(8,556)
Net cash provided (used) by investing activities	1,164,012	(3,301,262)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investment	1,172,084	2,099,150
Proceeds from investment income restricted for long-term investment	1,224,283	1,879,331
Net cash provided by financing activities	2,396,367	3,978,481
Net increase (decrease) in cash and cash equivalents	4,401,864	(520,784)
Cash and cash equivalents, beginning of year	1,055,538	1,576,322
Cash and cash equivalents, end of year	$ 5,457,402	$ 1,055,538

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2026

	Southern Oregon University	Affiliates	Other Program Services	Total Program Services	Management and Fundraising	Total
Scholarships	$ 2,433,005	$ -	$ 67,000	$ 2,500,005	$ -	$ 2,500,005
Special project expense	-	-	-	-	34,421	34,421
Personnel expenses	-	-	-	-	1,275,894	1,275,894
Personnel expenses provided by SOU	-	-	-	-	646,557	646,557
Administrative expenses	-	-	-	-	580,376	580,376
SOU administrative support	81,924	13,263	-	95,187	-	95,187
SOU program support	5,298,226	-	2,972	5,301,198	-	5,301,198
Total functional expenses	$ 7,813,155	$ 13,263	$ 69,972	$ 7,896,390	$ 2,537,248	$ 10,433,638

The accompanying notes are an integral part of these statements.

SOUTHERN OREGON UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Southern Oregon University	Affiliates	Other Program Services	Total Program Services	Management and Fundraising	Total
Scholarships	$ 2,159,994	$ -	$ -	$ 2,159,994	$ -	$ 2,159,994
Special project expense	-	-	-	-	24,250	24,250
Personnel expenses	-	-	-	-	999,048	999,048
Personnel expenses provided by SOU	-	-	-	-	1,059,588	1,059,588
Administrative expenses	-	-	-	-	550,519	550,519
SOU administrative support	53,112	21,183	-	74,295	-	74,295
SOU program support	6,620,055	-	11,022	6,631,077	-	6,631,077
Total functional expenses	$ 8,833,161	$ 21,183	$ 11,022	$ 8,865,366	$ 2,633,405	$ 11,498,771

The accompanying notes are an integral part of these statements.

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Southern Oregon University Foundation (the Foundation) is a nonprofit corporation established in 1959 to support and promote the educational, scientific, and charitable activities of Southern Oregon University (the University) and programs and activities occurring on its campuses or in its facilities or undertaken by it in coordination with other educational, scientific, or charitable institutions. Supporting and promoting includes activities to solicit, acquire, receive, own, manage, invest, and dispose of any real and personal property for the benefit of the University. The Foundation's exempt purpose includes maintaining a development program to encourage contributions to the Foundation for University support (academic programs, capital projects, athletics, student activities, etc.), and maintaining scholarships and grants for the benefit of students and faculty at the University. The Foundation also includes five affiliate organizations (not separately organized) that support and promote a specific unit or activity of the University and are comprised of the Alumni Association, Chamber Music Concerts, Friends of the Hannon Library, Friends of the Schneider Museum of Art, and Osher Lifelong Learning Institute.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers cash and cash equivalents to be all highly liquid investments available for current use with an initial maturity of three months or less.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Promises to give are stated at the present value of expected future cash flows. Management periodically assesses the need for an allowance for uncollectible promises to give based on historical experience and delinquent promises to give. Management has recorded an allowance for uncollectible promises to give of $22,112 and $20,174 at June 30, 2026 and 2025, respectively.

Concentrations of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments.

Cash and cash equivalents are maintained at one financial institution. The Foundation has not experienced any losses on its cash and cash equivalents. The FDIC secures accounts in insured institutions up to $250,000 per depositor. At times, the balance of the Foundation's accounts may exceed the federally insured limits. At June 30, 2026 and 2025, the Foundation's uninsured cash balances totaled $827,755 and $808,141, respectively.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Concentrations of Revenues

During the year ended June 30, 2026, contributions from one donor made up approximately 10% of total revenues. During the year ended June 30, 2025, no individual donors contributed a significant concentration of revenues.

Concentrations of Receivables

Approximately 60 percent and 70 percent of the Foundation's receivables were due from one and two individuals or businesses as of June 30, 2026 and 2025, respectively.

Investments

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the statements of activities. Gains or losses are reported as increases or decreases in the net assets without donor restrictions unless the donor places restrictions on the gains and losses. Investment income is also reported as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the nature of the restrictions. Investments consist of funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and Agency obligations, corporate bonds, equity securities, mortgage-backed securities, money market accounts, and certificates of deposit.

Artwork

Collections, works of art, and historical treasures of significance that are owned by the Foundation and meet all of the required conditions, are capitalized and recorded at cost or, if donated, the fair market value at the date of the donation. Required conditions for capitalizing are:

- Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Protected, kept unencumbered, cared for, and preserved.
- Subject to an organizational policy that required the proceeds from sales of collection items to be used to acquire other items for collections.

Inexhaustible collections, works of art, and historical treasures where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long are not depreciated. Because of their cultural, aesthetic, or historical value, these assets are protected and preserved in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Obligations Under Split-interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at various rates for the years ended June 30, 2026 and 2025, respectively. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value, determined annually. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions in the statements of activities.

Net Assets

Net assets of the Foundation consisted of the following:

Net assets without donor restrictions - These net assets are available for general obligations of the Foundation.

Net assets with donor restrictions - These net assets are restricted by donors to be used for specific purposes.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Administrative Support

Donated administrative support received from the University is recorded as revenue. This type of support is also recorded as an expense in the accompanying statements of activities. The University provides for a portion of the Foundation's operating budget, including a percentage of salaries and related expenses.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as without restrictions unless the donor has restricted the donated asset for a specific purpose. The Foundation allocates expense as the donated assets are used to the appropriate program or supporting service.

Functional Expenses

Expenses for the Foundation are summarized according to functional classification of program services and management and fundraising services. The Foundation's purpose is entirely fundraising; therefore, this amount is not separately stated.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Functional Expenses, continued

The Foundation allocates its expenses on a functional basis among its program services and management and fundraising services. Expenses that can be identified with a specific program or management and fundraising service are allocated directly to that program or management and fundraising service according to their natural expenditure classification. Other expenses that are common to several functions are allocated among the programs and management and fundraising services benefitted.

Program Services - Costs that are identifiable with a program and are clearly described by that program.

Management and Fundraising Services - Management, general, and fundraising expenses.

Advertising Expenses

Advertising expenses are expensed when incurred. Advertising costs totaled $2,843 and $2,287 for the years ended June 30, 2026 and 2025, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a charitable organization exempt from payment of federal income taxes and Oregon excise taxes. All filing requirements of Internal Revenue Code (IRC) Section 501(c)(3) and Oregon Revised Statutes (ORS) 128.670 have been met. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(iv). The Foundation's information returns are generally subject to examination by taxing authorities for a period of three years after filing.

2. Liquidity and Availability of Resources

The Foundation has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, the Foundation's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2026	2025
Cash and cash equivalents	$ 385,698	$ -
Receivables	3,480	9,320
Investments	11,619,457	7,398,089
Less assets unavailable due to board designations	(4,855,526)	(4,905,049)
Financial assets available for general expenditure	$ 7,153,109	$ 2,502,360

3. Investments

Substantially all of the Foundation's investments are held in a pooled account managed by a professional fund manager selected by the Board of Trustees. Investment management fees are recorded when incurred.

At June 30, the summary of investments was as follows:

	2026	2025
Cash and cash equivalents	$ 296,045	$ 2,274,191
Mutual funds:		
Equities:		
U.S. large company stocks	23,785,974	23,502,478
U.S. mid-size company stocks	5,663,361	3,729,790
U.S. small company stocks	2,342,241	1,642,813
Developed international stocks	7,150,768	4,561,230
International small company stocks	-	883,200
Emerging markets stocks	3,748,714	1,969,036
Fixed income:		
Investment grade bonds	24,286	22,885
International bonds	522,090	521,628
High yield bonds	512,429	519,766
Corporate bonds	5,542,591	4,790,734
U.S. government bonds	8,527,185	8,187,817
Emerging markets bonds	716,073	452,049
Other investments	345,509	497,221
Total investments	$ 59,177,266	$ 53,554,838

For the years ended June 30, 2026 and 2025, investment expenses totaled $174,603 and $216,408, respectively.

For the years ended June 30, net realized and unrealized gains were as follows:

	2026	2025
Net realized gain	$ 5,257,993	$ 1,539,579
Net unrealized gain	2,046,820	1,693,655
Total realized and unrealized gains	$ 7,304,813	$ 3,233,234

4. Unconditional Promises to Give

At June 30, unconditional promises to give consisted of the following:

	2026	2025
Unrestricted promises to give	$ 3,480	$ 9,320
Donor restricted promises to give	11,727,105	10,432,485
Allowance for uncollectible promises to give	(22,112)	(20,174)
	11,708,473	10,421,631
Unamortized discount	(1,225,720)	(1,247,491)
Unconditional promises to give, net	$ 10,482,753	$ 9,174,140

The following table consists of a timeline of amounts due at June 30:

	2026	2025
Amounts due in:		
Less than one year	$ 3,277,965	$ 2,253,670
One to five years	7,204,788	6,920,470
	$ 10,482,753	$ 9,174,140

The unconditional promises to give unamortized discount has been discounted using a rate of 4.16 percent and 3.81 percent for the years ended June 30, 2026 and 2025, respectively.

5. Net Assets with Donor Restrictions

Net assets with purpose or time restrictions at June 30, 2026 and 2025, in the amount of $34,703,635 and $26,516,050, respectively, consisted of tuition scholarships, student support, and other program services.

Net assets with perpetual restrictions at June 30, 2026 and 2025, in the amount of $32,237,599 and $31,348,074, respectively, consisted of endowment funds, which are permanently restricted as stipulated by the donors.

6. Endowment Fund

The Foundation's endowment consists of approximately 265 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

6. Endowment Fund, continued

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the State of Oregon Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation, absent of any donor stipulations to the contrary, to appropriate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted until appropriated for expenditure by the Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Funds with Deficiencies

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 resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions. There were not any current appropriations for these programs that was deemed prudent by the Board of Trustees.

As of June 30, 2026 and 2025, the amount by which funds were underwater were calculated as follows:

	2026	2025
Aggregate fair value	$ 4,925	$ 560,931
Aggregate original gift amount	5,000	607,913
Aggregate deficiency	$ (75)	$ (46,982)

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(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

6. Endowment Fund, continued

Return Objectives and Risk Parameters, continued

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. 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). 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a long-term policy of appropriating for distribution each fiscal year 4.0 percent of its endowment fund's average fair value over the prior 12 quarters preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3.5 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The revalue calculation is done annually at June 30, disbursing quarterly.

At June 30, the Endowment Fund consisted of the following:

	2026	2025
Time restricted earnings	$ 17,942,276	$ 11,169,819
Perpetually restricted	32,237,599	31,348,074
Total Endowment Fund	$ 50,179,875	$ 42,517,893

A summary of Endowment Fund activity was as follows:

	2026	2025
Balance, July 1	$ 42,517,893	$ 36,760,771
Contributions	1,172,084	2,099,150
Returned endowment principal	(253,092)	-
Appropriated expenditures	(1,757,736)	(1,436,475)
Change in value of assets held under split-interest agreements	(29,467)	(10,517)
	41,649,682	37,412,929
Investment returns:		
Net unrealized gain on endowment	2,049,371	1,703,525
Net return on endowment investments	6,480,822	3,401,439
Investment returns	8,530,193	5,104,964
Balance, June 30	$ 50,179,875	$ 42,517,893

7. In-Kind Administrative Contributions by the University

The Foundation receives donated professional services from the University that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value and are expensed when the services are rendered. The fair value of these services is estimated by the University using staff hourly wages.

At June 30, in-kind administrative contributions by the University consisted of the following:

	2026	2025
Personnel and supplies expenses provided	$ 652,627	$ 1,091,773

8. Split-interest Agreements

At June 30, total assets held under the split-interest agreements consisted of the following:

	2026	2025
Cash and cash equivalents	$ 321,006	$ 86,884
Treasury bills	-	40,093
Mutual funds:		
Equities:		
U.S. large company stocks	525,366	407,633
U.S. mid-size company stocks	105,641	72,874
U.S. small company stocks	54,306	35,182
Developed international stocks	136,409	97,512
International small company stocks	-	-
U.S. REITs	-	-
Emerging markets stocks	71,458	40,927
Other equities	1,770	-
Fixed income:		
High quality bonds	-	-
Investment grade bonds	131,247	120,627
International bonds	4,479	4,529
High yield bonds	10,828	10,466
U.S. government bonds	167,981	111,281
Emerging markets bonds	22,082	6,676
Other investments	6,193	5,709
Total assets held under split-interest agreements	$ 1,558,766	$ 1,040,393

9. Other Assets

At June 30, other assets consisted of the following:

	2026	2025
Collections:		
Antique furniture and collectibles	$ 21,508	$ 21,508
Real property:		
Fern Valley Road, Phoenix, Oregon	725,000	725,000
Resort property timeshares	9,000	9,000
Other assets	11,315	12,290
Total other assets	$ 766,823	$ 767,798

The real property on Fern Valley Road in Phoenix, Oregon is a twenty-seven acre undeveloped parcel that was appraised at $1,000,000 when the Foundation received the property as a contribution in 1995. Additionally, the Foundation incurred $15,125 in land survey costs subsequent to receipt of the real property. The city of Phoenix had been granted an easement for use of up to two acres of the parcel for a community water reservoir. The city of Phoenix and the Foundation negotiated an agreement regarding the property. In March 2022, the property was appraised at $725,000 and a $290,125 loss was recorded in that year.

The Foundation previously received a contribution of a timeshare unit in Puerto Vallarta, Mexico. As of June 30, 2026 and 2025, the resort property timeshares are carried at their donated value.

10. Net Assets Released from Restrictions

During 2026 and 2025, net assets in the amount of $8,891,831 and $9,645,007, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

11. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the entity's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

11. Fair Value Measurements, continued

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market.

Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

11. Fair Value Measurements, continued

At June 30, fair value of assets measured on a recurring basis was as follows:

	Assets at Fair Value as of June 30, 2026			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 617,052	$ -	$ -	$ 617,052
Mutual funds:				
Equities:				
U.S. large company stocks	24,311,339	-	-	24,311,339
U.S. mid-size company stocks	5,769,002	-	-	5,769,002
U.S. small company stocks	2,396,547	-	-	2,396,547
Developed international stocks	7,287,177	-	-	7,287,177
Emerging markets stocks	3,820,172	-	-	3,820,172
Other equities	1,770	-	-	1,770
Fixed income:				
Investment grade bonds	155,534	-	-	155,534
International bonds	526,570	-	-	526,570
High yield bonds	523,257	-	-	523,257
Corporate bonds	5,542,590	-	-	5,542,590
Emerging markets bonds	738,155	-	-	738,155
U.S. government bonds	8,695,166	-	-	8,695,166
Other investments	351,701	-	-	351,701
	$ 60,736,032	$ -	$ -	$ 60,736,032

11. Fair Value Measurements, continued

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,361,075	$ -	$ -	$ 2,361,075
Treasury bills	40,093	-	-	40,093
Mutual funds:				
Equities:				
U.S. large company stocks	23,910,111	-	-	23,910,111
U.S. mid-size company stocks	3,802,664	-	-	3,802,664
U.S. small company stocks	1,677,995	-	-	1,677,995
Developed international stocks	4,658,742	-	-	4,658,742
Emerging markets stocks	2,009,963	-	-	2,009,963
International small company stocks	883,200	-	-	883,200
Fixed income:				
Investment grade bonds	143,512	-	-	143,512
International bonds	526,157	-	-	526,157
High yield bonds	530,232	-	-	530,232
Corporate bonds	4,790,734	-	-	4,790,734
Emerging markets bonds	458,725	-	-	458,725
U.S. government bonds	8,299,098	-	-	8,299,098
Other investments	502,930	-	-	502,930
	$ 54,595,231	$ -	$ -	$ 54,595,231

12. Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously stated net assets or change in net assets.

13. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.