



**SOUTHERN ILLINOIS
UNIVERSITY FOUNDATION
CARBONDALE, ILLINOIS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended June 30, 2023 and 2022

The background of the lower half of the page is an abstract, grayscale geometric pattern. It consists of numerous overlapping, semi-transparent planes and lines that create a sense of depth and complexity, resembling a digital or architectural structure.

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SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-35

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southern Illinois University Foundation
Carbondale, Illinois

Opinion

We have audited the accompanying financial statements of Southern Illinois University Foundation (Foundation), which comprise the Statements of Financial Position as of June 30, 2023 and 2022, 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

Sikich LLP

Springfield, Illinois
October 24, 2023

FINANCIAL STATEMENTS

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 37,061	\$ 158,814
Receivables		
Pledges receivable, net	6,078,744	6,996,805
Estate receivable	330,323	278,031
Charitable trust receivable	59,065	54,435
Other receivables	199,014	396,736
Total receivables	6,667,146	7,726,007
Investments		
Operating funds	52,857,411	52,551,961
Agency funds	2,833,694	2,755,053
Endowment funds	182,392,990	168,423,199
Assets held under split-interest agreements	2,858,460	2,162,550
Beneficial interest in perpetual trusts	1,212,922	1,167,609
Investment in real estate	396,000	396,000
Cash surrender value of life insurance	658,315	634,217
Total investments	243,209,792	228,090,589
Land, property and equipment, net	1,288,083	633,863
Other assets	444,783	381,125
Total assets	\$ 251,646,865	\$ 236,990,398
Liabilities and Net Assets		
Liabilities		
Accounts payable and other liabilities	\$ 150,251	\$ 508,346
Obligations under split-interest agreements	1,221,593	963,528
Agency funds payable	2,833,694	2,755,053
Deposits held for others	6,074	6,178
Total liabilities	4,211,612	4,233,105
Net Assets		
Without donor restrictions	16,495,769	14,636,544
With donor restrictions	230,939,484	218,120,749
Total net assets	247,435,253	232,757,293
Total liabilities and net assets	\$ 251,646,865	\$ 236,990,398

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants, net of discount	\$ 230,815	\$ 16,108,834	\$ 16,339,649
Change in allowance for uncollectible receivables	-	(262,036)	(262,036)
Change in value of split-interest agreements	-	40,645	40,645
Change in value of beneficial interest in perpetual trusts	-	45,313	45,313
Investment return, net	4,057,319	14,467,932	18,525,251
Fundraising service income	118,239	-	118,239
Other	(31,677)	380,670	348,993
	4,374,696	30,781,358	35,156,054
Net assets released from restrictions	17,930,426	(17,930,426)	-
Changes in donor restrictions	32,197	(32,197)	-
Total support and revenue	22,337,319	12,818,735	35,156,054
Expenses			
Program services			
Student assistance	6,089,591	-	6,089,591
University and community programs	2,707,414	-	2,707,414
Academic and research support	4,971,204	-	4,971,204
Total program services	13,768,209	-	13,768,209
Support services			
Management and general	6,053,285	-	6,053,285
Fundraising	6,006,836	-	6,006,836
Total support services	12,060,121	-	12,060,121
Total expenses	25,828,330	-	25,828,330
Transfer from affiliates - support service revenue	5,350,236	-	5,350,236
Change in Net Assets	1,859,225	12,818,735	14,677,960
Net Assets - Beginning of Year	14,636,544	218,120,749	232,757,293
Net Assets - End of Year	\$ 16,495,769	\$ 230,939,484	\$ 247,435,253

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants, net of discount	\$ 248,907	\$ 17,631,685	\$ 17,880,592
Change in allowance for uncollectible receivables	718	74,614	75,332
Change in value of split-interest agreements	-	(204,920)	(204,920)
Change in value of beneficial interest in perpetual trusts	-	(288,130)	(288,130)
Investment return, net	(5,585,414)	(18,440,200)	(24,025,614)
Fundraising service income	115,599	-	115,599
Other	(326,983)	537,435	210,452
	<u>(5,547,173)</u>	<u>(689,516)</u>	<u>(6,236,689)</u>
Net assets released from restrictions	14,216,404	(14,216,404)	-
Changes in donor restrictions	27,552	(27,552)	-
Total support and revenue	<u>8,696,783</u>	<u>(14,933,472)</u>	<u>(6,236,689)</u>
Expenses			
Program services			
Student assistance	4,824,056	-	4,824,056
University and community programs	2,123,190	-	2,123,190
Academic and research support	4,040,300	-	4,040,300
Total program services	<u>10,987,546</u>	<u>-</u>	<u>10,987,546</u>
Support services			
Management and general	5,697,503	-	5,697,503
Fundraising	6,324,862	-	6,324,862
Total support services	<u>12,022,365</u>	<u>-</u>	<u>12,022,365</u>
Total expenses	<u>23,009,911</u>	<u>-</u>	<u>23,009,911</u>
Transfer from affiliates - support service revenue	6,311,058	-	6,311,058
Change in Net Assets	<u>(8,002,070)</u>	<u>(14,933,472)</u>	<u>(22,935,542)</u>
Net Assets - Beginning of Year	<u>22,638,614</u>	<u>233,054,221</u>	<u>255,692,835</u>
Net Assets - End of Year	<u>\$ 14,636,544</u>	<u>\$ 218,120,749</u>	<u>\$ 232,757,293</u>

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Total	Management and General	Fundraising	Total
	Student Assistance	University and Community Programs	Academic and Research Support				
Grants	\$ 6,066,636	\$ 2,259,603	\$ 3,853,954	\$ 12,180,193	\$ 2,938,906	\$ -	\$ 15,119,099
Salaries and benefits	250	4,259	10,026	14,535	1,718,926	3,750,755	5,484,216
Professional services	4,761	88,294	95,533	188,588	301,489	562,155	1,052,232
Advertising and promotion	-	1,315	37,490	38,805	1,512	118,616	158,933
Office expenses	541	153,752	396,792	551,085	213,876	225,616	990,577
Information technology	-	-	24,250	24,250	183,492	292,236	499,978
Occupancy	-	-	1,325	1,325	257,627	19,800	278,752
Travel	12,793	180,371	551,330	744,494	54,729	639,845	1,439,068
Depreciation	-	-	-	-	74,062	-	74,062
Insurance	4,610	866	500	5,976	54,609	375	60,960
Bad debts	-	-	-	-	253,530	-	253,530
Fundraising events	-	-	-	-	-	397,438	397,438
Other	-	18,954	4	18,958	527	-	19,485
	<u>\$ 6,089,591</u>	<u>\$ 2,707,414</u>	<u>\$ 4,971,204</u>	<u>\$ 13,768,209</u>	<u>\$ 6,053,285</u>	<u>\$ 6,006,836</u>	<u>\$ 25,828,330</u>

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services			Total	Management and General	Fundraising	Total
	Student Assistance	University and Community Programs	Academic and Research Support				
Grants	\$ 4,813,669	\$ 1,689,936	\$ 3,182,560	\$ 9,686,165	\$ 2,505,139	\$ -	\$ 12,191,304
Salaries and benefits	-	1,393	785	2,178	1,707,538	4,708,166	6,417,882
Professional services	500	130,492	102,913	233,905	449,170	602,000	1,285,075
Advertising and promotion	1,500	996	38,600	41,096	14,983	71,371	127,450
Office expenses	162	192,460	442,710	635,332	203,820	176,832	1,015,984
Information technology	-	-	10,161	10,161	428,866	236,507	675,534
Occupancy	-	2,195	-	2,195	134,632	22,320	159,147
Travel	3,615	85,651	262,489	351,755	24,249	376,778	752,782
Depreciation	-	-	-	-	187,382	-	187,382
Insurance	4,610	1,037	55	5,702	17,136	70	22,908
Bad debts	-	-	-	-	24,259	-	24,259
Fundraising events	-	-	-	-	-	130,728	130,728
Other	-	19,030	27	19,057	329	90	19,476
	<u>\$ 4,824,056</u>	<u>\$ 2,123,190</u>	<u>\$ 4,040,300</u>	<u>\$ 10,987,546</u>	<u>\$ 5,697,503</u>	<u>\$ 6,324,862</u>	<u>\$ 23,009,911</u>

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 14,677,960	\$ (22,935,542)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	74,062	187,382
Bad debts	253,530	24,259
Loss on disposal of property and equipment	-	155
Net realized and unrealized investment losses (gains)	(13,236,705)	28,915,812
Contributions to permanent endowment	(8,355,669)	(5,944,514)
Cash surrender value of life insurance	(43,454)	70,292
Change in value of split-interest agreements	(40,645)	204,920
Change in value of beneficial interest in perpetual trusts	(45,313)	288,130
Contribution of donated land	-	(103,500)
Net change in		
Pledges receivable	664,531	(1,134,854)
Estate receivable	(52,292)	614,273
Charitable trust receivable	(4,630)	-
Other receivables	197,722	881,589
Other assets	(63,658)	(27,935)
Accounts payable and other liabilities	(357,919)	332,411
Net cash provided by (used in) operating activities	(6,332,480)	1,372,878
Cash Flows from Investing Activities		
Proceeds from the sale/maturity of investments	8,867,066	5,191,261
Purchase of investments, including reinvested income	(9,900,626)	(12,187,719)
Construction in progress	(728,282)	-
Net cash used in investing activities	(1,761,842)	(6,996,458)
Cash Flows from Financing Activities		
Proceeds from permanent endowment	8,355,669	5,944,514
Payments to annuitants and recipients	(165,695)	(135,543)
Payments for agency funds to other educational institutions	(100,000)	(226,000)
Payments for agency funds to SIU	(117,405)	(107,393)
Net cash provided by financing activities	7,972,569	5,475,578
Decrease in Cash	(121,753)	(148,002)
Cash - Beginning of Year	158,814	306,816
Cash - End of Period	\$ 37,061	\$ 158,814

See accompanying Notes to Financial Statements.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Southern Illinois University Foundation (Foundation) was established in 1942 to solicit, receive, hold and administer gifts from private sources for educational purposes. The Foundation is a not-for-profit corporation which exists solely to provide alumni and other friends a means to invest in and further the mission of Southern Illinois University (SIU). These financial statements include all financial activities over which the Foundation exercises direct responsibilities.

The Foundation is a designated Section 501(c)(3) organization with appropriate approval from the Internal Revenue Service to issue tax-deductible receipts for private gifts received to support SIU. The IRS has further determined that the Foundation is not a private foundation. The Foundation evaluates its uncertain tax positions on an annual basis, and there have been no recorded uncertain tax positions recorded in the years ending June 30, 2023, 2022, or 2021. Therefore, no provision or liability for income taxes has been included in the financial statements. The Foundation files various federal or state non-profit tax returns. The Foundation is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to June 30, 2020.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

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, whereby the donor has stipulated the funds to be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash

At June 30, 2023 and 2022, the carrying amount of the Foundation's deposits with financial institutions was \$36,961 and \$158,514, respectively, and the bank balances were \$978,234 and \$755,272, respectively.

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to the Foundation. The Foundation does have a policy to require banks to collateralize balances over the FDIC insured amount. At June 30, 2023 and 2022, the Foundation's deposits with institutions were either federally insured or collateralized by pledged bank assets in the Foundation's name.

Receivables

Unconditional promises to give (pledges) are recorded as an asset and contribution in the period in which they are received. Conditional promises to give are recorded in the period in which the conditions have been met. Matching gift expectancies are not accrued as a receivable but are recognized upon receipt.

Promises to give that are collectible beyond one year are recorded at fair value of their estimated future cash flows. All pledges are presented net of an allowance for doubtful collections. Management calculates the allowance based upon collection history of prior contributions receivable.

Estate receivables in liquidation and expected to be collected within one year are recorded at their estimated net realizable value.

Beneficial interests in trusts which are held by a third party are recognized in the period in which the Foundation was notified of its ownership. The Foundation's beneficial interest is recorded at fair value. Subsequent adjustments to fair value are based on information provided by the third-party trustee.

Other receivables are stated at the amount of expected future cash flows.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Net Investment Return

Investments are stated at fair value. Investment activity is recorded on the trade date. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments (hedge funds, limited partnerships and other private equities) for which quoted market prices are not available, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Realized gains and losses on sales of investments are determined on the specific identification basis. Investment return includes dividend and interest income; realized and unrealized gains and losses on investments; and investment fees.

Net investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks 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. Because the hedge funds and limited partnerships are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market existed.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Life insurance policies are carried at net cash surrender value. Changes in value (realized and unrealized) are recorded in the statements of activities.

Split-Interest Agreements

Split-interest agreements are valued at fair value at the time of donation with a corresponding liability recorded for the present value of the expected payments due to the donors or a third-party beneficiary with the difference recorded as contributions in the net asset type based on the donor's restriction. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the present value of the estimated annuity payments and changes in actuarial assumptions are included in the statements of activities.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Property and Equipment

Land, property and equipment is stated at cost at the date of acquisition or fair value at the date of the donation, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset, generally six to 10 years for equipment.

Contributions and Net Assets

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds are not recognized until the gift becomes unconditional.

The governing board has designated, from net assets without donor restrictions, net assets for various future potential needs of the Foundation.

Contributed Assets and Services

Real estate and other objectively measurable assets that are available for financial support are recorded at their fair value at the date of contribution. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Non-monetary assets, art objects, equipment and various services contributed directly to SIU through the Foundation for direct benefit of a University department are not included in the financial statements, although donors receive recognition for such contributions.

The value of contributed services of a number of volunteers is not reflected in the accompanying statements of activities since the services do not meet the necessary criteria for recognition under US GAAP.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional services, advertising and promotion, office expenses, travel, and insurance, which are allocated on the basis of estimates of time and effort.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), to increase the transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the Statements of Financial Position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Foundation adopted the standard effective July 1, 2022; however, the Foundation had no material leases as of and for the year ended June 30, 2023.

The Foundation leases software and equipment for fundraising purposes and a Football Stadium Suite. The Foundation determines if an arrangement is a lease at inception. As an accounting policy election, the Foundation chose not to apply the standard to short-term leases (term of 12 months or less) or leases with total consideration below \$25,000 from the Statements of Financial Position. Operating leases are included in operating right-of-use (ROU) assets and operating lease liabilities on the Statements of Financial Position.

The Foundation does not have any finance leases as of June 30, 2023.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Foundation's operating leases are below the reasonable recognition threshold, the Foundation has not elected a rate to be used in determining the present value of lease payments. The Foundation will make a policy election on a rate in subsequent years if a long-term lease is entered into that is material to the financial statements. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation's lease agreements do not contain material residual value guarantees or material restrictive covenants.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

2. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end		
Cash	\$ 37,061	\$ 158,814
Pledges receivable, net	6,078,744	6,996,805
Estate receivables	330,323	278,031
Charitable trust receivable	59,065	54,435
Other receivables	199,014	396,736
Investments	<u>240,942,555</u>	<u>225,892,763</u>
Total financial assets	<u>247,646,762</u>	<u>233,777,584</u>
Less amount not available to be used within one year		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	47,154,555	47,632,968
Subject to appropriation and satisfaction of donor restrictions	179,371,928	166,599,464
Investments held in annuity trusts	2,858,460	2,162,550
Investments held in agency funds	2,833,694	2,755,053
Board designations		
Amounts set aside for liquidity reserve	9,700,842	10,651,138
Quasi-endowment fund, primarily for long-term investing	<u>4,692,427</u>	<u>4,565,269</u>
	<u>246,611,906</u>	<u>234,366,442</u>
Financial assets available to meet general expenditures over the next twelve months	<u>1,034,856</u>	<u>(588,858)</u>
Liquidity resources		
Board designated quasi-endowment available by Board appropriation	<u>4,692,427</u>	<u>4,565,269</u>
Total financial assets and liquidity resources available to meet general expenditures over the next twelve months	<u>\$ 5,727,283</u>	<u>\$ 3,976,411</u>

The quasi-endowment is designated as a liquidity reserve and the board has the ability to appropriate disbursements from this reserve to cover operating shortfalls.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

2. AVAILABILITY AND LIQUIDITY (Continued)

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. As part of the Foundation's liquidity management, it 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 short-term investments. Occasionally, the board designates a portion of any operating surplus to its quasi-endowment fund.

3. PLEDGES RECEIVABLE, NET

Pledges receivable, net consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Pledges receivable due in		
Less than one year	\$ 4,902,294	\$ 5,192,439
One to five years	2,284,733	2,651,930
More than five years	<u>44,500</u>	<u>65,865</u>
Total pledges receivable	7,231,527	7,910,234
Allowance for doubtful accounts	(957,424)	(695,388)
Discount	<u>(195,359)</u>	<u>(218,041)</u>
Total	<u>\$ 6,078,744</u>	<u>\$ 6,996,805</u>

Total prior pledges written off during the years ended June 30, 2023 and 2022, were \$253,530 and \$24,259 respectively. The discount rate used was 5 percent for both 2023 and 2022.

4. ASSETS HELD AND OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

Split-interest agreements are agreements donors enter into, whether a trust or other arrangement, under which the Foundation is a beneficiary. Charitable remainder trusts are trusts where in the donor or a third-party beneficiary receives distributions and upon the trust's termination, the Foundation receives the remaining assets. Charitable gift annuities are agreements where in the Foundation accepts a contribution and agrees to an obligation to make periodic stipulated payments to donors or third-party beneficiaries for a specified time.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

4. ASSETS HELD AND OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS
(Continued)

Assets

Assets held under split-interest agreements consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Charitable remainder trusts		
Equities	\$ 1,520,390	\$ 1,038,843
Real estate funds	27,610	31,867
Natural resources	79,081	65,956
Fixed income	552,005	354,376
Other	8,392	15,651
	<u>2,187,478</u>	<u>1,506,693</u>
Charitable gift annuities		
Equities	371,321	329,624
Real estate funds	14,365	17,796
Commodities	53,395	57,742
Fixed income	111,177	112,565
Alternative investments	83,396	86,973
Other	37,328	51,157
	<u>670,982</u>	<u>655,857</u>
 Total assets under split-interest agreements	 <u>\$2,858,460</u>	 <u>\$2,162,550</u>

Obligations

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the present value of the estimated annuity payments and changes in actuarial assumptions are included in the statements of activities. The present value of the estimated future payments as of June 30, 2023 and 2022, was calculated using a discount rate of 4.2 percent and 3.6 percent, respectively, and applicable mortality tables.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

4. ASSETS HELD AND OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS (Continued)

Obligations (Continued)

Obligations under split-interest agreements consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Charitable remainder trusts	\$ 876,846	\$ 619,787
Charitable gift annuities	<u>344,747</u>	<u>343,741</u>
Total obligations under split-interest agreements	<u>\$1,221,593</u>	<u>\$ 963,528</u>

5. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation is the beneficiary under four perpetual trusts administered by outside parties. Under the terms of the trusts, the Foundation has the irrevocable right to receive a portion of income earned on trust assets in perpetuity, but never receives the assets held in the trusts. The Foundation's beneficial interest in perpetual trusts, at fair value, totaled \$1,212,922 and \$1,167,609 at June 30, 2023 and 2022, respectively. The income from these trusts for the years ended June 30, 2023 and 2022 were \$32,679 and \$73,379, respectively, and is included in the change in value of beneficial trusts on the Statement of Activities.

6. INVESTMENTS IN REAL ESTATE

Gifts of real property received by the Foundation are valued and recorded based on the current fair value on the date received. Values are determined from publications, appraisals and other sources that assist in establishing a fair value.

Investments in real estate consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
100% interest in farmland not held for operational use	<u>\$ 396,000</u>	<u>\$ 396,000</u>

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LAND, PROPERTY AND EQUIPMENT

Land and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 410,716	\$ 410,716
Furniture, fixtures and equipment	1,305,722	1,305,722
Less: accumulated depreciation	(1,156,637)	(1,082,575)
Construction in progress	728,282	-
	<u>\$ 1,288,083</u>	<u>\$ 633,863</u>

Construction in progress at June 30, 2023 consists of expenses related to the planning and construction of a new office and student recruitment building for the Foundation and for the planning and construction of a wildlife habitat that is being designed and built using donor restricted contributions.

8. AGENCY FUNDS

The Foundation entered into an agreement with SIU to administer as agency funds any endowment funds received by SIU. The following summarizes agency funds payable transactions for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 2,755,053	\$ 3,216,199
Net investment (loss) income	196,046	(353,753)
Payments to SIU	(117,405)	(107,393)
Ending balance	<u>\$ 2,833,694</u>	<u>\$ 2,755,053</u>

During the year ending June 30, 2023, the Illinois Board of Higher Education (IBHE) and the Commission on Equitable Public University Funding came together in partnership with the Southern Illinois University Foundation to adopt a new strategic plan, *A Thriving Illinois: Higher Education Paths to Equity, Sustainability, and Growth*. The Foundation received the grant funds and disbursed funds according to the IBHE's instructions. Funds were provided to staff and facilitate the Commission and provide technical analysis and modeling, as well as support, if needed, for national postsecondary finance experts to present to the Commission.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

8. AGENCY FUNDS (Continued)

The following summarizes agency funds payable transactions related to this initiative for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Contributions	100,000	226,000
Payments to third-parties for support and facilitation	<u>(100,000)</u>	<u>(226,000)</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>

9. NET ASSETS

With Donor Restrictions

At June 30, 2023 and 2022, net assets with donor restrictions were as follows:

Net Assets With Donor Restrictions

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Student assistance	\$ 10,765,957	\$ 10,520,678
University and community programs	4,553,037	6,061,875
Academic and research support	26,064,887	25,638,690
Promises to give, the proceeds from which have been restricted by donors for:		
Student assistance	613,597	516,482
University and community programs	1,133,575	500,518
Academic and research support	<u>3,064,650</u>	<u>3,669,904</u>
	<u>46,195,703</u>	<u>46,908,147</u>
Subject to passage of time		
Beneficial interests in charitable trusts held by others	59,065	54,435
Assets held under split-interest agreements	<u>2,858,460</u>	<u>2,162,550</u>
	<u>2,917,525</u>	<u>2,216,985</u>

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

9. NET ASSETS (Continued)

With Donor Restrictions (Continued)

	<u>2023</u>	<u>2022</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for student assistance	\$ 3,258,049	\$ 3,144,615
Life insurance policies that will provide proceeds upon death of insured for an endowment to support:		
Student assistance	386,106	373,953
University and community programs	44,489	43,608
	<u>3,688,644</u>	<u>3,562,176</u>
Subject to NFP endowment spending policy and appropriation		
Student assistance	91,123,590	83,886,896
University and community programs	12,928,775	11,650,175
Academic and research support	72,774,173	69,021,372
Underwater endowments	(312,564)	(703,327)
	<u>176,513,974</u>	<u>163,855,116</u>
Total Endowments	<u>180,202,618</u>	<u>167,417,292</u>
Not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts	1,212,922	1,167,609
Land required to be used for research	410,716	410,716
	<u>1,623,638</u>	<u>1,578,325</u>
Total	<u>\$ 230,939,484</u>	<u>\$ 218,120,749</u>

Without Donor Restrictions

At June 30, 2023 and 2022, net assets without donor restrictions were as follows:

	<u>2023</u>	<u>2022</u>
Board-designated liquidity reserve	\$ 9,700,842	\$ 10,635,275
Board-designated quasi-endowment fund	4,692,427	4,565,269
Other undesignated	2,102,500	(564,000)
Total	<u>\$ 16,495,769</u>	<u>\$ 14,636,544</u>

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

9. NET ASSETS (Continued)

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the years ended June 30, 2023 and 2022, net assets were released from donor restrictions as follows:

	2023	2022
Satisfaction of purpose restrictions		
Student assistance	\$ 5,812,804	\$ 4,603,542
University and community programs	3,425,007	3,497,459
Academic and research support	5,250,488	3,000,897
Distributions		
Advancement fee	913,228	918,675
Endowment fee	2,528,899	2,195,831
	\$ 17,930,426	\$ 14,216,404

10. ENDOWMENTS

As of June 30, 2023 and 2022, the Foundation's endowments consisted of 1,180 and 1,163, respectively, of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (quasi-endowment funds). As required by US GAAP, net assets associated with endowment funds, including board-designated quasi-endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body is subject to the State of Illinois 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 governing body appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

10. ENDOWMENTS (Continued)

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

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

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 4,692,427	\$ -	\$ 4,692,427
Donor-restricted endowment funds:			
Original donor-restricted gift amounts amounts required to be maintained in perpetuity by donor	-	141,882,822	141,882,822
Accumulated investment gains	-	35,061,747	35,061,747
Term endowment	-	3,258,049	3,258,049
Total endowment funds	\$ 4,692,427	\$ 180,202,618	\$ 184,895,045

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 4,565,269	\$ -	\$ 4,565,269
Donor-restricted endowment funds:			
Original donor-restricted gift amounts amounts required to be maintained in perpetuity by donor	-	134,404,614	134,404,614
Accumulated investment gains	-	29,868,063	29,868,063
Term endowment	-	3,144,615	3,144,615
Total endowment funds	\$ 4,565,269	\$ 167,417,292	\$ 171,982,561

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

10. ENDOWMENTS (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments, July 1, 2022	\$ 4,565,269	\$ 167,417,292	\$ 171,982,561
Investment return, net	395,392	14,401,591	14,796,983
Contributions	-	8,089,953	8,089,953
Decrease in allowance for uncollectible receivables	-	36,625	36,625
Other sources	-	70,289	70,289
Appropriations of endowment assets for expenditure	(268,234)	(9,803,339)	(10,071,573)
Change in donor restriction	-	(9,793)	(9,793)
Endowments, June 30, 2023	<u>\$ 4,692,427</u>	<u>\$ 180,202,618</u>	<u>\$ 184,895,045</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments, July 1, 2021	\$ 4,782,049	\$ 187,226,339	\$ 192,008,388
Investment return, net	(519,302)	(18,506,304)	(19,025,606)
Contributions	-	6,583,971	6,583,971
Decrease in allowance for uncollectible receivables	-	117,665	117,665
Other sources	-	19,782	19,782
Additions to board endowment	522,673	-	522,673
Appropriations of endowment assets for expenditure	(219,605)	(8,447,971)	(8,667,576)
Other expenses	(546)	-	(546)
Change in donor restriction	-	423,810	423,810
Endowments, June 30, 2022	<u>\$ 4,565,269</u>	<u>\$ 167,417,292</u>	<u>\$ 171,982,561</u>

10. ENDOWMENTS (Continued)

Underwater Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. For the years ended June 30, 2023 and 2022, deficiencies of this nature existed in 63 and 104 donor restricted endowment funds, which together had an original gift value of \$7,506,399 and \$11,951,923, and a deficiency of \$312,564 and \$703,327, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after investment of new contributions to be held in perpetuity and continued appropriation for certain purposes that was deemed prudent by the Foundation's board of directors.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor restricted endowment funds the Foundation must hold in perpetuity or for donor specified periods, as well as those of board-designated quasi-endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that seek an average total annual return of spending net of inflation and administrative cost. The Foundation expects its endowment funds to provide an average rate of return of approximately 7 percent annually over time. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). 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 board of directors has adopted a spending policy to determine the spending distribution. This approach takes into consideration the duration and preservation of the endowments, purpose of the endowment funds, general economic conditions, the possible effect of inflation or deflation, expected total return from income and the investment policy.

The spending distribution calculation is a five-year average of the endowment pool's ending balance as of December 31 multiplied by a spending rate which considers the long-term investment performance estimate of the pool less the consumer price index. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

11. FEES

Endowment Fee

The Foundation receives a 1.4 percent fee on endowment funds which is distributed annually on July 1, by using the fair value of the pool as of the prior December 31. For the years ended June 30, 2023 and 2022, the fee was \$2,647,055 and \$2,296,977, respectively. The endowment fee is taken from the Foundation's endowment funds investment income and is included within the investment gain on the accompanying statements of activities.

Advancement Fee

Beginning July 1, 2004, SIU and the Foundation assesses a 6 percent advancement fee on gifts of cash and securities. Five percent is retained by SIU or the Foundation for support of the strategic initiative to increase private support. The remaining 1 percent is provided to the college/department for which the contribution was restricted to support their advancement efforts. For the years ended June 30, 2023 and 2022, the Foundation's portion of the advancement fee was \$764,786 and \$772,899, respectively. The advancement fee is included within contribution revenue on the accompanying statements of activities.

12. RELATED PARTY TRANSACTIONS

The Foundation has entered into a master contract with the Board of Trustees of SIU which specifies the relationship between the two organizations in accordance with the *Legislative Audit Commission's University Guidelines*, 1982 and last amended in 2014. Among the provisions of the contract is a requirement that the Foundation and SIU will provide services to each other to be reimbursed on an actual cost basis up to approved budgetary limits. For the years ended June 30, 2023 and 2022, the Foundation provided fundraising services for the benefit of SIU with a portion of the Foundation's fundraising costs being reimbursed by SIU through in-kind payment. These amounts are reflected as Transfer from affiliates - support service revenue and the expenses have been allocated among the support services expenses in the accompanying statements of activities.

In accordance with its corporate purposes, the Foundation solicits and accepts contributions for the benefit of SIU. Contributions are recorded as revenue and held in a restricted net asset class until the funds are used in the form of scholarships, cash grants or expenditures for the benefit of SIU. The Foundation also receives contributions of certain non-cash assets which are recorded as revenue and then, at the Foundation's discretion, transferred to SIU.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

12. RELATED PARTY TRANSACTIONS (Continued)

For the years ended June 30, 2023 and 2022, the Foundation paid \$115,471 and \$112,717, respectively, to the Association of Alumni, Former Students and Friends of Southern Illinois University (Association) to assist the Association in its support for SIU, relating primarily to the cost of printed materials distributed by the Association. For the years ended June 30, 2023 and 2022, the Association also granted \$21,721 and \$8,712, respectively, to various Foundation restricted accounts.

In addition, for the years ended June 30, 2023 and 2022, the Foundation received \$50,000 for each year as support service revenue. These amounts are reflected in Transfer from affiliates – support service revenue in the accompanying statements of activities.

The Foundation also received several grants from SIU totaling \$42,190 and \$6,000 for the years ended June 30, 2023 and 2022, respectively. Transactions with the University as of and for the years ending June 30, 2023 and 2022 were as follows:

As of and for the Year Ending June 30, 2023				
SIU Foundation	Southern Illinois University		Operating Expenses	Non-operating Revenues
	Due from SIUF	Due to SIUF		
Accounts payable and other liabilities	\$ 37,895	\$ -	\$ -	\$ -
Agency funds payable	2,833,694	-	-	-
Other receivables	-	19,075	-	-
Operating revenue - transfer from affiliate	-	-	5,300,236	-
Operating expense	-	-	-	20,327,888

As of and for the Year Ending June 30, 2022				
SIU Foundation	Southern Illinois University		Operating Expenses	Non-operating Revenues
	Due from SIUF	Due to SIUF		
Accounts payable and other liabilities	\$ 354,442	\$ -	\$ -	\$ -
Agency funds payable	2,755,053	-	-	-
Other receivables	-	34,415	-	-
Operating revenue - transfer from affiliate	-	-	6,261,058	-
Operating expense	-	-	-	18,318,634

Current and former members of the Foundation’s board of directors (or their family members or related entities) occasionally may sell goods and provide services to the Foundation. Any such goods and services are furnished at market rates, properly recorded in the statements of activities and are not material for the years ended June 30, 2023 or 2022.

The Foundation’s board of directors approved and the Foundation paid bonuses for a total of \$180,000 to the SIU President and Chancellor for the year ended June 30, 2023. No bonuses were paid for the year ended June 30, 2022. The bonuses were for supporting the Foundation in philanthropy, student and alumni engagement and development.

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access as of the measurement date.
- Level 2: Valuations based on quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3: Valuations based on inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of June 30, 2023 and 2022:

2023	Level 1	Level 2	Level 3	Total
ASSETS				
Investments:				
Domestic equities	\$ 82,418,136	\$ -	\$ -	\$ 82,418,136
International equities	19,155,988	-	-	19,155,988
Emerging market funds	8,215,686	-	-	8,215,686
Leveraged loans	1,749,943	-	-	1,749,943
Real estate funds	6,516,043	-	-	6,516,043
Commodities/natural resources	4,334,772	-	-	4,334,772
Fixed income mutual funds	46,695,516	-	-	46,695,516
Corporate and municipal bonds	-	10,217,013	-	10,217,013
Real estate - farm land	-	-	396,000	396,000
Alternative and hedge funds (NAV)*				48,954,888
Money Market Funds**				9,826,110
Total investments	<u>\$ 169,086,084</u>	<u>\$ 10,217,013</u>	<u>\$ 396,000</u>	<u>\$ 238,480,095</u>
Other Investments:				
Assets held under split-interest agreements				
Equities	\$ 1,848,472	\$ -	\$ -	\$ 1,848,472
Real estate funds	39,527	-	-	39,527
Natural Resources	90,215	-	-	90,215
Fixed income mutual funds	663,182	-	-	663,182
Alternative	6,340	-	-	6,340
Other	45,719	-	-	45,719
Alternative and hedge funds (NAV)*				165,005
	<u>\$ 2,693,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,858,460</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 1,212,922	\$ 1,212,922
LIABILITIES				
Gift annuities obligations	\$ -	\$ (1,221,593)	\$ -	\$ (1,221,593)

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Recurring Measurements (Continued)

2022	Level 1	Level 2	Level 3	Total
ASSETS				
Investments:				
Domestic equities	\$ 67,966,924	\$ -	\$ -	\$ 67,966,924
International equities	16,080,263	-	-	16,080,263
Emerging market funds	7,720,401	-	-	7,720,401
Leveraged loans	1,711,691	-	-	1,711,691
Real estate funds	6,527,159	-	-	6,527,159
Commodities/natural resources	3,896,531	-	-	3,896,531
Fixed income mutual funds	47,553,457	-	-	47,553,457
Corporate and municipal bonds	-	11,172,273	-	11,172,273
Real estate - farm land	-	-	396,000	396,000
Alternative and hedge funds (NAV)*				50,095,267
Money Market Funds**				11,006,247
Total investments	\$ 151,456,426	\$ 11,172,273	\$ 396,000	\$ 224,126,213
Other Investments:				
Assets held under split-interest agreements				
Equities	\$ 1,321,971	\$ -	\$ -	\$ 1,321,971
Real estate funds	45,259	-	-	45,259
Natural Resources	76,521	-	-	76,521
Fixed income mutual funds	466,941	-	-	466,941
Alternative	6,558	-	-	6,558
Other	66,809	-	-	66,809
Alternative and hedge funds (NAV)*				178,491
	\$ 1,984,059	\$ -	\$ -	\$ 2,162,550
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 1,167,609	\$ 1,167,609
LIABILITIES				
Gift annuities obligations	\$ -	\$ (963,528)	\$ -	\$ (963,528)

*Certain investments that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy (Levels 1, 2 or 3). The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**Money market funds are recorded at cost and are not based on Level 1, 2, or 3 inputs.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022.

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Real Estate – Farm Land

Valued by periodic appraisal and farm land publications indexing farm land values.

Assets Held Under Split-Interest Agreements

The values of assets held under split-interest agreements are valued using quoted market prices that are available in an active market and are included as a Level 1 in the valuation hierarchy. Other assets held under split-interest agreements are measured at fair value using the NAV per share (or its equivalent) practical expedient.

Beneficial Interest in Perpetual Trusts

The values of beneficial interest in perpetual trusts are derived from the underlying investments of the trusts. The value of those investments are determined in the same manner as investments described above. The Foundation considers the measurement of its beneficial interest in perpetual trusts to be a Level 3 measurement within the hierarchy because even though the measurement is based on the unadjusted fair value of the trusts assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The following table presents a reconciliation of Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2023 and 2022:

	Beneficial Interest in Perpetual Trusts	Real Estate - Farm Land
	2023	
Balance, beginning of the year	\$ 1,167,609	\$ 396,000
Total gains included in change in net assets	45,313	-
Balance, end of the year	<u>\$ 1,212,922</u>	<u>\$ 396,000</u>
	2022	
Balance, beginning of the year	\$ 1,455,739	\$ 396,000
Total losses included in change in net assets	(288,130)	-
Balance, end of the year	<u>\$ 1,167,609</u>	<u>\$ 396,000</u>

Liabilities Under Split-interest Agreements

The Foundation has elected to measure any existing obligation under split-interest agreements at fair value. To better match the estimated cash flows of the obligation under split-interest agreements, the Foundation changes the present value of annuity rate to better align with the current distribution when calculating the present value of annuities. Such obligations are classified in Level 2 of the valuation hierarchy.

Alternative Investments

The fair value of the alternative investment funds is based on available information and does not necessarily represent amounts that might ultimately be realized, which depends on circumstances and cannot be reasonably determined until the investment is actually liquidated. The fair value may differ significantly from the values which would have been used had a ready market for the funds existed. The fair value of alternative investments has been estimated using the NAV per share of the investments.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Alternative Investments (Continued)

Alternative investments held at June 30, 2023 and 2022 consisted of the following:

	Fair Value		Unfunded	Unfunded	Redemption	Redemption
	2023	2022	Commitments at June 30, 2023	Commitments at June 30, 2022	Frequency (If Currently Eligible)	Period
Hedge Funds (A)	\$ 3,962,202	\$ 3,537,679	\$ -	\$ -	Ranges between not available to a redemption date at the discretion of the general partner	Ranges between not available to a redemption date at the discretion of the general partner
Leveraged Loans (B)	6,052,689	5,747,740	-	-	Semi-monthly	15 days following of written notice
Private Equities (C)	9,258,763	9,139,097	6,113,674	1,900,477	Ranges between monthly and not available	Ranges between 15 days and not available
Distressed Debts (D)	4,627,565	5,090,810	3,279,688	939,688	Only with prior consent of the general partner	At the discretion of the general partner
Alternative Strategies (E)	836,787	936,238	50,108	50,108	Ranges between monthly and not available	Ranges between 2 years and not available
Real Estate Funds (F)	678,183	1,153,742	10,000	29,000	Not available	Not available
Commodities (G)	11,725,468	12,486,932	2,825,049	1,618,252	Ranges between monthly and annually	30 days following of written notice
Domestic Equities (H)	6,935,234	6,067,004	-	-	Ranges between monthly and annually	30 days following of written notice
International Equities (I)	502,078	1,546,973	-	-	Quarterly	60 days following of written notice
Emerging Market Funds (J)	4,540,924	4,567,543	-	-	Monthly	60 days following of written notice
	<u>\$ 49,119,893</u>	<u>\$ 50,273,758</u>				
Investments: Alternative and hedge funds (NAV)	\$ 48,954,888	\$ 50,095,267				
Other investments: Alternative and hedge funds (NAV)	165,005	178,491				
Total	<u>\$ 49,119,893</u>	<u>\$ 50,273,758</u>				

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Alternative Investments (Continued)

- (A) Hedge funds invest in diversified portfolios designed to provide a less correlated source of return than fixed income and equity strategies. The strategy is implemented with a wide array of financial instruments, both domestic and global, including equities, fixed income and derivatives. Managers may leverage portfolios, sell financial instruments short and/or invest selectively in illiquid investments.
- (B) Leveraged loans invest in senior loans. Senior loans are loans made to corporations, partnerships and other entities that typically hold the most senior positions in the borrower's capital structure.
- (C) Private equities invest in equity securities of operating companies that are not publicly traded on a stock exchange. The strategy is to assemble a portfolio of funds managed by tenured distressed managers, representing a full spectrum of distressed investment approaches, including short-term and medium-term trading securities, taking an influencing role in the reorganization process, investing for control in the class of securities to affect the reorganization process or to acquire the issuer.
- (D) Distressed debts invest in Mezzanine capital. Mezzanine capital refers to a subordinated debt or preferred equity instrument that represents a claim on a company's assets. The strategy is to make investments in middle market companies that have demonstrated an ability to generate stable and measurable cash flows.
- (E) Alternative strategies invest in a combination of hedge funds, leveraged loans, private equities and distressed debt.
- (F) Real estate funds include funds that invest primarily in U.S. commercial real estate, but also includes real estate funds focused on global listed real estate securities. The real estate exposure can include both publicly traded Real Estate Investment Trust (REIT) funds and private partnerships. Publicly traded REIT funds have daily liquidity. The typical life of a partnership is 10 years but is subject to extensions.
- (G) Commodities include funds that invest in natural resources such as commodities and MLPs. MLPs are Master Limited Partnerships that are partnerships that derive most of their cash flows from real estate, natural resources and commodities.
- (H) Domestic equities include investments held in mutual funds, exchange-traded funds, partnerships and limited liability companies located in the U.S.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)

13. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Alternative Investments (Continued)

- (I) International equities include investments held in limited liability companies located outside of the U.S.
- (J) Emerging market funds invest the majority of their assets in securities from countries with developing economies.

14. SIGNIFICANT ESTIMATES AND CONCENTRATIONS

US GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Pledges Receivable

A single donor made up approximately 32 percent and 30 percent of the June 30, 2023 and June 30, 2022 gross outstanding pledges receivable, respectively.

15. IN-KIND DISCLOSURE

The Foundation received the following contributions of nonfinancial assets for the years ended June 30, 2023 and 2022:

	2023	2022
Books and publications	\$ 10,325	\$ 100,323
Clothing and household goods	70,486	111,383
Cars and other vehicles	37,500	63,870
Real estate - Commercial	-	103,500
Collectibles	-	416
Food inventory	45,468	13,589
Drugs and medical supplies	-	1,500
Other	125,970	113,702
Life insurance	19,356	16,580
Auction items	48,480	37,943
	357,585	562,806
Transfer from affiliate – budget allocations (in-kind contributions)		
from SIU - personnel salaries and benefits	5,350,236	6,311,058
TOTAL CONTRIBUTED NONFINANCIAL ASSETS	\$ 5,707,821	\$ 6,873,864

15. IN-KIND DISCLOSURE (Continued)

Any contributions of auction items and vehicles are monetized, and contributions of other real estate and other non-financial assets are used in the Foundation's program services.

The Foundation receives contributed services from SIU in the form of personnel salaries and benefits. The personnel salaries and benefits are reported using the personnel's current rates for the salaries and benefits. The contributed services were utilized in the Foundation's program services, as well as the Foundation's Management and General and Fundraising functions. The donated services are shown as a transfer from affiliates in the statements of activities. The donated services are reported as without donor restrictions.

Contributed nonfinancial assets received by the Foundation are recorded as contributions and grants revenue in the statements of activities and as grants in the statements of functional expenses. Contributed nonfinancial assets are reported as with or without donor restrictions. The Foundation values the donated nonfinancial assets using the current price located on a publicly available website for identical items if the item donated is new, or on a percentage of the price located on a publicly available website if the item donated has been used but the item is located online is new. The nonfinancial assets were utilized in the Foundation's program for the advancement of SIU. The donated real estate is restricted for research purposes of SIU. The Foundation also receives contributions of donated goods. The donated goods are valued at the wholesale prices that would be received for selling similar products. The donated goods were used in the Foundation's program services.

The Foundation receives items to be sold at its auction which are then monetized. Contributed auction items are valued at the amounts received. Some donors have restricted the proceeds from the sale of the auction items to be added to an endowment fund held by the Foundation or for another specified purpose to benefit SIU.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 24, 2023, which is the date the financial statements were available for issuance and determined that there were no additional significant non-recognized subsequent events through that date.