



OREGON STATE UNIVERSITY FOUNDATION

Consolidated Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

OREGON STATE UNIVERSITY FOUNDATION

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Trustees
Oregon State University Foundation:

We have audited the accompanying consolidated financial statements of Oregon State University Foundation, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oregon State University Foundation as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

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

KPMG LLP

Portland, Oregon
October 10, 2018

OREGON STATE UNIVERSITY FOUNDATION

Consolidated Statements of Financial Position

June 30, 2018 and 2017

Assets	2018	2017
Cash and cash equivalents	\$ 25,578,542	16,778,505
Investments (including assets held for Oregon State University of \$47,975,757 and \$46,046,288, respectively)	667,736,611	618,712,754
Pledges receivable, net	43,497,190	43,263,403
Property and equipment, net	13,152,099	6,051,800
Assets held-for-sale	5,559,327	4,758,627
Assets held under split-interest agreements	47,684,175	54,382,224
Charitable trusts held outside the Foundation	15,310,174	13,480,258
Other assets	3,524,553	2,465,038
Total assets	<u>\$ 822,042,671</u>	<u>759,892,609</u>
Liabilities and Net Assets		
Liabilities:		
Obligations under split-interest agreements	\$ 21,513,976	23,315,087
Endowment assets held for Oregon State University	47,975,757	46,046,288
Other liabilities	8,549,223	12,030,027
Total liabilities	<u>78,038,956</u>	<u>81,391,402</u>
Net assets:		
Unrestricted:		
Other	27,454,577	17,693,505
Underwater endowments	(11,880,291)	(16,673,529)
Total unrestricted	15,574,286	1,019,976
Temporarily restricted	297,781,012	278,127,668
Permanently restricted	430,648,417	399,353,563
Total net assets	<u>744,003,715</u>	<u>678,501,207</u>
Total liabilities and net assets	<u>\$ 822,042,671</u>	<u>759,892,609</u>

See accompanying notes to consolidated financial statements.

OREGON STATE UNIVERSITY FOUNDATION

Consolidated Statement of Activities

Year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenue, gains, and other support:				
Contributions	\$ 1,530,727	52,315,999	27,139,265	80,985,991
Interest and dividends	4,425,013	9,240,392	177,907	13,843,312
Other	21,486,654	2,728,245	839,694	25,054,593
Contribution of Oregon State Alumni Association	11,126,757	6,305,163	—	17,431,920
Net gains (losses) on investments	5,963,298	37,468,288	(200,682)	43,230,904
Change in value of charitable annuities and trusts	—	2,002,902	482,454	2,485,356
Net assets released from restrictions and other transfers	87,551,429	(90,407,645)	2,856,216	—
	<u>132,083,878</u>	<u>19,653,344</u>	<u>31,294,854</u>	<u>183,032,076</u>
Expenses:				
Direct university support	73,435,031	—	—	73,435,031
Investment expenses	13,351,532	—	—	13,351,532
Management, general, and development expenses	30,743,005	—	—	30,743,005
	<u>117,529,568</u>	<u>—</u>	<u>—</u>	<u>117,529,568</u>
Change in net assets	14,554,310	19,653,344	31,294,854	65,502,508
Net assets, beginning of year	<u>1,019,976</u>	<u>278,127,668</u>	<u>399,353,563</u>	<u>678,501,207</u>
Net assets, end of year	\$ <u><u>15,574,286</u></u>	<u><u>297,781,012</u></u>	<u><u>430,648,417</u></u>	<u><u>744,003,715</u></u>

See accompanying notes to consolidated financial statements.

OREGON STATE UNIVERSITY FOUNDATION

Consolidated Statement of Activities

Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenue, gains, and other support:				
Contributions	\$ 895,156	43,800,601	12,309,336	57,005,093
Interest and dividends	3,656,420	9,533,666	128,606	13,318,692
Other	15,894,094	3,057,997	61,148	19,013,239
Net gains (losses) on investments	15,930,913	43,842,664	(112,748)	59,660,829
Change in value of charitable annuities and trusts	—	416,971	1,861,674	2,278,645
Net assets released from restrictions and other transfers	84,962,298	(85,258,067)	295,769	—
	<u>121,338,881</u>	<u>15,393,832</u>	<u>14,543,785</u>	<u>151,276,498</u>
Expenses:				
Direct university support	70,554,466	—	—	70,554,466
Investment expenses	11,892,061	—	—	11,892,061
Management, general, and development expenses	23,836,014	—	—	23,836,014
	<u>106,282,541</u>	<u>—</u>	<u>—</u>	<u>106,282,541</u>
Change in net assets	15,056,340	15,393,832	14,543,785	44,993,957
Net assets, beginning of year	<u>(14,036,364)</u>	<u>262,733,836</u>	<u>384,809,778</u>	<u>633,507,250</u>
Net assets, end of year	<u>\$ 1,019,976</u>	<u>278,127,668</u>	<u>399,353,563</u>	<u>678,501,207</u>

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 65,502,508	44,993,957
Adjustments to reconcile change in net assets to net cash used in operating activities:		
(Gain) or loss on investments	(43,230,904)	(59,660,829)
Noncash contributions	(18,866,410)	(9,164,942)
Proceeds from sale of noncash contributions	12,973,935	7,540,552
Investment earnings on charitable gift annuity and remainder trust agreements	(858,331)	(1,224,271)
Contribution of Oregon State University Alumni Association	(17,026,500)	—
Depreciation	912,123	526,335
Provision for unfulfilled pledges, net	(128,167)	(47,071)
Change in cash surrender value of life insurance	52,816	(42,378)
Net change in value of charitable gift annuities and trusts	8,371,914	1,814,631
Contributions and income restricted for permanent endowments	(27,139,265)	(12,309,336)
(Increase) decrease in cash due to changes in assets and liabilities:		
Charitable trusts held outside the Foundation	1,294,426	3,062,676
Endowment assets held for Oregon State University	1,929,469	3,570,603
Pledges receivable	332,521	11,059,974
Other assets	(492,407)	490,369
Other liabilities	(3,877,287)	5,518
Net cash used in operating activities	(20,249,559)	(9,384,212)
Cash flows from investing activities:		
Proceeds from sale of investments	224,694,984	397,961,290
Purchase of investments	(221,123,650)	(388,931,013)
Change in note receivable from sale of investments	2,323,698	220,498
Proceeds from disposal of property, equipment, and assets held-for-sale	—	18,000
Purchase of property, equipment, and assets held-for-sale	(1,424,621)	(1,753,687)
Net cash provided by investing activities	4,470,411	7,515,088
Cash flows from financing activities:		
Additions to charitable gift annuity and remainder trust agreements	1,400,500	266,500
Payments on charitable gift annuity and remainder trust agreements	(3,960,580)	(3,349,342)
Contributions and income restricted for permanent endowments	27,139,265	12,309,336
Change in overdrafts payable	—	4,927,104
Net cash provided by financing activities	24,579,185	14,153,598
Net increase in cash and cash equivalents	8,800,037	12,284,474
Cash and cash equivalents, beginning of year	16,778,505	4,494,031
Cash and cash equivalents, end of year	\$ 25,578,542	16,778,505

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(1) Description of Organization and Summary of Significant Accounting Policies

(a) General

The Oregon State University Foundation (the Foundation) was incorporated in 1947 to encourage, receive, and administer gifts and bequests for the support of Oregon State University (the University). The Foundation is governed by a Board of Trustees with a membership of 40 individuals at June 30, 2018.

During 1999, the Foundation implemented an agreement with the University to assume all fundraising responsibilities for the University. As a result, the Foundation has added to its investment management and fiduciary responsibilities those fundraising and related services, such as marketing, donor relations, and stewardship.

To strengthen services for alumni and friends and deepen their connection in support of Oregon State University, the members of the Oregon State University Alumni Association (the Alumni Association) voted to approve the Foundation becoming the sole member of the Alumni Association, effective July 1, 2017. While the Alumni Association will maintain its separate Board of Directors and will also maintain its existence as an independent Oregon nonprofit public benefit corporation, for financial statement purposes the financial position and the activities of the Alumni Association are consolidated with the Foundation beginning on July 1, 2017.

The Foundation is an organization exempt from taxation under Section 501(c)(3), 509(a)(1) and 170(b)(1)(a)(iv) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

(b) Basis of Accounting

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

(c) Basis of Presentation and Principles of Consolidation

The financial statements of the Foundation and operating affiliates and associates have been consolidated and all significant intercompany amounts and transactions have been eliminated. The operating affiliates and associates consist of the Alumni Association, Oregon 4-H Foundation, Our Beaver Nation Fund, Trysting Tree Golf Club, Inc., 4238 Research Way, LLC, and 4500 Research Way, LLC.

In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- *Permanently Restricted* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Such assets consist primarily of the Foundation's permanent

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endowment funds. Generally, the donors of these assets permit the Foundation's use of all or part of the investment return on these assets.

- *Temporarily Restricted* – Net assets whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire with the passage of time.
- *Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes, such as board-designated or quasi-endowments, by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Unless otherwise designated, unrestricted net assets are used for the support of university programs.

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations are reported as net assets released from restrictions.

(d) Contributions and Pledges

Contributions, including unconditional pledges and memberships, are recognized as revenue in the period received. Unconditional pledges that extend beyond one year are recorded at present value, which approximates fair value, and an allowance for doubtful accounts is established based on the prior collection history of pledged contributions. Conditional pledges are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of gift.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

(e) Investments

Investments are in marketable debt and equity securities, collateralized mortgage obligations, mutual funds, and investments in partnerships, and are stated at fair value. Real estate is recorded at fair value on the date of the gift. Mortgage notes and contracts are initially recorded at face value and are collateralized by the associated real estate. Interest on mortgage notes receivable is recognized when earned. Mortgage notes and contracts are reviewed annually to assess credit risks. Uncollectible notes are written off upon approval of the Board of Trustees. As of June 30, 2018 and 2017, no mortgage notes or contracts were deemed to be uncollectible; therefore, no allowance for doubtful accounts was established.

Net gains and losses on investments include realized and unrealized gains and losses. Realized gains and losses from the sale of investments are computed based on the difference between the proceeds received and the carrying value of the asset. Unrealized gains and losses result from changes in the fair value of investments.

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(f) Pooled Investment Program

The Foundation places certain investments with investment managers who invest the funds in an investment pool (Pooled Investment Program). Investment income and realized gains and losses on these pooled assets are allocated to the participating endowment funds. Each endowment fund is assigned a percentage of its prorated value to the fair value of all assets at the time of entry into or liquidation from the pool.

(g) Charitable Trusts Held Outside the Foundation

Charitable trusts held outside the Foundation are trusts established and administered by a donor or a third party. These trusts may be a lead, remainder, or perpetual trust. Charitable lead trusts are trusts established and funded by donors that provide distributions to the Foundation over a specified period. Lead trusts are measured at the present value of the future distributions expected to be received by the Foundation. The Foundation is also the recipient for charitable remainder trusts. Upon termination of a charitable remainder trust, the assets of the trust are transferred to the Foundation. These trusts are measured at their fair value. Perpetual trusts provide the Foundation the right, in perpetuity, to the income earned on the assets of the trust. The Foundation's beneficial interest in a perpetual trust is measured at fair value. Donors may restrict the use of lead, remainder, and perpetual trust contributions.

(h) Property, Equipment, and Assets Held-for-Sale

Real property, equipment, and assets held-for-sale are recorded at cost except for donated assets, which are recorded at fair value on the date of donation. Depreciation is computed for purchased operating equipment of the Foundation based on the straight-line method over the estimated useful lives of the related assets of 3 to 7 years. Real property and equipment held-for-sale or held-for-transfer to the University are not depreciated.

The property and equipment held by the Alumni Association, Oregon 4-H Foundation, Trysting Tree Golf Club, Inc., 4238 Research Way, LLC, and 4500 Research Way, LLC are depreciated over the estimated useful lives of the related assets.

Management reviews the carrying value of capitalized assets whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable. This review considers, among other factors, (1) the net realizable value of each major classification of assets, (2) the cash flow associated with the asset, and (3) significant changes in the extent or manner in which major assets are used. Management believes the carrying value of assets is less than the estimated fair value.

Realized gains and losses from the sale or disposal of real property, equipment, and other assets are computed based on the difference between the proceeds received and the net carrying value of the asset.

(i) Assets Held under Split-Interest Agreements

Charitable gift annuity and remainder trust agreements require periodic payment of either the income earned or a fixed percentage of the assets to designated beneficiaries and terminate either at a specific time or upon the death of the designated individual. A liability for each gift annuity and remainder trust,

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where the Foundation is a trustee, is established and calculated as the present value of future payments to be made to the designated beneficiaries. Upon termination, the remaining assets of the annuity or remainder trust are then available for use by the Foundation to be used in accordance with the donor's intent. The Foundation uses an actuarial approach to determine both the contribution and liability amounts to be recognized. For gift annuities and remainder trusts entered into by the Foundation during the year ended June 30, 2018, the discount rate varied between 2.4% and 2.6%; during the year ended June 30, 2017, the discount rate varied between 1.8% and 2.2%. The discount rate varied between 1.2% and 10.6% for the Foundation's entire portfolio of gift annuities and remainder trusts at June 30, 2018 and 2017.

(j) Other Liabilities

Other liabilities consist of accrued reimbursements payable to the University, payroll and related liabilities, deferred revenue, and other accrued operational expenses of the Foundation.

(k) Fundraising Costs

Fundraising costs totaled approximately \$24,793,500 and \$21,148,578 for the years ended June 30, 2018 and 2017, respectively, and are included in management, general, and development expenses in the consolidated statements of activities.

(l) 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, to reduce diversity in reporting practice, reduce complexity, and enhance understandability of Not-for-Profit financial statements. This ASU contains the following key aspects: (A) Reduces the number of net asset classes presented from three to two: *with donor restrictions and without donor restrictions*; (B) Requires all NFPs to present expenses by their functional *and* their natural classifications in one location in the financial statements; (C) Requires NFPs to provide quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date; and (D) Retains the option to present operating cash flows in the statement of cash flows using either the direct or indirect method. The Foundation has evaluated the impact of ASU 2016-14, which is effective for the fiscal year beginning July 1, 2018. The adoption will result in enhanced disclosures about the classification of expenses, management of liquid resources, and classification of donor restricted funds.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The Foundation will adopt the Standard

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prospectively, and the impact is not expected to be material to the financial statements as a whole. The standard is effective for the Foundation for the fiscal year beginning July 1, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a lease liability and a right of use asset for all lease obligations with exception to short-term leases. The lease liability will represent the lessee's obligation to make lease payments arising from the lease measured on a discounted basis and the right of use asset will represent the lessee's right to use or control the use of a specified asset for a lease term. The lease guidance also simplifies accounting for sale-leaseback transactions. The Foundation is currently evaluating the impact of ASU No. 2016-02, which is effective for the fiscal year beginning on July 1, 2019 with retrospective application to the earliest presented period.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of ASC Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to Topic 606 and (2) determining whether a contribution is conditional. The amendments in this Update are to be applied on a modified prospective basis and are effective for the Foundation's fiscal year beginning July 1, 2019. Early adoption is permitted. The Foundation is currently evaluating the extent of the anticipated impact of the adoption of ASU No. 2018-08.

(2) Cash and Cash Equivalents

Cash and cash equivalents, with original maturities of 90 days or less when purchased, consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Cash in interest-bearing accounts	\$ 25,031,575	16,726,520
Commercial paper	<u>546,967</u>	<u>51,985</u>
Total cash and cash equivalents	<u>\$ 25,578,542</u>	<u>16,778,505</u>

The Foundation, on occasion, has short-term investments of cash, which may exceed depository insurance limits. The Foundation makes such investments with high credit quality entities and has not incurred any credit-related losses.

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(3) Investments

At June 30, 2018 and 2017, the fair and cost values of investments were as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Fair value</u>	<u>Cost or amortized cost</u>	<u>Fair value</u>	<u>Cost or amortized cost</u>
Marketable securities:				
Mutual funds:				
Large cap international equities	\$ 5,733,090	6,011,123	—	—
Large cap blend	24,308,326	22,381,387	24,091,102	20,908,337
Natural resources	647,231	499,995	1,106,567	999,948
Short-term bonds	2,995,582	2,999,626	—	—
Intermediate term bonds	—	—	23,808,766	23,954,599
High yield bonds	3,924,090	4,294,064	8,929,585	9,165,437
Nontraditional bonds	8,109,605	8,193,155	13,469,434	13,493,395
World bond	—	—	4,659,533	4,580,912
Inflation-protected bond	982,082	1,000,089	986,954	1,000,089
Direct equity holdings:				
International bonds	894,750	1,012,350	—	—
Large cap	36,555,815	28,297,080	40,552,615	33,314,741
Other investments:				
Commingled funds:				
Global bonds	83,866,183	87,643,540	46,840,152	49,137,518
International equity	199,178,933	160,329,753	185,840,681	158,299,235
Limited partnerships:				
Hedge funds	108,249,755	93,586,470	90,348,418	78,096,804
Private equity	119,302,766	101,764,949	113,057,486	104,776,010
Real assets	20,874,529	21,457,829	14,723,903	14,407,281
Master limited partnership	8,234,202	9,232,574	11,377,624	11,762,110
Investment receivable	415,992	415,992	7,966,631	7,966,631
Investment income receivable	612,050	612,050	218,524	218,524
Real estate held for investment	24,264,265	23,121,819	20,643,954	19,501,508
Other	18,587,365	17,095,740	10,090,825	9,697,377
Total investments	\$ <u>667,736,611</u>	<u>589,949,585</u>	<u>618,712,754</u>	<u>561,280,456</u>

At June 30, 2018 and 2017, the Foundation had \$476,858,792 and \$406,134,196, respectively, in investments with underlying investments that are not readily marketable. These investments, which the Foundation refers to as alternative investments, include diversified arbitrage, distressed and mezzanine debt, real estate, and private equity. Such investments represent approximately 71% and 66% of the total investments and approximately 64% and 60% of net assets at June 30, 2018 and 2017, respectively. These investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

nondisclosure of full portfolio composition. Because these investments are not readily marketable, their estimated values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be significant.

The following schedule summarizes the investment return and its presentation in the consolidated statements of activities at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest, dividends, and other investment income	\$ 13,843,312	13,318,692
Net realized gains	23,661,638	33,247,541
Net unrealized gains	<u>19,569,266</u>	<u>26,413,288</u>
Total net realized/unrealized gains	<u>43,230,904</u>	<u>59,660,829</u>
Total gain on investments, net	<u>\$ 57,074,216</u>	<u>72,979,521</u>

(4) Endowment and Quasi-Endowment Funds

The Foundation's endowment pool at June 30, 2018 and 2017 consists of 2,282 and 2,176 individual funds established for a variety of purposes, respectively. The Foundation's endowment includes contributed funds to be maintained in perpetuity, donor-restricted funds contributed for a specific purpose or term, and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Board Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Foundation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation

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June 30, 2018 and 2017

- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Endowments by net asset classification by type of fund as of June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (11,880,291)	179,618,577	381,227,628	548,965,914
Board-designated endowment funds	31,194,711	—	—	31,194,711
Assets held under split-interest agreements	—	—	22,239,871	22,239,871
Charitable trusts held outside the Foundation	—	—	12,396,955	12,396,955
Nonpooled investments	—	—	14,783,963	14,783,963
Total endowment funds	\$ <u>19,314,420</u>	<u>179,618,577</u>	<u>430,648,417</u>	<u>629,581,414</u>

Endowments by net asset classification by type of fund as of June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (16,673,529)	161,475,245	359,975,526	504,777,242
Board-designated endowment funds	28,581,938	—	—	28,581,938
Assets held under split-interest agreements	—	—	25,588,741	25,588,741
Charitable trusts held outside the Foundation	—	—	9,886,771	9,886,771
Nonpooled investments	—	—	3,902,525	3,902,525
Total endowment funds	\$ <u>11,908,409</u>	<u>161,475,245</u>	<u>399,353,563</u>	<u>572,737,217</u>

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Notes to Consolidated Financial Statements

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Changes in endowments by net asset classification for the fiscal years ended June 30, 2018 and 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, end of the year, June 30, 2016	\$ (4,578,797)	134,294,484	384,809,778	514,525,465
Investment return:				
Interest and dividends	—	9,399,452	128,606	9,528,058
Realized and unrealized gains (losses)	16,486,968	41,601,035	(112,748)	57,975,255
Contributions	71,613	7,959,284	12,309,336	20,340,233
Appropriation of endowment assets for expenditure	(315)	(31,383,468)	—	(31,383,783)
Change in value of assets held under split-interest agreements	—	—	1,861,674	1,861,674
Other changes	<u>(71,060)</u>	<u>(395,542)</u>	<u>356,917</u>	<u>(109,685)</u>
Endowment net assets, end of the year, June 30, 2017	11,908,409	161,475,245	399,353,563	572,737,217
Investment return:				
Interest and dividends	—	9,109,342	177,907	9,287,249
Realized and unrealized gains (losses)	5,979,120	37,458,431	(200,682)	43,236,869
Contributions	108,169	17,201,503	27,139,265	44,448,937
Appropriation of endowment assets for expenditure	(75,253)	(43,711,458)	—	(43,786,711)
Change in value of assets held under split-interest agreements	—	—	482,454	482,454
Other changes	<u>1,393,975</u>	<u>(1,914,486)</u>	<u>3,695,910</u>	<u>3,175,399</u>
Endowment net assets, end of the year, June 30, 2018	\$ <u>19,314,420</u>	<u>179,618,577</u>	<u>430,648,417</u>	<u>629,581,414</u>

Permanently restricted net assets of the Foundation comprise primarily donor-restricted endowment funds. The funds are consolidated under the Pooled Investment Program. In addition to these funds, permanently restricted net assets contain charitable gift annuities and remainder trusts, where the Foundation is the trustee. At the point that these annuities and remainder trusts terminate, the proceeds realized will be transferred to the Pooled Investment Program. Donors may also donate to the Foundation physical assets, such as property or funds held in trust outside the Foundation, for permanently restricted purposes. The Foundation categorizes these assets as nonpooled investments. At the point proceeds are realized from these assets held outside the Foundation, they are transferred either to the Pooled Investment Program or a specific program as designated by the donor.

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(b) Pooled Endowment Funds with Deficiencies (Underwater)

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. As a result of unfavorable financial market conditions, the fair value of certain endowment assets was less than the related donor-restricted amounts. These deficiencies were determined to be \$11,880,291 and \$16,673,529 as of June 30, 2018 and 2017, respectively. The reporting of such deficiencies as a reduction of Foundation-controlled unrestricted net assets does not legally create an affirmative obligation of the Foundation to restore the fair value of those funds from Foundation-controlled unrestricted assets.

(c) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for pooled 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 endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce above-average, long-term total returns as measured against specific indexes within each investment asset allocation.

(d) 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 monetarily on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(e) Pooled Investment Program Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4.25% of its pooled endowment fund's average fair value over the prior 12 quarters through the quarter-end that precedes the quarter in which the distribution occurs. In establishing this policy, the Foundation considered the long-term expected return on its endowment and its objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. Spending distributions are monitored and potentially limited for individual endowment accounts if the fair value of that account is less than the corpus.

(5) Fair Value Measurements

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy, which prioritizes the input techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

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June 30, 2018 and 2017

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable.

Inputs are used in applying valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Other inputs may include liquidity factors and broad credit data. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Specific investments in the Foundation's portfolio have been classified within Level 3 as their values are based on unobservable inputs and they trade infrequently or not at all. In fiscal year 2018, the Foundation adopted ASU 2015-07 which removed investments valued at Net Asset Value (NAV) from the fair value leveling table. This adoption was done retrospectively, adjusting the presentation of prior periods. For investment where no NAV is available, and thus remain in Level 3, the market approach or the income approach is used to estimate the fair value of such Level 3 instruments. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of net present value of estimated future cash flows, adjusted as appropriate for market and/or other risk factors.

The following table presents the investments included on the consolidated statements of financial position by levels within valuation hierarchy as of June 30, 2018:

	Assets at fair value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Pooled Investment Program	\$ 175,626,635	—	—	175,626,635
Assets held under split-interest agreements	46,637,124	—	1,047,051	47,684,175
Charitable trusts held outside the Foundation	—	—	15,310,174	15,310,174
Investment property	—	—	24,264,265	24,264,265
Mortgages and contracts	—	—	3,787,286	3,787,286
Other nonpooled investments	15,251,184	—	455,695	15,706,879
Total nonpooled investments	<u>15,251,184</u>	<u>—</u>	<u>43,817,420</u>	<u>59,068,604</u>
Investments measured at net asset value				<u>448,351,546</u>
Total assets at fair value	\$ <u>237,514,943</u>	<u>—</u>	<u>44,864,471</u>	<u>730,730,960</u>

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

The following table presents the investments included on the consolidated statements of financial position by levels within valuation hierarchy as of June 30, 2017:

	Assets at fair value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Pooled Investment Program	\$ 166,223,968	—	—	166,223,968
Assets held under split-interest agreements	53,335,173	—	1,047,051	54,382,224
Charitable trusts held outside the Foundation	—	—	13,480,258	13,480,258
Investment property	—	—	20,643,954	20,643,954
Mortgages and contracts	—	—	6,125,428	6,125,428
Other nonpooled investments	46,354,590	—	184,000	46,538,590
Total nonpooled investments	46,354,590	—	40,433,640	86,788,230
Investments measured at net asset value				379,180,814
Total assets at fair value	\$ 265,913,731	—	41,480,691	686,575,236

Charitable trusts held outside the Foundation are carried on the consolidated statements of financial position and are measured at fair value using Level 3 unobservable inputs.

The following table presents a roll forward of the amounts for the year ended June 30, 2018 for the investments classified within Level 3:

Investments of the Foundation:	
Balance at June 30, 2017	\$ 41,480,691
Purchases/issuances	7,046,067
Sales/settlements	(3,446,731)
Total net gains/losses for the period	<u>(215,556)</u>
Balance at June 30, 2018	\$ <u>44,864,471</u>

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

The following table presents a roll forward of the amounts for the year ended June 30, 2017 for the investments classified within Level 3:

Investments of the Foundation:	
Balance at June 30, 2016	\$ 38,234,137
Purchases/issuances	6,756,414
Sales/settlements	(3,323,486)
Total net gains/losses for the period	<u>(186,374)</u>
Balance at June 30, 2017	<u>\$ 41,480,691</u>

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2018 and 2017:

	Fair value		Redemption frequency	Redemption notice period
	2018	2017		
Commingled funds	\$ 199,508,504	153,222,556	weekly–quarterly	5–90 Days
Limited partnerships	<u>248,843,042</u>	<u>225,958,258</u>	weekly–annually	3–180 Days
Total	<u>\$ 448,351,546</u>	<u>379,180,814</u>		

Included in Limited Partnerships above, the Foundation holds investments in private equity and real asset limited partnerships, where NAV was used as a practical expedient to measure fair value at June 30, 2018 and 2017. These partnerships do not allow for periodic redemptions, but rather liquidate upon the termination date as stated in the partnership agreement. At June 30, 2018, \$57,127,190 of private equity limited partnerships and \$15,874,529 of real asset partnerships had termination dates that ranged from 2018 to 2028. At June 30, 2017, \$53,709,509 of private equity limited partnerships and \$14,723,903 of real asset partnerships had termination dates that ranged from 2017 to 2027.

(6) Pledges Receivable

Unconditional promises are included in the consolidated financial statements as pledges receivable and revenue in the appropriate net asset category. The allowance for uncollectible pledges is charged to net assets in an amount sufficient to maintain the allowance for losses at a level considered adequate to cover estimated credit losses. Pledges are considered past due if payment is not received by the date due. Annual giving pledges are charged off upon the start of the subsequent year's campaign; the need for all other pledges is determined on a case-by-case basis.

OREGON STATE UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Pledges receivable due in excess of one year are discounted between 0.70% and 6.69% depending upon the year and month the pledge receivable was recorded. The discounts on these accounts are computed using the five-year U.S. Treasury Securities interest rate applicable to the year and month in which the pledge is initially received. The schedule of payments at June 30, 2018 and 2017 is as follows:

	2018	2017
In one year or less	\$ 13,389,854	18,378,251
Between one year and five years	24,030,132	24,048,024
More than five years	9,907,500	2,984,750
Total	47,327,486	45,411,025
Less:		
Allowance for uncollectible amounts	(487,828)	(615,994)
Discount to present value of future cash flows	(3,342,468)	(1,531,628)
Total reductions	(3,830,296)	(2,147,622)
Total pledges receivable, net	\$ 43,497,190	43,263,403

(7) Property and Equipment

Property and equipment consist of the following at June 30:

	2018	2017
Operating assets:		
Land and structures	\$ 15,568,254	8,432,970
Equipment and other	1,834,754	1,667,678
	17,403,008	10,100,648
Less accumulated depreciation	(4,250,909)	(4,048,848)
Total property and equipment, net	\$ 13,152,099	6,051,800
Nonoperating assets:		
Land, structures, and timber held-for-sale	\$ 5,559,327	4,758,627
Total assets held-for-sale	\$ 5,559,327	4,758,627

Depreciation was \$912,123 and \$526,335 for the years ended June 30, 2018 and 2017, respectively.

OREGON STATE UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(8) Lease Commitments

Leases as lessee:

The Foundation leases office space, event space, and land under noncancelable operating leases expiring through October 2038. The Foundation has the option to renew certain leases at various terms and amounts. Future minimum lease payments under these leases are as follows:

Year ending June 30:		
2019	\$	902,894
2020		736,236
2021		727,300
2022		745,400
2023		571,400
Thereafter		<u>120,000</u>
Total lease commitments	\$	<u><u>3,803,230</u></u>

Total rent expense amounted to approximately \$803,000 and \$596,000 for the years ended June 30, 2018 and 2017, respectively, which is included in either direct university support or management, general, and development expense depending on the intended use.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted primarily for departmental programs and activities, including capital projects. Charitable gift annuities and remainder trusts may also be temporarily restricted. These assets are subject to donor-imposed stipulations that may be or will be met either by the Foundation and/or the passage of time.

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following:

	2018	2017
Facilities and equipment	\$ 35,205,680	23,547,097
Academic program support	109,306,519	105,011,694
Instruction and research	75,114,380	73,923,334
Student aid	<u>69,878,984</u>	<u>65,415,515</u>
Total University-controlled activities	289,505,563	267,897,640
Foundation-controlled activities	<u>8,275,449</u>	<u>10,230,028</u>
Total	<u><u>\$ 297,781,012</u></u>	<u><u>278,127,668</u></u>

(10) Permanently Restricted Net Assets

Permanently restricted net assets are primarily restricted for endowments, charitable gift annuities, and remainder trusts. These net assets are subject to donor-imposed stipulations that they be maintained

OREGON STATE UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes, such as scholarships or professorships.

Permanently restricted net assets at June 30, 2018 and 2017 are available for the following:

	2018	2017
Facilities and equipment	\$ 4,179,875	3,926,786
Academic program support	106,659,954	94,621,277
Instruction and research	141,715,635	135,392,096
Student aid	173,253,392	160,669,557
Total University-controlled activities	425,808,856	394,609,716
Foundation-controlled activities	4,839,561	4,743,847
Total	\$ 430,648,417	399,353,563

(11) Retirement Plan

Employees of the Foundation participate in a money purchase retirement plan covering substantially all employees with at least one year of service, and vest generally after four years of service. The Foundation is obligated to contribute 17% of all eligible employees' salaries, including the six-month period prior to eligibility, up to federal limits. The Foundation's contributions to the employee-directed accounts amounted to approximately \$2,190,000 and \$1,787,000 for the years ended June 30, 2018 and 2017, respectively.

(12) Assets Held under Split-Interest Agreements

The Foundation receives certain planned gift donations in the form of charitable gift annuities and remainder trusts. A charitable gift annuity is an arrangement between a donor and the Foundation in which the assets contributed by the donor are provided in exchange for a promise by the Foundation to pay a fixed amount for a period of time to the donor or designated beneficiary. Upon completion of the agreed term (usually the beneficiary's death), the remaining value of the gift annuity reverts to the Foundation to be used in accordance with the original annuity agreement.

The Foundation is also a remainderman and trustee to certain charitable remainder trusts. Assets contributed are established in a trust and invested. During the term of the trust, distributions are made to a designated beneficiary or beneficiaries. Upon the death of the beneficiary, the remaining assets revert to the Foundation to be used according to the donor's wishes.

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

At June 30, 2018 and 2017, the fair value and cost of assets held under split-interest agreements were as follows:

	2018		2017	
	Fair value	Cost	Fair value	Cost
Gift annuities:				
Mutual funds:				
Small cap	\$ 452,063	191,780	494,749	239,235
Large cap	3,043,907	2,131,989	3,969,603	2,846,971
International	1,532,623	1,286,540	1,857,787	1,661,199
Real estate	1,634,196	1,494,581	1,802,624	1,695,606
High-quality/intermediate bonds	4,387,864	4,475,419	4,538,431	4,622,755
Mid-quality/intermediate bonds	1,158,295	1,219,624	1,320,680	1,302,267
Total gift annuities	12,208,948	10,799,933	13,983,874	12,368,033
Remainder trusts:				
Mutual funds:				
Small cap	2,040,997	1,153,003	2,177,204	1,327,456
Large cap	9,251,263	6,533,491	10,792,005	7,790,596
International	4,199,863	3,959,484	5,012,676	4,688,248
Real estate	4,484,572	4,321,630	4,901,277	4,728,436
High-quality/intermediate bonds	11,346,115	11,356,728	12,863,467	12,732,468
Mid-quality/intermediate bonds	3,105,366	3,235,035	3,604,670	3,563,785
Other	1,047,051	1,047,051	1,047,051	1,047,051
Total remainder trusts	35,475,227	31,606,422	40,398,350	35,878,040
Total gift annuities and remainder trusts	\$ 47,684,175	42,406,355	54,382,224	48,246,073

Obligations to beneficiaries under split-interest agreements at June 30, 2018 and 2017 are as follows:

	2018	2017
Gift annuities	\$ 5,719,431	6,485,775
Remainder trusts	15,794,545	16,829,312
Total obligations under charitable gift annuities and remainder trusts	\$ 21,513,976	23,315,087

OREGON STATE UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(13) Other Liabilities

Other liabilities consist of the following at June 30, 2018 and 2017:

	2018	2017
Accounts payables	\$ 1,972,913	616,023
Accrued expenses	3,153,847	3,890,121
Accrued payroll and related liabilities	2,367,599	1,824,041
Deferred revenue	276,429	—
Other Foundation operational expenses	778,435	772,738
Overdrafts payable	—	4,927,104
	\$ 8,549,223	12,030,027

(14) Commitments

During the year ended June 30, 2002, the Foundation entered into a commitment to invest \$10,000,000 into domestic and international private equity partnerships. The Foundation has continued to make investments in similar vehicles since that time. As of June 30, 2018 and 2017, a total of \$97,163,000 and \$90,274,000, respectively, has been invested and commitments in the amount of \$26,630,000 and \$30,519,000, respectively, are still outstanding. The remaining funds will be invested as calls are made by the partnerships. The Foundation has invested the remaining portion of the commitments, until required, in corporate obligations and marketable securities.

(15) Related Party

The University is a related party of the Foundation. During the years ended June 30, 2018 and 2017, the Foundation recorded \$19,003,071 and \$15,681,563, respectively, as other revenue for fundraising, investment management, and other related services performed for the University.

Direct University Support, included in expenses, consisted of the following for the years ended June 30:

	2018	2017
Awards and scholarships	\$ 10,130,745	9,750,940
Capital programs	18,364,776	20,126,772
Instruction and research support	6,908,732	5,661,952
Other program support	24,967,247	21,498,988
Development support	13,063,531	13,515,814
	\$ 73,435,031	70,554,466

The amount payable or “due to” the University, including amounts in other liabilities, totaled \$3,055,237 and \$3,907,837 as of June 30, 2018 and 2017, respectively.

OREGON STATE UNIVERSITY FOUNDATION

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(16) Oregon State Alumni Association (OSUAA) Acquisition

On 1 July 2017 the Foundation became the sole corporate member of the Alumni Association. This endeavor was undertaken to strengthen services for alumni and friends of the University and deepen their connection in support of the University. This affiliation was accounted for at fair value at the date of acquisition, with the following opening balances recorded in the Statement of Financial Position:

	<u>2017</u>
Cash and cash equivalents	\$ 405,420
Investments	10,215,258
Property and equipment, net	6,587,801
Other assets	619,924
Other liabilities	<u>(396,483)</u>
Total net assets contributed	<u>\$ 17,431,920</u>

(17) Subsequent Events

The Foundation has evaluated subsequent events and transactions that occurred after June 30, 2018 through October 10, 2018, the date the consolidated financial statements were available to be issued.

OREGON STATE UNIVERSITY FOUNDATION

Consolidating Schedule of Financial Position

June 30, 2018

Assets	Oregon State University Foundation	Oregon State University Alumni Association	Oregon 4-H Foundation	Trysting Tree	Consolidated
Cash and cash equivalents	\$ 21,058,779	2,070,717	2,112,747	336,299	25,578,542
Investments (including assets held for Oregon State University of \$47,975,757)	645,570,016	10,829,663	11,336,932	—	667,736,611
Pledges receivable, net	43,478,038	16,149	3,003	—	43,497,190
Property and equipment, net	677,978	6,380,785	3,391,935	2,701,401	13,152,099
Assets held-for-sale	5,555,482	—	3,845	—	5,559,327
Assets held under split-interest agreements	47,631,367	—	52,808	—	47,684,175
Charitable trusts held outside the Foundation	14,541,951	—	768,223	—	15,310,174
Other assets	3,149,620	342,657	—	32,276	3,524,553
Total assets	<u>\$ 781,663,231</u>	<u>19,639,971</u>	<u>17,669,493</u>	<u>3,069,976</u>	<u>822,042,671</u>
Liabilities and Net Assets					
Liabilities:					
Obligations under split-interest agreements	\$ 21,435,562	—	78,414	—	21,513,976
Endowment assets held for Oregon State University	47,975,757	—	—	—	47,975,757
Other liabilities	8,439,659	163,507	—	(53,943)	8,549,223
Total liabilities	<u>77,850,978</u>	<u>163,507</u>	<u>78,414</u>	<u>(53,943)</u>	<u>78,038,956</u>
Net assets:					
Unrestricted:					
Other	15,763,270	11,691,307	—	—	27,454,577
Underwater endowments	(11,880,291)	—	—	—	(11,880,291)
Total unrestricted	3,882,979	11,691,307	—	—	15,574,286
Temporarily restricted	281,209,528	6,901,215	6,546,350	3,123,919	297,781,012
Permanently restricted	418,719,746	883,942	11,044,729	—	430,648,417
Total net assets	<u>703,812,253</u>	<u>19,476,464</u>	<u>17,591,079</u>	<u>3,123,919</u>	<u>744,003,715</u>
Total liabilities and net assets	<u>\$ 781,663,231</u>	<u>19,639,971</u>	<u>17,669,493</u>	<u>3,069,976</u>	<u>822,042,671</u>

See accompanying independent auditors' report on supplementary information.

OREGON STATE UNIVERSITY FOUNDATION

Consolidating Statement of Activities

Year ended June 30, 2018

	<u>Oregon State University Foundation</u>	<u>Oregon State University Alumni Association</u>	<u>Oregon 4-H Foundation</u>	<u>Trysting Tree</u>	<u>Total</u>
Revenue, gains, and other support:					
Contributions	\$ 77,936,652	1,081,357	1,964,282	3,700	80,985,991
Interest and dividends	13,446,193	370,683	26,294	142	13,843,312
Other	20,790,313	2,915,939	195,441	1,152,900	25,054,593
Contribution of Oregon State Alumni Association	—	17,431,920	—	—	17,431,920
Net gains (losses) on investments	42,176,303	639,125	414,295	1,181	43,230,904
Change in value of charitable annuities and trusts	2,484,731	—	625	—	2,485,356
Net assets released from restrictions and other transfers	(2,543,892)	2,253,914	289,978	—	—
	<u>154,290,300</u>	<u>24,692,938</u>	<u>2,890,915</u>	<u>1,157,923</u>	<u>183,032,076</u>
Expenses:					
Direct university support	72,132,688	137,584	1,164,759	—	73,435,031
Investment expenses	12,096,207	—	—	1,255,325	13,351,532
Management, general, and development expenses	25,601,965	5,078,890	62,150	—	30,743,005
	<u>109,830,860</u>	<u>5,216,474</u>	<u>1,226,909</u>	<u>1,255,325</u>	<u>117,529,568</u>
Change in net assets	44,459,440	19,476,464	1,664,006	(97,402)	65,502,508
Net assets, beginning of year	659,352,813	—	15,927,073	3,221,321	678,501,207
Net assets, end of year	<u>\$ 703,812,253</u>	<u>19,476,464</u>	<u>17,591,079</u>	<u>3,123,919</u>	<u>744,003,715</u>

See accompanying notes to consolidated financial statements.