



**SOUTHERN ILLINOIS UNIVERSITY  
EDWARDSVILLE FOUNDATION  
EDWARDSVILLE, ILLINOIS**

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023



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**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southern Illinois University Edwardsville Foundation  
Edwardsville, Illinois

### **Opinion**

We have audited the accompanying financial statements of Southern Illinois University Edwardsville Foundation (Foundation), which comprise the Statement of Financial Position as of June 30, 2023, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year 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 the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 audit. 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 11, 2023

## **FINANCIAL STATEMENTS**

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2023

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 1,219,252
Deposits with SIUE	616,964
Pledges receivable, net of allowance	112,838
Other receivable	608
Interest receivable	13,054
Prepaid expenses	146,321
Investments	15,605,141
Total current assets	<u>17,714,178</u>
Noncurrent assets	
Pledges receivable, net of allowance and discount	94,462
Pledges receivable endowment, net of allowance and discount	388,004
Loan receivables	1,953
Assets held for resale	513,600
Capital assets, net of depreciation	1,215,647
Right of use asset - operating	392,944
Annuity fund investments	24,290
Cash surrender value of life insurance	170,778
Noncurrent Investments	35,476,358
Total noncurrent assets	<u>38,278,036</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 55,992,214</u></u>

**LIABILITIES**

Current liabilities	
Accounts payable:	
SIUE	\$ 143,106
Other	83,920
Unearned revenue	5,446
Annuities payable	2,828
Total current liabilities	<u>235,300</u>
Noncurrent liabilities	
Annuities payable	16,257
Total liabilities	<u>251,557</u>

**NET ASSETS**

Without donor restrictions	
Undesignated	2,525,358
Designated by the Board for endowment	586,991
Designated by the Board for student investment purposes	39,052
	<u>3,151,401</u>
With donor restrictions	
Perpetual in nature	31,732,149
Purpose restrictions	20,857,107
	<u>52,589,256</u>
Total net assets	<u>55,740,657</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 55,992,214</u></u>

The accompanying notes to these financial statements are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Contributions	\$ 59,866	\$ 3,624,387	\$ 3,684,253
In-kind contributions	-	260,233	260,233
Total contributions and in-kind contributions	<u>59,866</u>	<u>3,884,620</u>	<u>3,944,486</u>
Events, sales and other, net of direct benefit to donors of \$166,550	2,645	250,990	253,635
Net investment income	903,584	3,149,105	4,052,689
Change in cash surrender value of life insurance	-	6,082	6,082
Net assets released from restrictions	5,588,760	(5,588,760)	-
Total revenues	<u>6,554,855</u>	<u>1,702,037</u>	<u>8,256,892</u>
<b>EXPENSES</b>			
Program services	5,164,841	-	5,164,841
Management and general	962,822	-	962,822
Fundraising expenses	482,191	-	482,191
Total expenses	<u>6,609,854</u>	<u>-</u>	<u>6,609,854</u>
<b>TRANSFERS FROM AFFILIATE</b>			
Transfer from affiliate - Payments from SIUE	150,000	57,865	207,865
Transfer from affiliate - budget allocations (in-kind contributions) from SIUE	348,797	-	348,797
Total transfer from affiliate	<u>498,797</u>	<u>57,865</u>	<u>556,662</u>
<b>CHANGE IN NET ASSETS</b>	443,798	1,759,902	2,203,700
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>2,707,603</u>	<u>50,829,354</u>	<u>53,536,957</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,151,401</u>	<u>\$ 52,589,256</u>	<u>\$ 55,740,657</u>

The accompanying notes to these financial statements are an integral part of this statement.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Cost of Sales</b>	<b>Total</b>
Scholarships and awards	\$ 1,627,284	\$ -	\$ -	\$ -	\$ 1,627,284
SIUE-related awards	80,749	-	-	-	80,749
Payments for educational services	577,592	-	-	-	577,592
Salary and benefits paid by SIUE (payroll)	-	348,797	-	-	348,797
Human resources support	-	9,165	-	-	9,165
Assets transferred to SIUE	483,805	-	-	-	483,805
Gifts in kind transfers to SIUE	896,807	-	-	-	896,807
External event sponsorship	-	21,102	716	-	21,818
Assets transferred to Charter High School	74,802	-	-	-	74,802
Assets transferred to SIU Foundation	3,216	-	-	-	3,216
Student wages	-	-	103,720	-	103,720
Student/sports camp salaries, wages, and supplies	31,466	-	-	-	31,466
Meal and beverage expense	231,746	43,296	57,620	-	332,662
Travel	194,468	6,135	15,074	-	215,677
Supplies and materials	61,290	5,432	4,610	-	71,332
Giveaways and promotional items	80,130	3,053	39,979	-	123,162
Uniforms and apparel	119,621	186	1,077	-	120,884
Postage	13,466	13,471	14,106	-	41,043
Insurance	9,664	25,578	-	-	35,242
Advertising	703	450	12,223	-	13,376
Utilities	-	24,852	-	-	24,852
Event tickets	13,424	240	250	-	13,914
Software support fees	22,472	207,508	75,241	-	305,221
Leases and rentals	76,006	18,147	26,631	-	120,784
Professional services	211,451	53,173	31,627	-	296,251
Conference registrations	73,462	-	904	-	74,366
Course registrations	12,855	-	-	-	12,855
Membership dues	16,820	28,294	6,090	-	51,204
Subscription charges	33,081	7,086	2,245	-	42,412
Building and grounds services	1,245	47,863	-	-	49,108
Equipment and other assets	63,613	5,788	371	-	69,772
Other commodities	10,187	3,297	6,115	-	19,599
Depreciation expense	-	72,216	-	-	72,216
Amortization expense for SIUE benefit	61,238	-	-	-	61,238
Various fundraising expenses	-	-	20,385	-	20,385
Loan fund expenses	8,477	-	-	-	8,477
Printing, graphics, and photography charges	65,770	14,865	63,197	-	143,832
Payments to annuitants	-	2,828	-	-	2,828
Gifts in kind consumed/given away	7,575	-	10	-	7,585
Copying charges	356	-	-	-	356
Expenses before cost of sales	<u>5,164,841</u>	<u>962,822</u>	<u>482,191</u>	<u>-</u>	<u>6,609,854</u>
Cost of Sales					
Cost of direct benefit to donors:					
Food and refreshments	-	-	-	70,236	70,236
Rent and facility costs	-	-	-	44,202	44,202
Giveaways	-	-	-	26,434	26,434
Event tickets	-	-	-	15,333	15,333
Professional services	-	-	-	10,345	10,345
Total cost of sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,550</u>	<u>166,550</u>
Total functional expenses	<u>\$ 5,164,841</u>	<u>\$ 962,822</u>	<u>\$ 482,191</u>	<u>\$ 166,550</u>	<u>\$ 6,776,404</u>

The accompanying notes to these financial statements are an integral part of this statement.



**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**

**STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2023

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 2,203,700
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	133,454
Bad debt expense	235,745
Net realized and unrealized investment gain	(2,156,869)
Cash surrender value of life insurance	(6,082)
Contributions to the permanent endowment	(608,528)
Net loan fund expenses	8,477
Net change in	
Deposits with SIUE	(10,867)
Pledges receivable	331,278
Accounts receivable from SIUE	565
Other receivables	892
Interest receivable	(1,012)
Other assets	(42,986)
Accounts payable	(113,974)
Unearned revenue	485
Gift annuities obligations	(984)
Net cash used in operating activities	<u>(26,706)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments received from SIUE for loan funds	14,081
Proceeds from sales of investments	4,251,365
Purchases of investments including reinvested income	(4,223,838)
Purchase of capital assets	(55,070)
Net cash used in investing activities	<u>(13,462)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from endowment contributions	608,528
Payments to annuitants	(2,828)
Net cash from financing activities	<u>605,700</u>

**CHANGE IN CASH**

**AND CASH EQUIVALENTS** 565,532

**CASH AND CASH EQUIVALENTS -  
BEGINNING OF YEAR**

653,720

**CASH AND CASH EQUIVALENTS -  
END OF YEAR**

\$ 1,219,252

The accompanying notes to these financial statements are an integral part of this statement.

# SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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### 1. NATURE OF THE ORGANIZATION

The Southern Illinois University Edwardsville Foundation (Foundation) exists for the primary purpose of aiding and assisting Southern Illinois University Edwardsville (SIUE) in achieving its educational, research and service goals and responsibilities. The Foundation receives and holds gifts and manages investments for the advancement of SIUE.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies.

#### Basis of accounting

The financial statements of The Southern Illinois University Edwardsville Foundation have been prepared on the accrual basis of accounting and accordingly, revenues are recognized when performance obligations are met, and expenses are recorded when incurred.

#### Cash and cash equivalents

Cash and cash equivalents include cash and temporary investments which have a maturity date of three months or less at the date of purchase. Cash equivalents include cash held by investment custodians and money market accounts stated at cost, which approximates fair value. No cash was paid for interest or income taxes for the year ended June 30, 2023.

#### Investments

The Foundation accounts for its investments at fair value. Certain money market investments and nonnegotiable certificates of deposit with redemption terms that do not consider market rates are carried at cost, which approximates fair value. Donated financial instrument assets are recorded at average fair market value at the date of donation. Investment income or loss and unrealized gains or losses are included in the Statement of Activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by a donor. Investment return is reported net of external and direct internal investment expenses.

#### In-kind contributions

The Foundation records various types of in-kind support including contributed services and gifts such as equipment, books, publications and auction items. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The contributed services the Foundation received from SIUE are described in Note 10.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deposits with SIUE

Loan deposits with SIUE represent donor funds to be used for student loans. Such funds are managed by SIUE.

Pledges receivable

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in more than one year are initially reported at fair value determined using the discounted present value of estimated future cash flows technique based on a risk adjusted rate at the date the promise is made. Amortization of discounts is recorded as additional contributions revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Foundation estimates the amount of pledges that will be uncollectible. Pledges are reviewed by management using information including previous payment history, relationship to SIUE, and economic factors. A percentage calculation is applied using the above factors and prior pledge write off history to determine the estimated amount uncollectible.

Other receivables

Other receivables primarily represent financial claims owed to the Foundation arising from revenues that are other than contributions, such as activities and events.

Capital assets

Property and equipment purchased by the Foundation is recorded at cost. Donated assets are recorded at the fair market value at the date of the donation. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. The Foundation's capitalization policy includes all items with a unit cost of \$500 or more and an estimated useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to seven years for furniture, fixtures and equipment and forty years for buildings.

Leases

The Foundation paid for the construction of a golf training and practice facility for use by the SIUE golf team which resulted in a prepayment of a lease. Upon completion of the facility construction, the asset was transferred to Sunset Hills Country Club in Edwardsville, Illinois. The Foundation also entered into a use agreement with SIUE and the Sunset Hills Country Club.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Leased assets (Continued)

The agreement is for 10 years and pursuant to the agreement, during golf season the golf team is entitled to exclusive use of the facility at any time and outside of golf season the team has access to use the facility upon notice to Sunset Hills Country Club. The Foundation recognizes the value of the use of the leased asset over the 10-year lease agreement period on a straight-line basis.

The Foundation's leased asset at June 30, 2023 consists of the following:

Leased asset	\$ <u>392,944</u>
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Lease expense for the year ended June 30, 2023 is \$61,238.

Assets held for resale

Assets held for resale primarily represent a decorative copper-plated ironwork staircase and a collection of artwork and historical treasures. The purpose of the assets held for sale are to generate income upon being sold. The staircase sections are carried at the appraised value, which approximate fair value, and the artwork and historical treasures are carried at fair value based upon appraised amounts or auction values published by internationally recognized auction houses for similar type objects.

Annuities payable

The Foundation uses the actuarial method of recording annuities payable. Under this method, when a gift is received, the present value of the aggregate annuities payable is recorded as a liability, based upon life expectancy tables, and the remainder is recorded as net position. Investment income and gains are recorded as an increase to net assets without donor restrictions, and annuity payments and investment losses are charged to liability accounts with annual adjustments made between the liability and net assets without donor restrictions to record adjustment of the actuarial liability. Annuity investments are carried at fair value based on quoted market prices.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of presentation

The Foundation classifies net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment and funds to be used for student investment purposes.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor restrictions that limit the use of the donated assets. When a donor 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 Statement of Activities as net assets released from restriction.

The Foundation recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Foundation records events, sales and other revenue as exchange transaction revenue in its Statement of Activities for the year ended June 30, 2023. The Foundation records events, sales and other revenue equal to the fair value of the direct benefit to donors, and contribution revenue for the excess received at the point in time when the event or sale occurs. Any amounts received prior to the event date are recorded as unearned revenue.

Various economic factors could affect the recognition and cash flows, including the ability to hold special events, special event program attendance and prompt payment.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

*Significant Judgements*

There are no significant judgements involved in the recognition of revenue from events, sales and other.

*Contract Balances*

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue (contract liabilities) on the Statement of Financial Position. Contract liabilities are released as the performance obligations are met.

	June 30,	
	2023	2022
Accounts receivable	\$ -	\$ 565
Unearned revenue	5,446	4,961

Income taxes

The Internal Revenue Service (IRS) has issued a determination letter, dated August 19, 1982, indicating that the Foundation qualifies for federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code except for income taxes associated with unrelated business income. 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 2022, 2021, or 2020. 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 2019.

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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Allocated costs

Expenses are allocated on a functional basis among the Foundation's program and support services. Expenses that can be identified with a specific program and support service are allocated directly to their natural expense classification. Other expenses that are common to several functions have been allocated. Student wages, supplies and materials, postage, insurance, software support fees, professional services and subscription charges are allocated on the basis of estimates of time and effort.

Leases

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 Statement of Financial Position. Operating leases are included in operating right-of-use (ROU) assets and operating lease liabilities on the Statement of Financial Position.

The Foundation leases a golf practice and training facility. The lease payment for the golf practice and training facility was paid in full at the beginning of the lease term, therefore, there are no operating lease liabilities on the Statement 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.

Recently Issued Accounting Standards

In February 2016, the 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 balance sheet. 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.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Standards (Continued)

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 with no material impact as of July 1, 2022.

**3. CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances in financial institutions, which at times may exceed federally insured limits. The financial institution has pledged collateral to ensure cash balances in excess of the amounts exceeding federal insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

**4. PLEDGES RECEIVABLE**

Pledges receivable due in	
Less than one year	\$ 384,775
One to five years	449,130
Five or more years	31,203
Total pledges receivable	<u>865,108</u>
Allowance	(185,929)
Discount	<u>(83,875)</u>
Total	<u>\$ 595,304</u>

The discount rate used was 5% for the year ended June 30, 2023.

**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2023:

Cash and cash equivalents	\$ 926,737
Other receivable	<u>608</u>
Total financial assets and liquidity resources available within one year	<u>\$ 927,345</u>



**5. LIQUIDITY AND AVAILABILITY (Continued)**

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**6. INVESTMENTS**

Investments

The Foundation has pooled its operating cash and investments to provide for efficiencies and economies in its management. Investments are reported at fair value. The fair value is determined to be the amount, usually quoted market prices, at which financial instruments could be exchanged in a current transaction between willing parties. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Endowment investments

These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year. The Board has established a policy regarding spending net income with the stated purpose of ensuring that administrators of these funds are able to make the best possible use of the earnings of these funds while preserving the interests and intent of the donor, the Foundation and SIUE. The Foundation's Investment Policy is administered to all endowment funds unless exceptions have been stipulated by the donor. Under the policy established by the Board, endowment spendable distributions are calculated on an annual basis and can be between 3% and 5% of the previous 36-month average market value as of December 31<sup>st</sup>. The distribution rate is reviewed periodically by the investment committee in light of evolving trends with respect to investment returns and the rate of inflation. Adjustments will be made when appropriate.

**6. INVESTMENTS (Continued)**

Investment policy

The long-term objective of the Foundation is to earn a return sufficient to preserve the purchasing power of the Foundation for generations to come, as well as to provide for current needs. As a result, the long-term return objective is the sum of distributions, inflation, administrative costs, and net of management fees. The Foundation portfolio has adopted a “total return” investment approach; current income is considered a secondary consideration. The investment objectives are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. Over time, the Foundation will aim to achieve the total fund return goal while maintaining acceptable risk levels. To accomplish this goal, the fund will diversity its assets among several asset classes. Active managers are expected to provide returns greater than or equal to their appropriate benchmark while utilizing acceptable risk levels. Funds are invested in accordance with the approved Board policy for investments. The Foundation’s investment policy authorizes the Foundation to invest in U.S. and international equities, fixed income, absolute return and real assets.

**7. FAIR VALUE MEASUREMENTS**

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV’s are not included in Level 1, 2, or 3, but are separately reported.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. FAIR VALUE MEASUREMENTS (Continued)**

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2023.

Mutual funds, Exchange traded funds, and Common stocks: Valued at NAV of shares on the last trading day of the fiscal year.

Gift annuities: Valued using the fair value of the assets held in the trust and reported by the trustee as of June 30, 2023. The Foundation considers the measurement of its gift annuities to be a Level 2 measurement within the hierarchy because the measurement is based on the unadjusted fair value of the assets reported by the trustee and the Foundation will receive those assets in a future period.

Gift annuities obligations: Valued based on the present value of discounted expected cash flows and life expectancies. The present value was calculated using a discount rate of 4.2% - 5.6%. These are categorized as Level 2.

The preceding method described may produce a fair value calculation that may not be indicative of the net realizable or reflective future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Investments				
Mutual funds	\$ 30,229,991	\$ -	\$ -	\$ 30,229,991
Exchange Traded Funds	3,365,959	-	-	3,365,959
Common Stocks	17,104	-	-	17,104
Gift annuities	-	24,290	-	24,290
Total assets at fair value	<u>\$ 33,613,054</u>	<u>\$ 24,290</u>	<u>\$ -</u>	<u>\$ 33,637,344</u>
Investments measured at net asset value (NAV)				17,333,602
Money market funds*				134,843
Total investments				<u>\$ 51,105,789</u>
<b>LIABILITIES</b>				
Gift annuities obligations	<u>\$ -</u>	<u>\$ 19,084</u>	<u>\$ -</u>	<u>\$ 19,084</u>

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

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**7. FAIR VALUE MEASUREMENTS (Continued)**

Investments measured at NAV

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values. The Foundation values these investments based on the fund managers’ interim financial statements.

The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Foundation’s alternative investments measured at NAV as of June 30, 2023:

<b>Investments measured at NAV as of June 30, 2023</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mercer GMA (formerly CIO) Pinehurst Private Investment fund	\$ 15,174,067	-	monthly	15 days
	<u>2,159,535</u>	-	quarterly	100 days
Total Investments measured at NAV as of June 30, 2023	<u>\$ 17,333,602</u>			

The investment objective of the Mercer GMA (formerly CIO) Private Investment Fund (Fund) is to provide long-term total return at a reasonable risk tolerance level. To achieve its objective, the Fund invests in a diversified portfolio of investments based on an asset allocation methodology developed by the fund manager. The Fund values all of its investments on a fair value basis using various approaches. A fair value hierarchy for inputs is used in measuring the fair value of the Fund that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The investment objective of the Pinehurst private investment fund is to pursue a multi-strategy, multi-manager approach to hedge fund investing across four broad categories: long/short equity, event-driven/distressed, relative value (multi-strategy), and global macro. The fund invests in 25-30 underlying managers and emphasizes a bottom-up approach and seeks to drive returns through asset selection.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Buildings	\$ 2,639,877	\$ -	\$ -	\$ 2,639,877
Furniture, fixtures and equipment	168,196	55,070	-	223,266
Total	2,808,073	55,070	-	2,863,143
Accumulated depreciation, buildings	(1,410,132)	(67,975)	-	(1,478,107)
Accumulated depreciation, furniture, fixtures and equipment	(165,149)	(4,240)	-	(169,389)
Capital assets, net	<u>\$ 1,232,792</u>	<u>\$ (17,145)</u>	<u>\$ -</u>	<u>\$ 1,215,647</u>

**9. OVERHEAD RECOVERY FEE**

Donors have agreed to an investment fee as a percentage of assets under management. The Foundation receives a management fee which, for endowed investments, is 0.35% of the average endowment fund fair market valuation over the prior 36 month ends, as of December 31<sup>st</sup>.

For the year ended June 30, 2023, \$112,957 was collected from the endowment management fee and used for the general operations of the Foundation.

**10. CONTRIBUTED NONFINANCIAL ASSETS**

The Foundation received the following contributions of nonfinancial assets for the year ending June 30, 2023:

Engineering equipment and supplies	\$ 219,397
Auction items	23,005
Dental equipment and supplies	15,621
Clothing and other student consumables	<u>2,210</u>
Subtotal	260,233
Transfer from affiliate – budget allocations (in-kind contributions) from SIUE - personnel salaries and benefits	<u>348,797</u>
<b>TOTAL CONTRIBUTED NONFINANCIAL ASSETS</b>	<u><u>\$ 609,030</u></u>

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

**10. CONTRIBUTED NONFINANCIAL ASSETS (Continued)**

The Foundation receives contributed services from SIUE 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 Management and General function. The donated services are shown as a transfer from affiliate in the Statement of Activities and reported as without donor restrictions.

Contributed dental equipment and supplies and engineering equipment and supplies received by the Foundation are recorded as in-kind contribution revenue in the Statement of Activities and assets transferred to SIUE and gifts in kind transfers to SIUE in the Statement of Functional Expenses. The Foundation values the donated equipment and supplies using the current price located on a publicly available website for identical equipment and/or supply 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 equipment and supplies were utilized in the Foundation's program for the advancement of SIUE. The equipment and supplies were donor restricted to be used in SIUE's School of Dental Medicine and Engineering programs.

The Foundation receives items to be sold at its annual auction which are then monetized. Contributed auction items are valued at a verifiable fair market value upon receipt. If the auction event item purchaser pays more than the fair market value assigned to the item, additional gift receipt valuation is issued to the purchaser. 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 SIUE.

The Foundation also receives contributions of clothing and other student consumables. These donated items are valued at the wholesale prices that would be received for selling similar products or at an amount per a qualified appraiser. The clothing and other student consumables were used in the Foundation's program services. The clothing and other student consumables are reported as with donor restrictions.

**11. RETIREMENT PLAN**

All Foundation personnel are SIUE employees. Retirement benefits and post-employment benefits, other than pension, are available for eligible SIUE employees. Substantially all employees of SIUE contribute to the State Universities Retirement System of Illinois (SURS), a cost sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. Participants of SURS contribute 8% of their gross earnings. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.surs.org](http://www.surs.org). Additional information pertaining to SURS and the benefits can be found in SIUE's financial statements. That report may be obtained by accessing the website at [www.siu.edu](http://www.siu.edu).

**11. RETIREMENT PLAN (Continued)**

In addition to providing the above pension benefits, the State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services (CMS). Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force.

The health, dental, and vision benefits provided to, and contribution amounts required from, annuitants are the result of collective bargaining between the State and various unions that represent the State's and University's employees. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of CMS.

A copy of the financial statements of CMS may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, Illinois, 62706.

The Foundation does not own any of the plan assets and has no responsibility for the plan obligations.

For the year ended June 30, 2023, \$53,831 was contributed to SURS and CMS on behalf of Foundation personnel. These amounts are included in the amounts shown as transfer from affiliate - budget allocations (in-kind contributions) from SIUE in the accompanying Statement of Activities and salaries and benefits paid by SIUE in the accompanying Statement of Functional Expenses.

**12. TRANSACTIONS WITH RELATED PARTIES**

The Foundation has entered into a master contract with the Board of Trustees of SIUE which specifies the relationship between the two organizations in accordance with the Legislative Audit Commission's University Guidelines, 1997. Among the provisions of the master contract is a requirement that the Foundation and SIUE provide services to each other to be reimbursed based on actual costs within the approved budgetary limits.

During the year, the Foundation received \$207,865 from SIUE to offset expenses of Foundation operations. Total cash payments from SIUE for the year ended June 30, 2023 was \$207,865, and is included as Transfer from affiliates - Payments from SIUE in the accompanying Statement of Activities.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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**12. TRANSACTIONS WITH RELATED PARTIES (Continued)**

Foundation staff are employed by SIUE. The Foundation recognizes as revenue and expense those on-behalf payments for salaries and fringe benefits made by SIUE for personnel of the Foundation. This amount totaled \$348,797 (including retirement payments described in Note 11), for the year ended June 30, 2023 and is reflected as transfer from affiliate - budget allocations (in-kind contributions) from SIUE in the accompanying Statement of Activities and salaries and benefits paid by SIUE in the accompanying Statement of Functional Expenses.

In accordance with its corporate purposes, the Foundation solicits and accepts gifts for SIUE. The Foundation receives cash gifts, which are recorded on the Foundation's books. Certain gifts are forwarded to SIUE in the form of scholarships, cash grants or expenses for the benefit of SIUE. The Foundation also receives certain noncash gifts, which are recorded on the Foundation's books and then forwarded to SIUE.

The Foundation has entered into a contract with the Board of Trustees of SIUE to provide all aspects of coordination of alumni services. Under the terms of the contract, SIUE provided the Foundation with \$40,000 for the year ended June 30, 2023, which is included in Transfer from affiliates – Payments from SIUE in the accompanying Statement of Activities.

During the year ended June 30, 2023, the Foundation expended \$100,809 for Alumni Association services and activities.

The Foundation maintains restricted fund accounts for various campus units. Some of these disbursements are paid by SIUE and then invoiced to the Foundation for reimbursement. As of June 30, 2023, the Foundation included on the Statement of Financial Position \$143,106 for accounts payable – SIUE for such reimbursements.

Transactions with the University for the year ended June 30, 2023 are as follows:

	Year Ending June 30, 2023				
	Southern Illinois University				
	Due from SIUE-F	Deposits with SIUE	Due to SIUE-F	Operating Expenses	Non-operating Revenues
SIUE Foundation					
Accounts payable and other liabilities	\$ 143,106	\$ -	\$ -	\$ -	\$ -
Deposits held for SIUE Foundation	-	616,964	-	-	-
Operating revenue - payments from SIU	-	-	-	207,865	-
Operating revenue - transfer from affilia	-	-	-	348,797	-
Operating expense	-	-	-	-	6,642,950



**12. TRANSACTIONS WITH RELATED PARTIES (Continued)**

The Foundation offices are located at B. Bernard Birger Hall, which is positioned on land for which the Foundation has an agreement dated June 14, 1999, with SIUE. The agreement states that the Foundation shall surrender the premises and all improvements upon expiration or termination of the agreement. The sole right to use and occupy the land rests with the Foundation under the agreement dated June 14, 1999 as long as the Foundation uses the property for the purposes under which it was incorporated.

The Foundation maintains a substantial portion of its cash and investments at a financial institution which has a common Board member with the Foundation.

**13. ASSETS HELD FOR RESALE**

Other assets classified as assets held for resale at June 30, 2023 include a staircase valued at \$450,000, lithographs valued at \$61,650, and miscellaneous other assets valued at approximately \$1,950. The staircase is valued at appraised value and the artwork and historical treasures are carried at fair value based upon appraised amounts or auction values published by internationally recognized auction houses for similar type objects.

**14. NET ASSETS WITH DONOR RESTRICTION**

Net Assets with donor restrictions at June 30, 2023 are available for the following purposes or periods:

Student support – scholarships & awards	\$ 7,896,402
Instructional research/public service	1,667,619
Academic and athletic support	10,506,307
Time restricted for future periods	786,779
Endowment net assets- restricted in perpetuity	<u>31,732,149</u>
Total	<u>\$ 52,589,256</u>

**15. ENDOWMENT FUNDS**

The Foundation's endowment pool consists of various donor restricted endowment funds and funds designated as endowment (quasi-endowment) by the Board of Directors. Net assets associated with endowment funds, including funds designated to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (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.

**15. ENDOWMENT FUNDS (Continued)**

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity remain in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation.

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 expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

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

- 1) the duration and preservation of the endowment;
- 2) the purposes of the Foundation and the donor-restricted endowment;
- 3) general economic conditions;
- 4) the possible effect of inflation and deflation;
- 5) the expected total return from income and the appreciation of investments;
- 6) other resources of the Foundation; and
- 7) the investment policies of the Foundation.

The Foundation has adopted investment and spending policies for its Endowment pool. The objective of these policies is to provide the Foundation a predictable spending budget for its programs while protecting the principle of the endowments in the pool.

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. Such endowments are often referred to as "underwater" endowments. Deficiencies of this nature existed in 8 donor restricted endowment funds, which together had an original gift value of \$706,888, and a deficiency of \$6,224 as of June 30, 2023.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. ENDOWMENT FUNDS (Continued)**

Endowment net assets as of June 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 626,043	\$ -	\$ 626,043
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	31,732,149	31,732,149
Accumulated investment gains	-	3,569,133	3,569,133
 Total funds	 \$ 626,043	 \$35,301,282	 \$35,927,325

The changes in endowment net assets for the year ended June 30, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 596,238	\$31,924,221	\$32,520,459
Investment income	53,377	3,137,737	3,191,114
Contributions	-	1,353,276	1,353,276
Apportioned for expenditure	(23,572)	(1,113,952)	(1,137,524)
 Endowment net assets, end of year	 \$ 626,043	 \$35,301,282	 \$35,927,325

**16. RISK MANAGEMENT**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. With the exception of employee health risks, the Foundation has purchased commercial insurance to cover these risks. The employee health coverage is purchased by SIUE and is included in the salaries and benefits paid by SIUE on the Statement of Functional Expenses. Settlements have not exceeded insurance coverages for each of the past three fiscal years.

**SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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**17. COMMITMENTS**

During fiscal year 2023 the Foundation executed a contract for accounting and fundraising cloud computing software. The remaining future payments for the contract is \$286,517 through the year ended June 30, 2026.

**18. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through October 11, 2023, which is the date that these financial statements were available for issuance and determined that there were no additional significant non-recognized subsequent events through that date.