
Northern Illinois University Foundation

Consolidated Financial Report
June 30, 2023

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Independent Auditor's Report

To the Board of Directors
Northern Illinois University Foundation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

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

To the Board of Directors
Northern Illinois University Foundation

In performing audits in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

October 10, 2023

Northern Illinois University Foundation

Consolidated Statement of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 5,532,974	\$ 5,362,606
Investments	151,958,591	136,704,804
Student Managed Portfolio	1,151,152	884,097
Receivables - Net of allowances:		
Pledges receivable	4,644,441	4,374,267
Other accounts receivable	-	33,140
Prepaid expenses and other assets	382,015	331,887
Property and equipment - Net	21,395,993	21,562,394
	<u>\$ 185,065,166</u>	<u>\$ 169,253,195</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 526,338	\$ 548,487
Due to NIU	2,028,657	896,102
Travel deposits	54,000	190,250
Agency - Endowment and gift accounts administered for NIU	12,016,706	11,580,072
Annuity liability	715,074	516,330
	<u>15,340,775</u>	<u>13,731,241</u>
Net Assets		
Net assets without donor restrictions:		
Undesignated	14,073,270	11,403,232
Board designated:		
Board designated for grants	596,104	696,106
Board-designated endowment	2,734,306	2,656,060
Board designated invested in property and equipment - Net of related debt	21,395,993	21,694,498
Total board designated	<u>24,726,403</u>	<u>25,046,664</u>
Total net assets without donor restrictions	38,799,673	36,449,896
Net assets with donor restrictions	<u>130,924,718</u>	<u>119,072,058</u>
Total net assets	<u>169,724,391</u>	<u>155,521,954</u>
Total liabilities and net assets	<u>\$ 185,065,166</u>	<u>\$ 169,253,195</u>

Northern Illinois University Foundation

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support						
Contributions	\$ 2,319,617	\$ 13,285,189	\$ 15,604,806	\$ 2,445,740	\$ 16,566,260	\$ 19,012,000
Contributed service revenue	3,989,305	-	3,989,305	3,693,568	-	3,693,568
Travel program	720,821	-	720,821	460,876	-	460,876
Services contract revenue	743,600	-	743,600	743,600	-	743,600
Membership dues	-	-	-	39,248	-	39,248
Sponsorships	63,240	-	63,240	126,480	-	126,480
Royalties	38,469	-	38,469	38,096	-	38,096
Investment income (losses) - Net	656,584	8,886,804	9,543,388	(1,474,074)	(10,353,883)	(11,827,957)
Other income	248,205	43,086	291,291	196,703	257,466	454,169
Net assets released from restrictions	10,362,419	(10,362,419)	-	5,022,273	(5,022,273)	-
Total revenue, gains, and other support	19,142,260	11,852,660	30,994,920	11,292,510	1,447,570	12,740,080
Expenses						
Program services:						
University departments and programs	7,524,590	-	7,524,590	6,221,326	-	6,221,326
Scholarships	2,829,385	-	2,829,385	2,755,944	-	2,755,944
Total program services	10,353,975	-	10,353,975	8,977,270	-	8,977,270
Support services:						
Management and general	2,401,843	-	2,401,843	2,476,787	-	2,476,787
Fundraising	4,036,665	-	4,036,665	3,161,242	-	3,161,242
Total support services	6,438,508	-	6,438,508	5,638,029	-	5,638,029
Total expenses	16,792,483	-	16,792,483	14,615,299	-	14,615,299
Increase (Decrease) in Net Assets	2,349,777	11,852,660	14,202,437	(3,322,789)	1,447,570	(1,875,219)
Net Assets - Beginning of year	36,449,896	119,072,058	155,521,954	39,772,685	117,624,488	157,397,173
Net Assets - End of year	\$ 38,799,673	\$ 130,924,718	\$ 169,724,391	\$ 36,449,896	\$ 119,072,058	\$ 155,521,954

See notes to consolidated financial statements.

Northern Illinois University Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services			Support Services			Total
	Program	Scholarships	Total	Management and General	Fundraising	Total	
Scholarships	\$ -	\$ 2,829,385	\$ 2,829,385	\$ -	\$ -	\$ -	\$ 2,829,385
Foundation support for personnel services	2,110,247	-	2,110,247	1,619,935	3,044,342	4,664,277	6,774,524
Professional services	575,777	-	575,777	195,567	541,568	737,135	1,312,912
Accounting fees	-	-	-	54,914	-	54,914	54,914
Legal fees	250	-	250	114,776	3,328	118,104	118,354
Advertising and promotion	201,924	-	201,924	17,814	6,291	24,105	226,029
Office supplies	163,224	-	163,224	12,695	25,643	38,338	201,562
Office expense	412,967	-	412,967	139,034	258,633	397,667	810,634
Equipment rental and maintenance	315,022	-	315,022	62,829	8,841	71,670	386,692
Travel	1,043,413	-	1,043,413	22,274	106,608	128,882	1,172,295
Travel program	630,735	-	630,735	-	-	-	630,735
Conferences, conventions, and meetings	752,083	-	752,083	69,340	39,933	109,273	861,356
Insurance	3,219	-	3,219	81,772	-	81,772	84,991
Depreciation	627,047	-	627,047	-	-	-	627,047
Assets transferred to NIU	409,659	-	409,659	-	-	-	409,659
Taxes	1,348	-	1,348	-	331	331	1,679
Other	277,675	-	277,675	10,893	1,147	12,040	289,715
Total functional expenses	\$ 7,524,590	\$ 2,829,385	\$ 10,353,975	\$ 2,401,843	\$ 4,036,665	\$ 6,438,508	\$ 16,792,483

Northern Illinois University Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services			Support Services			Total
	Program	Scholarships	Total	Management and General	Fundraising	Total	
Scholarships	\$ -	\$ 2,755,944	\$ 2,755,944	\$ -	\$ -	\$ -	\$ 2,755,944
Foundation support for personnel services	2,085,913	-	2,085,913	1,513,685	2,360,247	3,873,932	5,959,845
Professional services	579,357	-	579,357	380,589	533,927	914,516	1,493,873
Accounting fees	-	-	-	46,800	-	46,800	46,800
Legal fees	6,975	-	6,975	134,751	2,847	137,598	144,573
Advertising and promotion	6,342	-	6,342	1,500	1,347	2,847	9,189
Office supplies	83,435	-	83,435	37,400	6,852	44,252	127,687
Office expense	602,723	-	602,723	134,027	166,951	300,978	903,701
Equipment rental and maintenance	116,057	-	116,057	54,770	8,325	63,095	179,152
Travel	631,626	-	631,626	20,109	46,921	67,030	698,656
Travel program	390,999	-	390,999	-	-	-	390,999
Conferences, conventions, and meetings	633,816	-	633,816	58,741	26,373	85,114	718,930
Insurance	27,305	-	27,305	72,437	-	72,437	99,742
Depreciation	618,156	-	618,156	1,010	1,010	2,020	620,176
Assets transferred to NIU	269,374	-	269,374	-	-	-	269,374
Taxes	45,575	-	45,575	3,868	-	3,868	49,443
Other	123,673	-	123,673	17,100	6,442	23,542	147,215
Total functional expenses	\$ 6,221,326	\$ 2,755,944	\$ 8,977,270	\$ 2,476,787	\$ 3,161,242	\$ 5,638,029	\$ 14,615,299

Northern Illinois University Foundation

Consolidated Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Expendable gifts received	\$ 13,238,446	\$ 11,574,968
Payments from services contract with NIU	743,600	743,600
Membership dues received	-	39,322
Events and program fees received	225,564	351,882
Sponsorships and royalties	134,849	164,633
Travel tour fees received	584,571	382,460
Payments for travel tours	(630,735)	(390,999)
Rental income	1,905	1,805
Foundation operations and fundraising expense	(2,746,210)	(3,037,650)
Scholarships and other expense on behalf of NIU	(9,656,639)	(7,452,468)
Equipment and software transferred to NIU	(409,659)	(269,374)
Other operating revenue	90,938	17,409
	<u>1,576,630</u>	<u>2,125,588</u>
Net cash and cash equivalents provided by operating activities	1,576,630	2,125,588
Cash Flows from Investing Activities		
Purchase of property and equipment	(460,646)	(188,346)
Proceeds from sale and maturities of investments	(44,302,198)	(33,532,404)
Purchase of investments	42,010,745	33,121,020
Interest and dividend income reinvested	(3,771,787)	(3,412,600)
Payment of investment fees	348,054	339,942
	<u>(6,175,832)</u>	<u>(3,672,388)</u>
Net cash and cash equivalents used in investing activities	(6,175,832)	(3,672,388)
Cash Flows from Capital and Related Financing Activities		
Gifts received for endowment purposes	4,616,140	1,365,721
Payments on charitable remainder unitrust (CRUT) liabilities	153,430	127,402
	<u>4,769,570</u>	<u>1,493,123</u>
Net cash and cash equivalents provided by capital and related financing activities	4,769,570	1,493,123
Net Increase (Decrease) in Cash and Cash Equivalents	170,368	(53,677)
Cash and Cash Equivalents - Beginning of year	<u>5,362,606</u>	<u>5,416,283</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 5,532,974</u></u>	<u><u>\$ 5,362,606</u></u>

Northern Illinois University Foundation

Consolidated Statement of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash and Cash Equivalents from Operating Activities		
Increase (decrease) in net assets	\$ 14,202,437	\$ (1,875,219)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	627,047	620,176
Investment income	(9,264,558)	12,193,850
Gifts received for endowment purposes	(4,616,140)	(711,780)
New CRUT gift	-	(8,534,490)
Change in value of split-interest agreements	(652,040)	(29,322)
Increase (decrease) in assets and liabilities:		
Receivables	33,140	56
Prepaid expenses and other assets	(50,130)	213,948
Pledges receivables	(270,174)	(324,650)
Accounts payable and accrued expenses	134,108	26,872
Due to NIU	1,132,556	550
Agency - NIU	436,634	624,014
Deferred revenue	(136,250)	(78,417)
Total adjustments	<u>(12,625,807)</u>	<u>4,000,807</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 1,576,630</u>	<u>\$ 2,125,588</u>

June 30, 2023 and 2022

Note 1 - Nature of Business

Northern Illinois University Foundation (the "Foundation") was established in 1949 as an independent, privately governed not-for-profit corporation chartered under the laws of the State of Illinois.

The Foundation's mission is to energize and connect the private sector with the Northern Illinois University (NIU) community to secure and steward resources that support the future and growth of NIU. The Foundation fulfills this mission primarily through fundraising and asset management functions. The Foundation solicits and accepts donations of property, money, and securities and invests and administers such assets. The Foundation disburses funds in accordance with the terms under which they were given to aid, supplement, improve, and enlarge the educational, cultural, recreational, and research activities and facilities of NIU. More detailed information regarding the Foundation and its charitable activities can be obtained from the Foundation's website at www.niufoundation.org.

In November 2019, the Foundation authorized the formation of a subsidiary for real estate. NIU Real Estate Foundation is consolidated into the Foundation.

In June 2020, the Foundation authorized the formation of a subsidiary related to travel activities conducted through the Northern Illinois University Alumni Association (the "Association"). Alumni Association Travel Program LLC is consolidated into the Foundation.

On July 1, 2020, the Foundation acquired the Association into a single organization that represents the long-standing close working relationship. The Association continues to work to establish mutually beneficial relations between NIU and its alumni and promote the interests of NIU. The Association fulfills this mission primarily through communicating the message of excellence and creating opportunities for alumni and friends of NIU to interact with the NIU community. More detailed information regarding the Association and its charitable activities can be obtained from the Association's website at www.myniu.com. The Foundation assumed all assets and liabilities of the Association at fair value upon acquisition and recorded the net amount as a contribution on the consolidated statement of activities and changes in net assets.

A breakdown of activity for both subsidiaries is include in Note 9.

Note 2 - Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

The financial statements include the accounts of the Foundation and all of its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

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

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

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

Note 2 - Significant Accounting Policies (Continued)

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

Use of Estimates

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

Cash Equivalents

For the purpose of the accompanying financial statements, the Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Foundation maintains its cash in banks that at times may exceed federally insured limits. The Foundation has not experienced any losses.

Investments

The Foundation's investments are reported at fair value. Donated investments are reflected as contributions at their fair values at the date the donor relinquishes control. Gain or loss on the sale of investments is computed using the specific recorded costs of each security. Investment income is recorded on the accrual basis and is reported in the consolidated statement of activities and changes in net assets.

The Foundation's investments are exposed to various risks, such as interest rate, credit risk, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the consolidated statement of financial position.

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

Student Managed Portfolio

The Foundation sponsors two programs that provide students with experience managing live investments. The Student Managed Portfolio program is a competitive-entry class where, under the oversight of a faculty advisor, students act as fiduciaries and manage a portfolio of equity investments within the endowment fund and interact with the Foundation for real-world client interaction experiences. During the year ended June 30, 2023, a new donor-initiated program was launched, with students trading in equity options was launched. Through these programs, the Foundation provides valuable real-life experiences to further students' education.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Long-lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Pledge receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Conditional promises to give are not recognized as revenue until barriers prescribed by the pledge agreements are overcome. The Foundation records cash received in advance of meeting conditions as a refundable advance on the consolidated statement of financial position. As of June 30, 2023, there were no conditional promises to give.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value when the services received required specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services include services received from skilled personnel from NIU. Contribution revenue recognized from contributed services totaled \$3,989,305 and \$3,693,568 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing various program and other services have been reported on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Costs are charged to program services and support services on an actual basis when available. In addition, costs may be allocated between the program function, including scholarships, and support function based on various methods and estimates. Allocations for personnel expenses are based on estimates of time and effort of personnel involved in each function. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Program expenses include activities relating to the purpose of the Foundation's mission. Examples of activities included in program expenses are alumni engagement, travel programs, real estate, student advocacy, and NIU-related communications.

Note 2 - Significant Accounting Policies (Continued)

Supporting service expenses are activities other than program services that include management and general activities and fundraising activities. Management and general activities include oversight, business management, and administrative activities; specific examples include, but are not limited to, portions of salaries, committee and staff meetings, legal expenses, accounting and auditing expense, and office management. Fundraising activities include activities related to fundraising campaigns; specific examples include, but are not limited to, fundraising publicity, soliciting bequests, preparing and distributing fundraising literature, and special events.

Agency - Endowment and Gift Accounts Administered for NIU

According to the services agreement, the Foundation administers and manages gifts and gift balances for funds owned by NIU. Gifts are owned by NIU when the gift instrument names NIU and not the Foundation. The result is cost efficiency, and all gifts are managed to the same standard of care.

The Foundation adopted the accounting treatment prescribed by generally accepted accounting principles, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, and, accordingly, records the funds received on behalf of others as a liability.

Travel Deposits

Deposits are collected prior to the start date of various alumni trips and are recorded as travel deposits in the consolidated statement of financial position. The funding received is used to fund the associated travel-related costs, which are paid before and after the trip takes place.

Endowment Spending Allocation and Fee

The endowment spending policy adopted by the Foundation's board of directors (the "Board"), in conjunction with the strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends and realized and unrealized gains and losses, net of investment management fees.

The annual spending is currently 4 percent of the three-year-average fund balance.

The Foundation's endowment spending allocation policy was enacted in accordance with the Illinois State Prudent Management of Institutional Funds Act (SPMIFA). SPMIFA considers prudence in maintaining an endowment fund in perpetuity.

The Foundation expects the spending allocation and endowment fee policies to allow endowments to grow, on average, at least at the annualized rate of inflation. This is consistent with the Foundation's objective of providing resources for the underlying purposes of endowment assets over the life of the endowments and to provide additional growth through new gifts and investment return.

In addition, an endowment fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities. This annual fee is also assessed based on market value at a rate of 1.5 percent.

Income Taxes

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 10, 2023, which is the date the financial statements were available to be issued.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 3 - Investments

The details of the Foundation's investments and the Student Managed Portfolio at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
U.S. Treasury securities	\$ 302,238	\$ 550,306
Equity:		
Domestic equity - Large/Mid cap	27,487,031	23,534,809
Domestic equity - Small cap	7,920,024	6,842,466
International equity	24,961,189	22,181,675
Private equity	9,619,790	10,195,493
Hedged strategies	9,040,552	9,106,136
Public fixed income	39,671,071	32,325,299
Private debt	2,437,845	2,389,048
Public real assets	11,783,921	11,938,649
Private natural resources	5,864,426	5,732,429
Private real estate	4,392,780	3,825,323
	<u>143,480,867</u>	<u>128,621,633</u>
Total	143,480,867	128,621,633
Funds held in trust by others	<u>9,628,876</u>	<u>8,967,268</u>
Total	<u>\$ 153,109,743</u>	<u>\$ 137,588,901</u>

Total investment income for the years ended June 30 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 3,806,754	\$ 3,023,923
Net realized and unrealized gains (losses) on investments reported at fair value	6,218,713	(14,717,392)
Investment fees	<u>(482,079)</u>	<u>(134,488)</u>
Total	<u>\$ 9,543,388</u>	<u>\$ (11,827,957)</u>

The Foundation's Board is responsible for the management of the Foundation's investments. The investment committee formulates an investment policy for funds and assets of the Foundation, provides that policy to the Board for approval, periodically recommends changes in policy as appropriate, interprets the policy to the Foundation's investment managers, and oversees implementation of that policy. Investment performance is reviewed regularly by the investment committee. There are two primary investment strategies that are executed in different investment pools.

Endowed funds and funds initially received as expendable, but board designated as endowment, are invested with a long-term horizon. Expendable gift funds are invested with an intermediate-term strategy based upon historical patterns of usage.

In fulfilling its responsibilities, the Board has contracted with an independent investment advisory firm and a number of investment management firms to execute the strategy it has established.

The Foundation's permissible investment categories include:

- Equities
- Fixed-income securities
- Cash equivalents
- Venture capital/Private equity
- Equity real estate
- Hedge funds
- Real assets

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 4 - Fair Value Measurements

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

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Balance at June 30, 2023
Assets					
U.S. Treasury securities	\$ -	\$ 302,238	\$ -	\$ -	\$ 302,238
Equity:					
Domestic equity - Large/Mid cap	27,487,031	-	-	-	27,487,031
Domestic equity - Small cap	7,920,024	-	-	-	7,920,024
International equity	22,952,566	-	-	2,008,623	24,961,189
Private equity	-	-	-	9,619,790	9,619,790
Hedged strategies	882,200	-	-	8,158,352	9,040,552
Public fixed income	39,671,071	-	-	-	39,671,071
Private debt	-	-	-	2,437,845	2,437,845
Public real assets	7,537,745	-	-	4,246,176	11,783,921
Private natural resources	-	-	-	5,864,426	5,864,426
Private real estate	-	-	-	4,392,780	4,392,780
Total equities	106,450,637	-	-	36,727,992	143,178,629
Funds held in trust by others - Domestic equity - Large/Mid cap	9,628,876	-	-	-	9,628,876
Total assets	\$ 116,079,513	\$ 302,238	\$ -	\$ 36,727,992	\$ 153,109,743

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Balance at June 30, 2022
Assets					
U.S. Treasury securities	\$ -	\$ 550,306	\$ -	\$ -	\$ 550,306
Equity:					
Domestic equity -					
Large/Mid cap	23,534,809	-	-	-	23,534,809
Domestic equity - Small cap	6,842,466	-	-	-	6,842,466
International equity	20,161,277	-	-	2,020,398	22,181,675
Private equity	-	-	-	10,195,493	10,195,493
Hedged strategies	1,515,142	-	-	7,590,994	9,106,136
Public fixed income	32,325,299	-	-	-	32,325,299
Private debt	-	-	-	2,389,048	2,389,048
Public real assets	7,205,162	-	-	4,733,487	11,938,649
Private natural resources	-	-	-	5,732,429	5,732,429
Private real estate	-	-	-	3,825,323	3,825,323
Total equities	91,584,155	-	-	36,487,172	128,071,327
Funds held in trust by others -					
Domestic equity - Large/Mid cap	8,967,268	-	-	-	8,967,268
Total assets	\$ 100,551,423	\$ 550,306	\$ -	\$ 36,487,172	\$ 137,588,901

Investments in Entities that Calculate Net Asset Value per Share

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

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

	Investments Held at June 30, 2023	
	Fair Value	Unfunded Commitments
Hedge funds/Alternative investments	\$ 12,404,528	\$ -
Private equity fund	24,323,464	8,906,125
Total	\$ 36,727,992	\$ 8,906,125
	Investments Held at June 30, 2022	
	Fair Value	Unfunded Commitments
Hedge funds/Alternative investments	\$ 12,324,481	\$ -
Private equity fund	24,162,691	3,962,940
Total	\$ 36,487,172	\$ 3,962,940

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

The hedge fund and alternative investments class includes investments in funds that invest in multiple limited partnerships with various investment strategies and long and short positions in equity securities of companies within the United States of America (U.S.) and outside of the U.S. These funds can be redeemed daily, monthly, quarterly, annually, or biennially, depending on the partnership agreement, within redemption notice periods of one to four months.

The private equity funds class includes funds that invest in the following types of investments in the U.S. and outside the U.S. venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships and special situation partnerships, and real estate. These investments cannot be redeemed during the life of the partnership, which can be up to 12 years; however, they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV provided by the fund manager and an adjustment determined by management for the time period between the date of the last available NAV from the investment manager and June 30, 2023 and 2022.

Note 5 - Pledges Receivable

Included in pledges receivable are several unconditional promises to give. They are included as follows as of June 30:

	2023	2022
Amounts due in:		
Less than one year	\$ 1,700,755	\$ 1,528,491
One to five years	2,703,459	2,645,846
More than five years	601,000	758,000
Pledges receivable - Gross	5,005,214	4,932,337
Less allowance for uncollectible contributions	(185,380)	(148,686)
Less allowance for net present value discount (at 5.47 percent and 2.55 percent rate at June 30, 2023 and 2022, respectively)	(175,393)	(409,384)
Pledges receivable - Net	<u>\$ 4,644,441</u>	<u>\$ 4,374,267</u>

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022	Depreciable Life - Years
Land	\$ 3,861,333	\$ 3,861,333	-
Building and building improvements	24,675,715	24,675,715	15-40
Furniture and fixtures	186,249	120,841	5
Construction in progress	555,284	160,046	-
Total cost	29,278,581	28,817,935	
Accumulated depreciation	7,882,588	7,255,541	
Net property and equipment	<u>\$ 21,395,993</u>	<u>\$ 21,562,394</u>	

Depreciation expense for 2023 and 2022 was \$627,047 and \$620,176, respectively. Included in building and building improvements are two buildings, the Yordon Center and the Chessick Practice Center, that are leased back to NIU.

Northern Illinois University Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 7 - Funds Held in Trust and Remainder Interest Due to Others

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use. Assets held in the charitable remainder trusts are recorded at fair value of \$9,628,876 and \$8,967,268 as of June 30, 2023 and 2022, respectively, and are included with investments on the consolidated statement of financial position. The Foundation has recorded a liability at June 30, 2023 and 2022 of \$715,074 and \$516,330, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 4.2 percent and 3.6 percent as of 2023 and 2022, respectively, and applicable mortality tables. The portion of the trust attributable to the future interest of the Foundation was recorded in the consolidated statement of activities and changes in net assets as contributions with donor restrictions in the period the trust was established.

Note 8 - Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to expenditures for a specified purpose:		
University departments and programs	\$ 23,049,376	\$ 18,927,149
Scholarships	<u>14,964,983</u>	<u>13,975,710</u>
Subtotal	38,014,359	32,902,859
Endowment gifts and earnings subject to expenditure for a specific purpose:		
University departments and programs	39,645,465	36,321,525
Scholarships	<u>53,264,894</u>	<u>49,847,674</u>
Subtotal	<u>92,910,359</u>	<u>86,169,199</u>
Total net assets with donor restrictions	<u>\$ 130,924,718</u>	<u>\$ 119,072,058</u>
Purpose restrictions accomplished:		
University departments and programs	\$ 4,419,513	\$ 3,350,825
Scholarships	2,829,385	2,755,944
Endowment administrative fee	1,354,232	1,379,145
Investment income (losses) appropriated for spending	<u>1,759,289</u>	<u>(2,463,641)</u>
Total net assets released from restrictions	<u>\$ 10,362,419</u>	<u>\$ 5,022,273</u>

Note 9 - Subsidiaries

The Foundation has two subsidiaries: NIU Real Estate Foundation and Alumni Association Travel Program LLC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 9 - Subsidiaries (Continued)

Included in the consolidated statements of financial position, activities and changes in net assets, and functional expenses is the following activity related to the Foundation's subsidiaries as of and for the years ended June 30:

	2023		2022	
	NIU Real Estate Foundation	Alumni Association Travel Program LLC	NIU Real Estate Foundation	Alumni Association Travel Program LLC
Assets	\$ (29,125)	\$ 120,252	\$ (23,517)	\$ 241,785
Liabilities	(2,200)	(54,750)	(1,000)	(190,345)
Net assets	(31,325)	65,502	(24,517)	51,440
Revenue	1,320	721,249	-	460,877
In-kind service revenue	-	-	-	107,117
Expenses	(8,128)	(707,187)	(15,992)	(516,554)
Change in net assets	(6,808)	14,062	(15,992)	51,440
Beginning net assets	(24,517)	51,440	(8,525)	-
Ending net assets	<u>\$ (31,325)</u>	<u>\$ 65,502</u>	<u>\$ (24,517)</u>	<u>\$ 51,440</u>

Note 10 - Endowment

The Foundation's endowment consists of approximately 580 individual funds established for a variety of purposes plus endowment pledges receivable and split-interest agreements. The endowment includes donor-restricted endowment funds, funds designated by the Board to function as endowments, and donor-restricted funds designated by the Board to act as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

Northern Illinois University Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 10 - Endowment (Continued)

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

Endowment net asset composition by type of fund as of June 30 was as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,734,306	\$ -	\$ 2,734,306	\$ 2,656,060	\$ -	\$ 2,656,060
Donor-restricted endowment funds:						
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	65,356,509	65,356,509	-	60,517,723	60,517,723
Accumulated investment gains	-	27,553,850	27,553,850	-	25,651,476	25,651,476
Total	\$ 2,734,306	\$ 92,910,359	\$ 95,644,665	\$ 2,656,060	\$ 86,169,199	\$ 88,825,259

Changes in endowment net assets for the years ended June 30 were as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 2,656,060	\$ 86,169,199	\$ 88,825,259	\$ 2,957,109	\$ 94,923,951	\$ 97,881,060
Investment return:						
Investment income	56,255	1,833,386	1,889,641	59,537	1,900,609	1,960,146
Net appreciation (losses) (realized and unrealized)	132,956	4,693,725	4,826,681	(250,097)	(8,055,206)	(8,305,303)
Total investment return	189,211	6,527,111	6,716,322	(190,560)	(6,154,597)	(6,345,157)
Contributions	-	4,616,140	4,616,140	-	1,365,721	1,365,721
Endowment spending allocation	(102,716)	(3,131,362)	(3,234,078)	(101,157)	(2,586,731)	(2,687,888)
Endowment administrative fee	(8,249)	(1,270,729)	(1,278,978)	(9,332)	(1,379,145)	(1,388,477)
Endowment net assets - End of year	\$ 2,734,306	\$ 92,910,359	\$ 95,644,665	\$ 2,656,060	\$ 86,169,199	\$ 88,825,259

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 10 - Endowment (Continued)

Endowment assets are long term in nature and managed as such on a total return basis. There are certain short-term considerations in constructing the endowment investment portfolio, such as spending allocations and annual operating support. However, the assets can tolerate a reasonable level of short-term volatility in the interest of maximizing long-term performance. In order to attain the varied investment objectives, a proper balance must be achieved between return and risk. With a proper risk/return profile, the Foundation believes maintaining real purchasing power of the spending allocation and meeting annual funding needs can be achieved over time through the asset allocation and spending policies adopted by the Board.

The Foundation utilizes a diversified asset allocation consisting of growth strategies (primarily equity-based investments), inflation-hedging strategies to protect against inflation and provide purchasing power (strategies with significant correlations to inflation), and risk-minimizing strategies to reduce volatility and preserve capital (fixed-income and other strategies with low correlations to equities). Investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends).

Endowment in agency funds are assets received and held on behalf of NIU, which are managed and commingled as part of the overall investment portfolio. Changes in endowment in agency funds for the years ended June 30 were as follows:

	Changes in Endowment in Agency Funds	
	2023	2022
Endowment in agency - Beginning of year	\$ 5,031,379	\$ 5,643,249
Investment return:		
Investment income	105,895	113,410
Net appreciation (losses) (realized and unrealized)	249,869	(473,643)
Total investment return	355,764	(360,233)
Contributions	2,850	-
Endowment spending allocation	(194,397)	(168,640)
Endowment administrative fee	(73,886)	(82,997)
Endowment in agency - End of year	\$ 5,121,710	\$ 5,031,379

Underwater Endowment Funds

As of June 30, 2023 and 2022, there were funds where the fair market value had fallen below the original gift value. The underwater value was \$72,750 and \$165,097, respectively.

Note 11 - NIU Support

The Foundation makes payments on behalf of, or directly to, NIU in support of NIU's mission. Such amounts are classified as program support on the consolidated statement of activities and changes in net assets. There are two primary sources of foundation funds available to NIU: charitable gifts contributed to the Foundation that are immediately available for expenditure and spending allocation from the accumulated investment earnings of individual endowment funds (see Note 10). Additionally, the Foundation makes grants from funds without donor restrictions. Total expenses by the Foundation in support of NIU in accordance with the donated purpose were \$10,353,975 and \$8,977,270 for the years ended June 30, 2023 and 2022, respectively. Fluctuations in spending are driven by the Foundation's current availability of support and the needs of NIU.

Note 12 - Transactions with NIU and the State of Illinois

The Foundation was formed for the purpose of providing fundraising services and other assistance to NIU to attract private gifts to support NIU's instructional, research, and public services activities. In this capacity, the Foundation solicits, receives, holds, and administers gifts for the benefit of NIU.

The Foundation has entered into a contract with the board of trustees of NIU, which specifies the relationship between the two organizations in accordance with the Legislative Audit Commission's University Guidelines, 1982, and last amended in 2014. Among the provisions of the contract is a requirement that the Foundation and NIU will provide services to each other to be reimbursed on an actual basis up to approved budgetary limits. The Foundation provides fundraising services for the benefit of NIU. The contract requires NIU to provide services up to specified limits and to provide other support, as described below. These amounts are reflected in the contributed services in-kind revenue item. These expenses have been allocated among the expenses on the accompanying consolidated statements of activities and changes in net assets and functional expenses.

NIU provides certain services for which no separate charges will be assessed. Such services will include, but not be limited to, routine business, fundraising, and financial services on a regular or ad hoc basis. It will also include limited information technology services and limited human resource services. The estimated value of such services was \$3,989,305 and \$3,693,568 for the years ended June 30, 2023 and 2022, respectively, and is reflected on the consolidated statement of activities and changes in net assets as revenue, with a corresponding expense. The Foundation is required to recognize as revenue and expense those on-behalf payments for pension benefits made by the State of Illinois (the "State") for NIU employees who are supervised by the Foundation. These payments charged to the Foundation totaled \$343,406 and \$234,918 for the years ended June 30, 2023 and 2022, respectively, and are included in the amounts shown as allocation from NIU and as salaries and benefits expense (see Note 14).

Additionally, the contract requires NIU to pay to the Foundation \$743,600 annually, as the Foundation solicits and accepts contributions for the benefit of NIU in accordance with its corporate purposes. Contributions are recorded as revenue and held in a restricted net asset class until the funds are used in the form of scholarships, cash grants, or expenditures for the benefit of NIU. The Foundation also receives contributions of certain noncash assets, which are recorded as revenue and then, at the Foundation's discretion, transferred to NIU.

The contract also calls for the Foundation to act as NIU's agent in managing its endowed assets and certain other donor-restricted gifts made directly to NIU. The endowments are invested in a manner consistent with the Foundation's endowments. The Foundation has elected to include these amounts in the related investment portfolio on the consolidated statement of financial position, with an offsetting liability. Funds managed for NIU had a fair value of \$12,016,706 and \$11,580,072 at June 30, 2023 and 2022, respectively.

Other transactions between the Foundation and NIU include the following as of and for the year ended June 30:

- NIU leases various properties from the Foundation. These properties are used as a site for a radio station transmitter tower, a multiuse building, an early schoolhouse museum, the Jeffrey & Kimberly Yordon Center, and the Kenneth and Ellen Chessick Practice Center. Rental income of \$1,905 and \$305 is reported in the revenue section of the consolidated statement of activities and changes in net assets for the years ended June 30, 2023 and 2022, respectively.
- The Foundation obtained certain goods and services (supplies, telephone, printing, etc.) during the year through NIU, for which the Foundation reimbursed NIU at cost.

Northern Illinois University Foundation

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 12 - Transactions with NIU and the State of Illinois (Continued)

	2023			2022		
	Due to NIU	Revenue	Expenses	Due to NIU	Revenue	Expenses
Accounts payable and other liabilities	\$ 2,028,657	\$ -	\$ -	\$ 896,102	\$ -	\$ -
Agency funds payable	12,016,706	-	-	11,580,072	-	-
Rental income	-	1,905	-	-	305	-
In-kind service contribution	-	3,989,305	-	-	3,693,568	-
Services contract revenue	-	743,600	-	-	743,600	-
Program expenses	-	-	927,741	-	-	1,053,181
Fundraising expenses	-	-	1,920,817	-	-	1,827,039
Management expenses	-	-	1,140,747	-	-	706,231
Total	<u>\$ 14,045,363</u>	<u>\$ 4,734,810</u>	<u>\$ 3,989,305</u>	<u>\$ 12,476,174</u>	<u>\$ 4,437,473</u>	<u>\$ 3,586,451</u>

Note 13 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

Members of the board of directors of the Foundation and board of trustees of NIU enthusiastically support the Foundation's efforts through their valuable service, generous gift support, and other means. Board members provided gift support totaling \$542,130 and \$673,643 for the years ended June 30, 2023 and 2022, respectively, and are responsible for \$455,050 and \$741,088 of the outstanding pledge balance at June 30, 2023 and 2022, respectively.

In addition to direct support, board members have provided other valuable services and support to the Foundation.

Note 14 - Retirement Plans

The Foundation contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiemployer defined benefit retirement plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established on July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the Illinois Compiled Statutes. 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. The Foundation's contributions to the plans totaled \$78,001 and \$79,256 for the years ended June 30, 2023 and 2022, respectively.

Note 15 - Conditional Commitments

The Foundation has made conditional commitments for scholarships in the amount of \$1,283,955 and \$1,230,041 payable through the years ended June 30, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Note 16 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets available within one year for general expenditure:

	2023		2022	
	Financial Assets	Liquid Financial Assets	Financial Assets	Liquid Financial Assets
Cash and cash equivalents	\$ 5,532,974	\$ 5,532,975	\$ 5,362,606	\$ 5,362,606
Pledges receivable - Net	4,644,441	1,700,754	4,374,267	1,528,491
Investments	137,419,007	44,404,372	122,930,558	31,302,230
Endowment management fee	1,500,000	1,500,000	1,400,000	1,400,000
Endowment spending allocation	3,410,708	3,410,708	3,406,978	3,406,978
Student Managed Portfolio	1,151,152	1,151,152	884,097	884,097
Funds held in trust by others	9,628,876	-	8,967,268	-
Other accounts receivable	-	-	33,140	-
Cash surrender value of life insurance	25,571	-	20,578	-
Total	\$ 163,312,729	\$ 57,699,961	\$ 147,379,492	\$ 43,884,402

The Foundation regularly monitors liquidity to support spending for operations, grants, and other mission-related activities, as well as to meet the distribution requirements of net assets with donor restrictions. Significant contributions without donor restrictions for current spending are received annually. These are included in financial assets available for meeting cash needs for general and restricted expenditures. For the years ended June 30, 2023 and 2022, operating contributions of \$10,975,276 and \$8,908,236, respectively, were added to financial assets available to meet cash needs for general and purpose-restricted expenditures within one year.

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as unrestricted endowments. Annual spending from donor-restricted endowments is restricted for specific purposes. Actual gift amounts of donor-restricted endowment funds are not available for general expenditure, as they are permanently restricted with only annual allocations of income becoming expendable.

The board-designated endowment without donor restrictions of \$2,734,306 and \$2,656,060 as of June 30, 2023 and 2022, respectively, is subject to an annual spending rate, currently 4 percent of the three-year average fund balances, as described in Note 2. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval process), these amounts could be made available if necessary.

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability. The Foundation maintains adequate cash and short-term investments to provide reasonable assurance that current obligations will be discharged.

Note 17 - Subsequent Event

On September 18, 2023, the Foundation's executive committee and, on September 21, 2023, NIU's board of trustees each voted to transfer ownership of two buildings, the Yordon Center and the Chessick Practice Center, to NIU at no cost, subject to an agreed-upon transfer agreement. The net book value of the two buildings was approximately \$16,700,000 at June 30, 2023.