



THE UNIVERSITY OF TOLEDO

FOUNDATION



CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDING JUNE 30, 2020 AND 2019

**WITH SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT**
for The University of Toledo Foundation & Subsidiaries

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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November 19, 2020

Todd Deindoerfer
CliftonLarsonAllen LLP
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Toledo, Ohio 43604

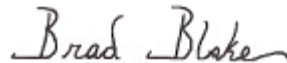
Dear Mr. Deindoerfer:

A desk review of the audit report has been performed for The University of Toledo Foundation and Subsidiaries, Lucas County, for the year ended June 30, 2020. Based on the desk review, this report is acceptable and requires no modifications.

We will certify this audit with the Clerk of the Bureau. As a reminder, the final invoice for this project must be submitted to the Auditor of State for approval no later than 90 days after the release of the report by the Auditor of State's Clerk of the Bureau. If you have any questions or concerns, please contact me at (614) 466-3597.

Sincerely,

KEITH FABER
Auditor of State



Brad Blake
Director of Quality Assurance

cc: Deborah Liddil, Chief Auditor
Donna Welch, VP of Finance and CFO, The University of Toledo Foundation and Subsidiaries

**THE UNIVERSITY OF TOLEDO FOUNDATION
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The University of Toledo Foundation and Subsidiaries
Toledo, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The University of Toledo Foundation (a nonprofit organization) and its subsidiaries (collectively, the Foundation), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The University of Toledo Foundation and Subsidiaries as of June 30, 2020 and 2019, and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, The University of Toledo Foundation and Subsidiaries has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The adoption of this standard did not have a significant impact on the Organization's reported historical revenue. Our opinion is not modified with respect to that matter.

As described in Note 1, The University of Toledo Foundation and Subsidiaries adopted Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As described in notes 1 and 13, the consolidated financial statements include investments that are not listed on national exchanges or for which quoted market prices are not available. These investments include limited partnerships, start-up corporations, hedge funds, fund-of-funds, and comingled funds that are not mutual funds. Such investments total \$117,479,280 (21.6% of total assets) and \$134,427,550 (23.8% of total assets) at June 30, 2020 and 2019, respectively. The values of these investments have been provided by the fund managers or general partners in the absence of readily determinable market values.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Toledo, Ohio
September 28, 2020

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,521,189	\$ 992,569
Accounts Receivable	838,296	1,309,045
Contributions Receivable, Net of Allowance for Uncollectible Contributions	8,024,294	5,504,529
Prepaid Expense	74,947	84,606
Total Current Assets	14,458,726	7,890,749
NONCURRENT ASSETS		
Investments:		
Pooled Investments	467,556,903	489,282,068
Nonpooled Investments	7,842,895	7,423,238
Real Estate	593,476	593,476
Assets Held in Charitable Remainder Trusts	3,948,394	4,139,236
Total Investments	479,941,668	501,438,018
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	3,740,480	7,592,308
Cash Value of Life Insurance and Annuities	1,286,055	1,327,283
PROPERTY AND EQUIPMENT		
Land and Land Improvements	7,020,529	7,221,985
Gateway	15,523,459	15,523,459
Rental Property	1,672,956	1,672,956
Building and Equipment	26,372,934	26,117,754
Total Property and Equipment	50,589,878	50,536,154
Less: Accumulated Depreciation	5,537,404	4,437,664
Net Property and Equipment	45,052,474	46,098,490
Total Assets	\$ 544,479,403	\$ 564,346,848

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 607,447	\$ 1,446,206
Accrued Liabilities	518,524	383,526
Deferred Revenue	61,433	46,198
CARES Act Payroll Protection Plan Loan	905,000	-
Senior Secured Notes Payable	320,146	304,868
Total Current Liabilities	2,412,550	2,180,798
NONCURRENT LIABILITIES		
Senior Secured Notes Payable, Net of Debt Issuance Costs	8,316,061	8,618,353
Gateway Funding from Pooled Investments	2,078,864	2,102,846
Grantor Trust Payable to a Related Party	2,012,824	2,012,824
Annuities Payable	2,800,854	2,819,625
Funds Held for Affiliates	201,274,924	212,912,487
Total Liabilities	218,896,077	230,646,933
NET ASSETS		
Without Donor Restrictions:		
Operating Funds:		
Undesignated	(2,575,169)	(328,500)
Designated:		
Real Estate	33,286,580	33,900,618
Gateway	832,447	677,679
Board	11,895,934	12,757,280
Total Without Donor Restriction Operating Funds	43,439,792	47,007,077
Board Endowed	9,542,348	9,841,301
Total Without Donor Restrictions	52,982,140	56,848,378
With Donor Restrictions	272,601,186	276,851,537
Total Net Assets	325,583,326	333,699,915
Total Liabilities and Net Assets	\$ 544,479,403	\$ 564,346,848

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND GAIN (LOSS)						
Contributions	\$ 261,578	\$ 11,660,769	\$ 11,922,347	\$ 2,334,118	\$ 7,131,312	\$ 9,465,430
Unconditional Promises to Give	10,325	2,741,865	2,752,190	51,551	7,502,684	7,554,235
Administrative Fees	5,872,018	(2,752,504)	3,119,514	5,676,949	(2,625,759)	3,051,190
Annuities and Trusts, Net of Actuarial Adjustments	-	(317,599)	(317,599)	-	(342,761)	(342,761)
Ancillary and Nongift	2,426	832,897	835,323	11,384	1,016,508	1,027,892
Bookstore Revenue	4,549,264	-	4,549,264	5,223,986	-	5,223,986
Center for Alumni and Donor Engagement	857,086	-	857,086	465,968	-	465,968
Income - UTF Gateway Investments	1,025,081	-	1,025,081	1,140,670	-	1,140,670
Income - Real Estate Corp.	60,970	-	60,970	60,971	-	60,971
Interest and Dividends	1,104,724	4,120,054	5,224,778	1,107,438	4,234,416	5,341,854
Investment Fees	(109,051)	(532,654)	(641,705)	(136,528)	(517,371)	(653,899)
Net Realized and Unrealized Gains (Losses)	(1,495,998)	(5,189,439)	(6,685,437)	(43,359)	3,005,039	2,961,680
Satisfaction of Program and Donor Restrictions	14,890,256	(14,890,256)	-	15,367,713	(15,367,713)	-
Other Transfers	(76,516)	76,516	-	(97,011)	97,011	-
Total Support, Revenue, and Gain (Loss)	26,952,163	(4,250,351)	22,701,812	31,163,850	4,133,366	35,297,216
EXPENSES						
University Program Services:						
Academics	5,024,715	-	5,024,715	5,637,390	-	5,637,390
Athletics Programs and Projects	4,352,587	-	4,352,587	5,019,008	-	5,019,008
Student Aid	5,028,204	-	5,028,204	5,112,183	-	5,112,183
Capital Projects	364,544	-	364,544	246,764	-	246,764
Research	260,070	-	260,070	345,762	-	345,762
Bookstore Expenses	4,166,100	-	4,166,100	4,845,442	-	4,845,442
Donor Life Insurance Premiums	77,257	-	77,257	263,546	-	263,546
Management and General	5,801,794	-	5,801,794	5,371,586	-	5,371,586
Fundraising	4,203,859	-	4,203,859	3,523,840	-	3,523,840
Total Expenses	29,279,130	-	29,279,130	30,365,521	-	30,365,521
CHANGE IN NET ASSETS - BEFORE TRANSFERS	(2,326,967)	(4,250,351)	(6,577,318)	798,329	4,133,366	4,931,695
CAPITAL TRANSFER	(1,539,271)	-	(1,539,271)	(2,733,173)	2,726,050	(7,123)
CHANGE IN NET ASSETS	(3,866,238)	(4,250,351)	(8,116,589)	(1,934,844)	6,859,416	4,924,572
Net Assets - Beginning of Year	56,848,378	276,851,537	333,699,915	58,783,222	269,992,121	328,775,343
NET ASSETS - END OF YEAR	<u>\$ 52,982,140</u>	<u>\$ 272,601,186</u>	<u>\$ 325,583,326</u>	<u>\$ 56,848,378</u>	<u>\$ 276,851,537</u>	<u>\$ 333,699,915</u>

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020 AND 2019

	University Programs	Support	2020 Total	University Programs	Support	2019 Total
Salaries and Wages	\$ -	\$ 4,549,717	\$ 4,549,717	\$ -	\$ 3,722,927	\$ 3,722,927
Payroll Taxes and Benefits	-	1,231,327	1,231,327	-	1,025,783	1,025,783
Student Directed (1)	5,087,842	-	5,087,842	5,277,605	-	5,277,605
Professional Fees	386,602	358,471	745,073	682,424	363,588	1,046,012
University Directed (2)	3,455,681	-	3,455,681	3,611,795	-	3,611,795
Athletics	4,352,587	-	4,352,587	5,019,008	-	5,019,008
Bookstore	4,166,100	-	4,166,100	4,845,442	-	4,845,442
Capital Outlay	364,544	-	364,544	246,764	-	246,764
Building Services	-	875,765	875,765	-	433,476	433,476
Donor Life Insurance Premiums	77,257	-	77,257	263,546	-	263,546
Purchased Services	1,382,864	1,890,633	3,273,497	1,523,511	2,531,149	4,054,660
Total Before Depreciation	<u>19,273,477</u>	<u>8,905,913</u>	<u>28,179,390</u>	<u>21,470,095</u>	<u>8,076,923</u>	<u>29,547,018</u>
Depreciation Expense	<u>-</u>	<u>1,099,740</u>	<u>1,099,740</u>	<u>-</u>	<u>818,503</u>	<u>818,503</u>
Total	<u><u>\$ 19,273,477</u></u>	<u><u>\$ 10,005,653</u></u>	<u><u>\$ 29,279,130</u></u>	<u><u>\$ 21,470,095</u></u>	<u><u>\$ 8,895,426</u></u>	<u><u>\$ 30,365,521</u></u>

(1) Scholarships, Student Aid, Student Awards, Student Events

(2) Salary Reimbursements, Speakers, Supplies, Meetings, Events, Research, Sponsorships

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (8,116,589)	\$ 4,924,572
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	1,099,740	818,503
Contributions Held as Endowments	(1,769,811)	(4,408,310)
Provisions for Uncollectible Contributions, Net of Actuarial Adjustments on Annuity Obligations	350,762	3,460,293
Actuarial Adjustment on Contributions Receivable	438,062	782,004
Unrealized/Realized Losses (Gains) on Investments	6,685,437	(228,507)
Loss on Sale of Fixed Assets	977,271	29,790
Change in Annuity Payable Obligation	341,257	337,239
Capital Transfers	1,539,271	7,123
Amortization of Debt Issuance Costs	17,855	17,855
Changes in Operating Assets and Liabilities Which Provided (Used) Cash:		
Accounts Receivable	470,749	(457,250)
Contributions Receivable	543,239	(4,863,154)
Prepaid Expenses and Other	9,659	30,430
Accounts Payable	(838,759)	457,313
Accrued Liabilities and Other	150,233	77,057
Cash Surrender Value of Life Insurance	41,228	63,547
Funds Held for Affiliates	(11,637,563)	(7,045,592)
Net Cash Used by Operating Activities	(9,697,959)	(5,997,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,030,995)	(182,414)
Purchases of Investments	(4,581,162)	(6,521,442)
Proceeds from Sales and Maturities of Investments	19,368,093	8,797,221
Payments to Annuitants	(360,028)	(394,108)
Net Cash Provided by Investing Activities	13,395,908	1,699,257
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Outstanding Senior Secured Notes	(304,869)	(290,317)
CARES Act Payroll Protection Plan Loan Proceeds	905,000	-
Contributions Held as Endowments	1,769,811	4,408,310
Capital Transfer	(1,539,271)	(7,123)
Net Cash Provided by Financing Activities	830,671	4,110,870
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,528,620	(186,960)
Cash and Cash Equivalents - Beginning of Year	992,569	1,179,529
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,521,189	\$ 992,569

See accompanying Notes to Consolidated Financial Statements.

**THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 436,497</u>	<u>\$ 451,106</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Receipt of Pledged Property	<u>\$ -</u>	<u>\$ 30,396,521</u>

See accompanying Notes to Consolidated Financial Statements.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Toledo Foundation and Subsidiaries (collectively, the Foundation) is a nonprofit Ohio corporation organized to receive, hold, invest, and administer property and to make expenditures to or for the benefit of The University of Toledo (the University).

The consolidated financial statements for the Foundation include accounts of wholly owned subsidiaries, The University of Toledo Foundation Real Estate Corporation and UTF Gateway Investments LLC. The University of Toledo Foundation Real Estate Corporation (the Corporation) was organized to acquire, hold title to, and collect income from real property for the benefit of the Foundation and the University. UTF Gateway Investments LLC (Gateway Investments) was organized for the construction and leasing of real property to house The University of Toledo Gateway (The Gateway), a mixed-use facility to include the University bookstore, retail space, and student off-campus housing.

Assets, liabilities, and operations of all the above entities have been included in the accompanying consolidated financial statements. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Net Assets Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific purpose, an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and short-term investments with maturities less than 90 days that are not part of the long-term investment pool.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No allowance was deemed necessary at June 30, 2020 and 2019.

Contributions Receivable

Unconditional promises to give are recognized as without donor restrictions, or with donor restrictions revenue based on the donor's intent when amounts are pledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

In-Kind Gifts

In-kind gifts, when received, are reflected as contributions in the accompanying consolidated financial statements at the estimated fair value at the date of receipt. The Foundation received in-kind gifts in 2020 and 2019 valued at \$622,634 and \$129,674, respectively.

Investments

Investment securities are stated at fair value following the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives priority from highest to lowest to quoted prices in active markets for identical assets (Level 1); inputs other than quoted prices included within Level 1 that are observable for the asset directly or indirectly (Level 2); and unobservable inputs for assets (Level 3). Investments valued at fair value using Level 1 inputs are cash equivalents, common stocks, and mutual funds that have observable quoted prices in active markets. Fair values determined by Level 2 inputs such as interest rates and yield curves are government bonds, government agency bonds, corporate bonds, and certain other funds. Hedge funds and partnerships are measured based on information provided by fund managers and general partners including audited financial statements, unaudited financial statements, and net asset valuations.

Purchases and sales of investment securities are recorded on the trade date. Realized gains or losses from the sale of securities are determined using the cost basis of the securities sold. Interest and dividend income is reported when earned. Investment income and related administrative, investment, and fiduciary expenses are allocated to the funds on a basis that reflects the ratio of the related funds invested in the pooled portfolio to total market value.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Charitable Remainder Trusts

The Foundation is named as a beneficiary of several irrevocable trusts. The assets of the trusts are held by third parties as co-trustees appointed by the Foundation or by a trustee designated by the donor who manages the assets and distributes the income as defined in each trust. The Foundation's interest in the charitable remainder trusts is recognized based on the fair market value of the trust assets, less any liabilities of the trust. Under a split-interest trust, the donor is paid specified distributions for a future period of time and upon termination of the trust, the Foundation receives all or a portion of the trust assets.

Life Insurance Cash Surrender Value

The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as beneficiary. These policies are valued at their cash surrender value.

Property and Equipment

Property and equipment over \$25,000 are recorded at cost when purchased. Donated property is recorded at estimated fair market value at the date of acquisition. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Contributions of long-lived assets, such as property, are recognized as an increase in unrestricted net assets in the year the asset is received. Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$1,099,740 and \$818,503, respectively.

Capitalized Software

Costs related to software purchased for internal use, which are required to be capitalized, are included in property and equipment.

Annuities Payable

Annuities payable represent the cumulative present value of the liabilities to donors of irrevocable charitable gift annuities based on the life expectancy of each annuitant or based upon the fixed term of the annuity. Payments to donors are expected to range from fiscal year 2020 to fiscal year 2052. The present value is determined by applying a discount rate and an annuity factor. The discount rate was 0.06% and 2.80% for fiscal years 2020 and 2019, respectively. Annuity adjustment factors based on IRS Publications 1457 and 1458.

Funds Held for Affiliates

The Foundation raises or holds contributions for affiliates. The Foundation accepts contributions from donors and agrees to transfer those assets, the return on investment of those assets or both, to the affiliate that was specified by the donor.

The Foundation continues to report these funds as assets of the Foundation; however, a liability has been established for the fair value of the funds. All financial activity related to the funds is recorded as adjustments to the funds held for affiliate's liability and is omitted from the consolidated statement of activities.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Administrative Fees

The Foundation charges a quarterly administrative fee based on endowment balances for managing and administering the investments under its control. In addition, the Foundation also charges quarterly administrative fees for pooled investments belonging to the University and The University of Toledo Alumni Association. The University investments include the board-designated reserves and endowments. In 2020 and 2019, the tiered fee ranged from .75%-1.5% of the fund balances and is computed on a rolling twelve quarter average. The amount charged to the University and The University of Toledo Alumni Association was approximately \$3.1 million in 2020 and 2019. Administrative fees charged to restricted funds of the Foundation are included in revenue without donor restrictions.

Bookstore Revenue

Bookstore revenue is recognized at a point in time as further described in Note 11.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Invoices for professional fees and purchased services directly relate to the specific function and are therefore posted to the appropriate program or supporting function. There are no shared expenses that require allocation.

Income Tax Status

The Foundation and the Corporation are incorporated under the laws of the state of Ohio as nonprofit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined that the Foundation and the Corporation are tax-exempt organizations as defined under Section 501(c) (3) and Section 501(c) (25) (C), respectively, of the Internal Revenue Code. Other subsidiaries of the Foundation are incorporated in the state of Ohio as limited liability companies and may cause the Foundation to be subject to unrelated business income tax on certain activities unrelated to its primary mission. Management has estimated potential liability to unrelated business income tax to be nominal.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation and Corporation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Estimates

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Our consolidated financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Risk and Uncertainty

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of The University of Toledo Foundation. The Foundation's investment portfolio has incurred a decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The market volatility is tempered by utilizing a rolling 36-month calculation of the market monthly investment balances. Using the 36 month rolling investment calculation on endowed funds, to calculate the administrative fee, minimizes the impact on the Foundation's future operating cost and revenue. The impact on the University's enrollment, revenues and operating costs are not determinable which could have an impact on University support requested from the Foundation.

Subsequent Events

We have evaluated subsequent events through September 28, 2020, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 1,536,719	\$ 992,569
Accounts Receivable - Operations	808,589	1,163,954
Operating Investments	5,982,666	10,088,147
Total	\$ 8,327,974	\$ 12,244,670

The Foundation's endowment consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes and are not available for general expenditure.

The board-designated endowment of \$9,542,348 and \$9,841,301 as of June 30, 2020 and 2019, respectively, is subject to an annual spending rate of 4.0% as described in Note 8. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Foundation's non-endowed funds consist of donor-restricted funds and funds designated by the Board for a specific purpose. The balances of those non-endowed funds with donor restrictions are not available for general expenditure.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation charges an annual administrative fee that ranges from 0.75% to 1.5% as described in Note 1 on the endowed fund balances and other investments under its management. This annual administrative fee is available over the course of the fiscal year for general expenditure.

As part of the Foundation's liquidity management plan, the board designates a portion of any operating surplus to its operating reserve, which was \$4,118,930 and \$3,749,536 as of June 30, 2020 and 2019, respectively. Similarly to other board-designated funds, the operating reserve is considered available for general expenditures.

NOTE 3 CONTRIBUTIONS RECEIVABLE

As of June 30, 2020 and 2019, donors to the Foundation have made unconditional promises to give that are measured at fair value. A risk premium has been estimated by management based on uncertainty factors to determine expected future cash flows from unconditional promises to give that are discounted to a net present value based on a risk-free interest rate. Write-offs of uncollectible pledges for the years ended June 30, 2020 and 2019 amounted to \$1,328,508 and \$2,221,231, respectively.

Contributions receivable at June 30 are as follows:

	2020	2019
Within One Year	\$ 8,387,775	\$ 6,082,419
Over One to Five Years	3,885,478	8,198,865
More than Five Years	295,355	408,211
Total	<u>12,568,608</u>	<u>14,689,495</u>
Risk Premium	(784,256)	(1,135,018)
Present Value Discount	(19,578)	(457,640)
Net Contributions Receivable	<u>11,764,774</u>	<u>13,096,837</u>
Net Due in One Year	8,024,294	5,504,529
Net Due in Excess of One Year	3,740,480	7,592,308
Total Contributions Receivable	<u>\$ 11,764,774</u>	<u>\$ 13,096,837</u>

In May 2006, the Foundation received a pledge of \$15 million to establish three endowed funds to support the University. The timing and amounts of the payments and the amounts allocated to the funds shall be determined by the donors. However, the donors agree to complete the pledge within 15 years. The Foundation has received payments of \$11.9 million on the aforementioned pledge, leaving a remaining balance of \$3.1 million as of June 30, 2020. The pledge balance due is recorded at fair value as a contribution receivable with a net present value of \$3.1 million and \$2.8 million as of June 30, 2020 and 2019, respectively.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS

Certain investments of The University of Toledo and The University of Toledo Alumni Association (the Alumni Association) are pooled with investments of the Foundation. The pooled investments are managed by the Foundation. The following are the pooled investments at June 30:

	2020		2019	
	Market	Cost	Market	Cost
Common Stock	\$ 52,380,554	\$ 46,460,048	\$ 82,132,916	\$ 73,012,064
Mutual Funds, Index Funds, and EFTs - Equity	214,596,608	204,708,489	197,407,134	161,267,647
Mutual Funds, ETFs - Fixed Income	52,119,136	51,314,048	56,694,686	55,995,485
Hedge Funds	43,276,674	42,717,979	55,516,624	54,504,661
Partnerships	74,202,606	71,301,224	78,910,926	66,993,665
U.S. Government and Agency Issues	12,484,358	12,106,114	14,093,930	13,951,891
Corporate Bonds	3,061,024	2,855,856	1,574,683	1,502,285
Cash Equivalents	15,239,963	15,239,963	2,771,727	2,771,727
Accrued Interest	195,980	195,980	179,442	179,442
Total Pooled Investments	<u>\$ 467,556,903</u>	<u>\$ 446,899,701</u>	<u>\$ 489,282,068</u>	<u>\$ 430,178,867</u>

At its March 2016 meeting, the Foundation Board of Trustees approved funding by the pooled investment portfolio of up to \$6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with \$5.7 million drawn in fiscal year 2017. The balance owed to the pool as of June 30, 2020 and 2019 is \$3,996,684 and \$4,636,206, respectively.

The Foundation holds other investments that do not participate in the investment pool. The following are the Foundation's nonpooled investments at June 30:

	2020		2019	
	Market	Cost	Market	Cost
Common Stock	\$ 1,088,563	\$ 536,565	\$ 972,028	\$ 536,809
Private Closely Held	2,038,100	2,038,100	2,044,549	2,044,549
Mutual Funds and EFTs - Fixed Income	1,003,657	970,371	983,255	979,735
Corporate Bonds	134,458	129,904	401,257	402,534
Mutual Funds, Index Funds, and EFTs - Equity	3,314,267	2,944,569	2,844,681	2,557,086
Cash Equivalents	262,821	262,821	173,946	173,946
Accrued Interest	1,029	1,029	3,522	3,522
Total Nonpooled Investments	<u>\$ 7,842,895</u>	<u>\$ 6,883,359</u>	<u>\$ 7,423,238</u>	<u>\$ 6,698,181</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS (CONTINUED)

The Foundation holds investments as beneficiary of irrevocable charitable remainder trust agreements. The following are the investments' holdings related to the charitable remainder trusts at June 30:

	2020		2019	
	Market	Cost	Market	Cost
Common Stock	\$ 1,760,540	\$ 795,078	\$ 1,868,684	\$ 974,663
Mutual Funds and EFTs - Fixed Income	960,019	897,348	867,997	839,778
Mutual Funds, Index Funds, and EFTs - Equity	1,042,730	784,889	1,013,927	720,252
Corporate Bonds	134,752	124,936	257,268	251,724
Cash Equivalents	47,200	47,200	127,353	127,353
Accrued Interest	3,153	3,153	4,007	4,007
Total Charitable Remainder Trust Investments	<u>\$ 3,948,394</u>	<u>\$ 2,652,604</u>	<u>\$ 4,139,236</u>	<u>\$ 2,917,777</u>

The Foundation had the following sources of unrealized and realized gains and losses reported on the accompanying 2020 consolidated statement of activities:

	Pooled	Nonpooled	Remainder Trusts	Total
	Unrealized Gains:			
Ending Balance	\$ 4,135,075	\$ 919,154	\$ 1,295,790	\$ 6,350,019
Beginning Balance	26,015,507	687,687	1,221,460	27,924,654
Unrealized Gains (Losses)	(21,880,432)	231,467	74,330	(21,574,635)
Realized Gains	14,849,494	4,072	35,632	14,889,198
Total Realized and Unrealized Gains (Losses)	<u>\$ (7,030,938)</u>	<u>\$ 235,539</u>	<u>\$ 109,962</u>	<u>\$ (6,685,437)</u>

The Foundation had the following sources of unrealized and realized gains and losses during reported on the accompanying 2019 consolidated statement of activities:

	Pooled	Nonpooled	Remainder Trusts	Total
	Unrealized Gains:			
Ending Balance	\$ 26,015,507	\$ 687,687	\$ 1,221,460	\$ 27,924,654
Beginning Balance	29,132,297	517,400	1,157,722	30,807,419
Unrealized Gains (Losses)	(3,116,790)	170,287	63,738	(2,882,765)
Realized Gains	5,671,768	32,131	140,546	5,844,445
Total Realized and Unrealized Gains	<u>\$ 2,554,978</u>	<u>\$ 202,418</u>	<u>\$ 204,284</u>	<u>\$ 2,961,680</u>

Investment and custody fees of \$641,705 and \$653,899 relating to the Foundation's investments were incurred for the years ended June 30, 2020 and 2019, respectively.

The Foundation holds real estate that is classified as investments on the consolidated statement of financial position. Real estate held as investments is recorded at cost and totaled \$593,476 as of June 30, 2020 and 2019.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS (CONTINUED)

On March 30, 2016, the University of Toledo entered into a Grantor Trust Agreement with the Foundation to allow the Foundation to hold title to 8,554.8 shares of VHA-UHC Alliance Newco, Inc. (now known as Vizient Inc.). The purpose for this trust rests in the fact that Vizient, Inc. is a for-profit entity and Ohio law does not permit state entities to hold title or ownership interests in for-profit entities. The initial gift was recorded based on a valuation analysis of the common stock at \$2,000,000 as of June 30, 2016, and a corresponding liability payable to the University of Toledo is recorded. The University's interest in Vizient (a private company) is less than 1% and the cost basis is used to record the asset and corresponding liability and the investment is reviewed annually for impairment.

The aggregate carrying amount of the investments measured on a nonrecurring basis included in the nonpooled investments on the consolidated statements of financial position is \$2,038,100 and \$2,044,549 as of June 30, 2020 and 2019. The fair value of these investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

The pooled investments provided funding to Gateway Investments in the total amount of \$4.85 million as of June 30, 2020 and 2019. The Foundation's portion of the funding from the pooled investments was approximately \$2.77 million and \$2.75 million as of June 30, 2020 and 2019, respectively. The Foundation's contributions, have been eliminated in the consolidating financial statements.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position.

NOTE 5 LEASE AGREEMENTS

The Foundation has entered into two lease agreements for office space in their Dorr Street facility. The December 2018 agreement has a five-year term and rent revenue amounted to \$810,000 and \$465,968 for years ended June 30, 2020 and 2019, respectively. Future annual rent to be received under this lease is as follows: \$810,000 for each fiscal years 2021 to 2023, and \$405,000 for 2024 for a total of \$2,835,000. The December 2019 agreement has a three-year term and rent revenue amounted to \$58,333 the year ended June 30, 2020. Future rent to be received under this lease is \$100,000 for 2021 and 2022, and \$41,667 for 2023 for a total of \$241,667. Total rental income to be received under the aforementioned leases amounts to \$3,076,667 at June 30, 2020.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 PENSION PLANS

The Foundation has noncontributory defined contribution retirement plans covering all permanent employees who have at least 1,000 hours of service in a 12-consecutive-month period. Contributions are based on a percentage of gross wages. Several employees that were originally covered by the Ohio Public Employees Retirement System (OPERS) prior to the Foundation having its own employees were grandfathered into OPERS. There is one active employee covered by OPERS at June 30, 2020 and 2019. Employees participate in only one of the retirement plans. Total pension expense for the years ended 2020 and 2019 was \$300,562 and \$248,490, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2020	2019
Subject to Expenditure for Specified Purpose:		
Academics	\$ 19,701,507	\$ 17,795,125
Student Aid	3,253,470	3,434,137
Capital Projects	2,609,955	3,030,080
Athletic Programs	6,002,149	6,573,200
Research	2,712,641	2,638,021
General Support	5,686,035	1,602,336
Total	39,965,757	35,072,899
Endowments:		
Subject to Spending Policy:		
Academics	48,417,949	52,856,292
Student Aid	41,884,052	47,173,479
Capital Projects	4,454,606	4,849,977
Athletic Programs	140,232	194,846
Research	3,107,117	3,784,822
General Support	2,169,039	2,293,628
Total	100,172,995	111,153,044
Restricted by Donors in Perpetuity for:		
Academics	48,382,811	47,975,859
Student Aid	62,419,011	60,887,459
Capital Projects	3,745,633	3,720,598
Athletic Programs	732,312	756,789
Research	14,389,472	14,178,168
General Support	2,793,195	3,106,721
Total	132,462,434	130,625,594
Total Endowments	232,635,429	241,778,638
Total Net Assets with Donor Restrictions	\$ 272,601,186	\$ 276,851,537

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2020	2019
Satisfaction of Time and Purpose Restrictions:		
Academics	\$ 4,522,404	\$ 4,592,162
Student Aid	4,885,091	4,792,479
Capital Projects	526,066	411,793
Athletic Programs	4,299,454	4,851,610
Research	461,534	419,469
General Support	195,707	300,200
Total Net Assets Released from Donor Restrictions	\$ 14,890,256	\$ 15,367,713

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 8 ENDOWMENT FUNDS

The Foundation's endowment consists of funds established for a variety of purposes. The endowment consists of donor-restricted and board-designated endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Foundation (the Board) has reviewed UPMIFA and recognizes the importance of the preservation of the donor-restricted endowment funds absent explicit donor stipulations as well as the safeguarding of the original gifts to provide support to the University in perpetuity. As a result, the Foundation classifies as permanently restricted net assets (a) the original gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

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

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

- Duration and preservation of the endowment fund
- Purpose of the Foundation and the endowment fund
- General economic conditions
- Possible effect of inflation or deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Foundation
- Investment policy of the Foundation

Funds with Deficiencies

The objective is to achieve a total return in excess of the broad policy benchmarks comprised of each broad asset category weighted by its target allocation. The current broad policy benchmarks are:

U.S. Equity: Russell 3000

International Equity: MCSCI ACWI ex-U.S.

Global Fixed Income: Bloomberg Barclays U.S. Aggregate Index

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations or continued appropriation for certain programs deemed prudent by the board. These deficiencies, \$45,580 at June 30, 2020 (none in 2019), are reported in net assets with donor restrictions.

Strategies Employed for Achieving Objectives

To satisfy its long-term total return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments constructed with prudent risk constraints. Over time, the Foundation expects its endowment funds to provide an average rate of return in excess of average appropriations.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy based on a three-year moving market value average of invested funds. The Foundation appropriated 4% for fiscal years 2020 and 2019. In establishing this policy, the Foundation considered the long-term expected total return on endowment assets. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to accumulate capital sufficient to maintain its purchasing power.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

	Board- Endowed Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 9,841,301	\$ 241,778,638	\$ 251,619,939
Investment Return:			
Investment Income	147,079	3,579,184	3,726,263
Net Appreciation	(233,349)	(5,170,724)	(5,404,073)
Total Investment Return	<u>(86,270)</u>	<u>(1,591,540)</u>	<u>(1,677,810)</u>
Contributions and Board Transfers to			
Endowment Funds	36,452	1,733,359	1,769,811
Other Income/Transfers to Endowment Funds	-	59,728	59,728
Administrative Fees	(122,346)	(2,748,756)	(2,871,102)
Other Transfers and Funds Appropriated			
For Expenditure	<u>(126,789)</u>	<u>(6,596,000)</u>	<u>(6,722,789)</u>
Change in Net Assets	<u>(298,953)</u>	<u>(9,143,209)</u>	<u>(9,442,162)</u>
Endowment Net Assets - End of Year	<u>\$ 9,542,348</u>	<u>\$ 232,635,429</u>	<u>\$ 242,177,777</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019 are as follows:

	Board- Endowed Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 9,996,779	\$ 236,665,110	\$ 246,661,889
Investment Return:			
Investment Income	155,106	3,703,513	3,858,619
Net Depreciation	107,630	2,997,664	3,105,294
Total Investment Return	<u>262,736</u>	<u>6,701,177</u>	<u>6,963,913</u>
Contributions and Board Transfers to			
Endowment Funds	49,045	4,359,265	4,408,310
Other Income/Transfers to Endowment Funds	-	115,329	115,329
Administrative Fees	(95,488)	(2,617,077)	(2,712,565)
Capital Transfers	-	2,726,050	2,726,050
Other Transfers and Funds Appropriated			
For Expenditure	<u>(371,771)</u>	<u>(6,171,216)</u>	<u>(6,542,987)</u>
Change in Net Assets	<u>(155,478)</u>	<u>5,113,528</u>	<u>4,958,050</u>
Endowment Net Assets - End of Year	<u>\$ 9,841,301</u>	<u>\$ 241,778,638</u>	<u>\$ 251,619,939</u>

The above schedule and balances reflect contributions receivable of approximately \$6,263,100 and \$7,152,800 for endowed net assets with donor restrictions, for the fiscal years ended June 30, 2020 and 2019, respectively. Other transfers include appropriations in accordance with the 4% spending policy and satisfaction of donor restrictions.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Net assets related to charitable remainder trusts of approximately \$1,751,500 and \$1,944,500 for fiscal years ended June 30, 2020 and 2019, respectively, are included in the above net assets with donor restrictions, classified based on the donors' restrictions. Charitable remainder trusts have assets invested based on the donors' directive. Spending from net assets of charitable remainder trusts commences upon the maturity of the trust.

Other transfers and funds appropriated for expenditures of net assets with donor restrictions relate mainly to transfers of endowed spendable earnings to operating net assets, as well as reclassifications due to changes in donor intent through revised fund agreements or other communications.

NOTE 9 RELATED PARTY TRANSACTIONS

During 2015, the Corporation purchased a residence for \$922,000 and entered into a contract to renovate the residential property. The total cost to purchase, renovate, and furnish the residence was recorded in the fixed assets of the Corporation. Immediately following renovations, the Corporation and the University entered into a 20-year lease agreement commencing on July 1, 2015. During 2016, the residence was transferred from the Corporation to the Foundation at the carrying value. The lease agreement was amended and restated on January 1, 2016 and requires an annual payment of \$1 from the University to the Foundation until the 2035 maturity.

During fiscal year 2019, the Foundation Real Estate Corporation transferred land to the University in the amount of \$2,733,173.

During fiscal year 2020, the Foundation transferred land with a cost of \$977,271 to the University.

As further described in Note 5, the Foundation began leasing space to UT Physicians Group in December 2019, for an annual amount of \$100,000. Total rental income from the aforementioned lease amounted to \$58,333 in fiscal year 2020.

Throughout the year, the Foundation has purchased goods or services from companies which are related to some Foundation board members through ownership or employment, the amounts of which are immaterial.

As further documented at Note 4, the Foundation Board of Trustees approved funding by the pooled investment portfolio of up to \$6 million for University capital projects. This 10-year loan was approved by the University in July 2016 with the first draw of \$2.15 million in August 2016. The balance owed to the pool as of June 30, 2020 and 2019 is \$3,996,684 and \$4,636,206, respectively.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 REAL ESTATE CORPORATION

The Corporation entered into a Ground Lease Agreement (the lease) for property on Dorr Street, effective July 1, 2010. The lease has an initial term of 20 years and provides for four additional option periods with each option period including five additional years. During the initial term, base rent of \$32,000 was paid per year for the first five years. Each sequential five years will include an 8% increase to the base rent. As of July 1, 2015, the effective base rate is \$34,560. After the initial 20-year term, the base rent will be determined by the prevailing fair market rental value.

NOTE 11 UTF GATEWAY INVESTMENTS

Gateway Investments entered into an amended and restated ground lease agreement with the University on July 26, 2011. The University agreed to lease Gateway Investments land for an initial term of 40 years commencing on July 1, 2011, with two optional 10-year extension periods. Gateway Investments developed and constructed The Gateway on the premises.

On November 17, 2011, Gateway Investments and the Foundation, as guarantor, issued senior secured notes in the amount of \$10.8 million in connection with the long-term financing of The Gateway. The notes are secured through the open-end mortgage, security agreement, assignment of leases, and rents and fixture filings. The notes were privately placed with a bank. The notes bear an interest rate of 4.9% and mature on November 1, 2027. Annual principal payments range from \$304,868 to \$6,159,592, and are payable on November 1. As part of the note purchase agreement, the Foundation is required under the guarantor covenant to maintain total net assets in excess of \$140 million.

In connection with the issuance of the senior notes, Gateway Investments incurred costs of approximately \$271,000 that are amortized over the life of the notes through 2027 on a straight-line basis.

Minimum principal and interest payments on the notes to maturity as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 320,146	\$ 422,464	\$ 742,610
2022	336,191	406,419	742,610
2023	353,039	389,571	742,610
2024	352,887	370,732	723,619
2025	389,311	353,299	742,610
2026 and Thereafter	6,884,633	771,340	7,655,973
Total	<u>\$ 8,636,207</u>	<u>\$ 2,713,825</u>	<u>\$ 11,350,032</u>

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NOTE 11 UTF GATEWAY INVESTMENTS (CONTINUED)

The following summarizes the notes payable the Foundation has secured with balances due as of June 30:

	<u>2020</u>	<u>2019</u>
Senior Secured Notes Payable	\$ 8,767,144	\$ 9,072,013
Less: Unamortized Debt Issuance Costs	130,937	148,792
Total Notes Payable, Net	<u>8,636,207</u>	<u>8,923,221</u>
Less: Current Maturities	320,146	304,868
Total Notes Payable, Less Current Maturities	<u><u>\$ 8,316,061</u></u>	<u><u>\$ 8,618,353</u></u>

Interest expense consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest	\$ 436,497	\$ 451,106
Amortization of Bond Issuance Costs	17,855	17,855
Total	<u><u>\$ 454,352</u></u>	<u><u>\$ 468,961</u></u>

Bond issuance costs consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Loan Acquisition Costs	\$ 271,000	\$ 271,000
Less: Accumulated Amortization	140,063	122,208
Net Loan Acquisition Costs	<u><u>\$ 130,937</u></u>	<u><u>\$ 148,792</u></u>

During fiscal year 2015, a board resolution established a Bond Sinking Fund to invest funds to meet the balloon principal payment of approximately \$6.1 million that matures November 1, 2027. After an initial investment of \$330,000 on December 22, 2014, quarterly transfers of \$82,500 from operating accounts commenced.

The Foundation entered into a lease agreement with Gateway Investments on August 31, 2011, to occupy retail space for a collegiate bookstore. The term of the agreement is 15 years with three five-year renewal options. The minimum annual rent is approximately \$293,000 for lease years 1 through 5; \$302,000 for lease years 6 through 10; \$311,000 for lease years 11 through 15; \$320,000 for lease years 16 through 20; \$329,000 for lease years 21 through 25; and \$339,000 for lease years 26 through 30.

The Foundation has a management agreement with Barnes & Noble to provide services to manage the collegiate bookstore and provide the bookstore inventory located within The Gateway through June 30, 2027, with an automatic renewal for one additional five-year term. The bookstore is operated under the Barnes & Noble trade name. Under the terms of the agreement, Barnes & Noble pays the Foundation a variable fee on aggregate collectible sales. The variable fee is 11% of collectible sales up to \$ 10 million; 12.5% of collectible sales between \$10 million and \$12 million; and 14% of collectible sales in excess of \$12 million. Revenue recognized related to the operation of the bookstore was approximately \$4,549,000 in fiscal year 2020 and approximately \$5,224,000 in fiscal year 2019 and is included in bookstore revenue on the consolidated statement of activities.

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NOTE 11 UTF GATEWAY INVESTMENTS (CONTINUED)

Related expense recognized was approximately \$4,166,000 in fiscal year 2020 and approximately \$4,845,000 in fiscal year 2019 and is included in bookstore expenses on the consolidated statements of activities.

Gateway Investments is the landlord for nine other leases, and such leases include renewal options that include terms from three to ten years. Total rent revenue related to these leases was approximately \$558,000 in 2020 and \$573,000 in 2019.

The following table summarizes the expected rent receipts during the initial terms of contracts:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 544,801
2022	556,261
2023	570,534
2024	539,843
2025	539,843
2026 and Thereafter	1,086,085
Total	<u>\$ 3,837,367</u>

NOTE 12 FUNDS HELD FOR AFFILIATES

Transactions in agency funds are summarized below for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Contributions - Affiliates	\$ -	\$ 3,031
Investment Income (Loss), Net	(1,735,227)	5,330,308
Distributions - Affiliates	<u>(9,902,336)</u>	<u>(12,378,931)</u>
Change in Balance	(11,637,563)	(7,045,592)
Balance in Affiliate Funds - Beginning of Year	<u>212,912,487</u>	<u>219,958,079</u>
Balance in Affiliate Funds - End of Year	<u>\$ 201,274,924</u>	<u>\$ 212,912,487</u>

NOTE 13 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to define fair value and establish a framework for measuring fair value. The three level fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. In general, 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 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.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

In instances whereby inputs used to measure fair value fall into different levels of the 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.

Disclosures concerning assets measured at fair value on a recurring basis for June 30, 2020 are as follows:

ASSETS	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Pooled Investments:				
Mutual Funds, Index Funds, and ETFs - Equities	\$ 214,596,608	\$ -	\$ -	\$ 214,596,608
Mutual Funds and ETFs - Fixed Income	52,119,136	-	-	52,119,136
Common Stock	52,380,554	-	-	52,380,554
U.S. Government and Agency Issues	-	12,484,358	-	12,484,358
Corporate Bonds	-	3,061,024	-	3,061,024
Hedge Funds - NAV Practical Expedient	-	-	-	43,276,674
Partnerships - NAV Practical Expedient	-	-	-	74,202,606
Real Estate	-	-	-	-
Total Pooled Investments	319,096,298	15,545,382	-	452,120,960
Nonpooled Investments:				
Corporate Bonds	-	134,458	-	134,458
Mutual Funds and ETFs - Fixed Income	1,003,657	-	-	1,003,657
Mutual Funds, Index Funds, and ETFs - Equities	3,314,267	-	-	3,314,267
Common Stock	1,088,563	-	-	1,088,563
Total Nonpooled Investments	5,406,487	134,458	-	5,540,945
Other Assets:				
Assets Held in Remainder Trusts	-	-	3,948,394	3,948,394
Contributions Receivable	-	-	11,764,774	11,764,774

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Disclosures concerning assets measured at fair value on a recurring basis for June 30, 2019 are as follows:

ASSETS	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Pooled Investments:				
Mutual Funds, Index Funds, and ETFs - Equities	\$ 197,407,134	\$ -	\$ -	\$ 197,407,134
Mutual Funds and ETFs - Fixed Income Common Stock	56,694,686	-	-	56,694,686
U.S. Government and Agency Issues	82,132,916	-	-	82,132,916
Corporate Bonds	-	14,093,930	-	14,093,930
Hedge Funds - NAV Practical Expedient Partnerships - NAV Practical Expedient	-	1,574,683	-	1,574,683
	-	-	-	55,516,624
	-	-	-	78,910,926
Total Pooled Investments	<u>336,234,736</u>	<u>15,668,613</u>	<u>-</u>	<u>486,330,899</u>
Nonpooled Investments:				
U.S. Government and Agency Issues	3,522	-	-	3,522
Corporate Bonds	-	401,257	-	401,257
Mutual Funds and ETFs - Fixed Income Mutual Funds, Index Funds, and ETFs - Equities	983,255	-	-	983,255
Common Stock	2,844,681	-	-	2,844,681
	972,028	-	-	972,028
Total Nonpooled Investments	<u>4,803,486</u>	<u>401,257</u>	<u>-</u>	<u>5,204,743</u>
Other Assets:				
Assets Held in Remainder Trusts	-	-	4,139,236	4,139,236
Contributions Receivable	-	-	13,096,837	13,096,837

The Foundation measures contributions receivable at fair value to provide a valuation based on current yield curves and create consistency in financial presentation with measurements of other financial instruments. Fair value is determined using the present value technique, adjusting cash flows from unconditional promises to give by a risk premium and then discounting the expected cash flows, net of risk premium, using a risk-free interest rate based on current market conditions. The risk premium is determined for each individual pledge based on any expected variance in timing of payments, pledges past due, donor's relationship with the Foundation, publicity of the pledge, the Foundation's collection history, and any other relevant information.

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2020 and 2019 are as follows:

<u>Year Ended June 30, 2020</u>	<u>Assets Held in Remainder Trusts</u>	<u>Contributions Receivable</u>
Balance at July 1, 2019	\$ 4,139,236	\$ 13,096,837
Income Distributions	103,849	-
Distributions and Fees	(404,653)	-
Pledges Received	-	1,963,830
Payments Received	-	(4,084,716)
Change in Present Value	-	438,062
Change in Allowance	-	350,761
Total Realized Gains (Losses)	35,632	-
Total Unrealized Gains (Losses)	74,330	-
Balance at June 30, 2020	<u>\$ 3,948,394</u>	<u>\$ 11,764,774</u>
<u>Year Ended June 30, 2019</u>	<u>Assets Held in Remainder Trusts</u>	<u>Contributions Receivable</u>
Balance at July 1, 2018	\$ 4,190,127	\$ 42,872,501
Income Distributions	119,171	-
Distributions and Fees	(376,486)	-
Pledges Received	-	3,311,808
Payments Received	-	(37,329,769)
Change in Present Value	-	782,004
Change in Allowance	-	3,460,293
Total Realized Gains (Losses)	142,966	-
Total Unrealized Gains (Losses)	63,458	-
Balance at June 30, 2019	<u>\$ 4,139,236</u>	<u>\$ 13,096,837</u>

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The realized and unrealized gains and losses as well as the changes in present value and allowance in the above tables are reported in net realized and unrealized gains on the consolidated statement of activities.

Qualitative information for Level 3 assets not valued using net asset valuations is as follows:

	Fair Value at June 30, 2020	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions Receivable	\$ 11,764,774	Discounted Cash Flow	Risk-Free Rate Default Factor Past Due Allowance	0.6 - 1.5% 10% 10% - 90%
Assets Held in Remainder Trusts	3,948,394	Market Value of Underlying Assets	None	None
	Fair Value at June 30, 2019	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Assets:				
Contributions Receivable	\$ 13,096,837	Discounted Cash Flow	Risk-Free Rate Default Factor Past Due Allowance	0.6 - 1.5% 10% 10% - 90%
Assets Held in Remainder Trusts	4,139,236	Market Value of Underlying Assets	None	None

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers in and out of the fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. For the years ended June 30, 2020 and 2019, there were no transfers between levels of the fair value hierarchy.

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30:

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Siguler Guff Distressed Opportunities Fund III, LP	A partnership assembled as a Portfolio of funds representing a full spectrum of distressed investment approaches, including short-term and medium-term trading strategies, taking an influencing role in the reorganization process, investing for control in the class of the securities to affect the reorganization process, or acquiring the issuer.	\$ 727,000	\$ 136,164	\$ 769,000	\$ 136,164	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Metropolitan Real Estate Partners VII, LP	A private real estate fund of funds focused primarily on value-added and opportunistic private real estate funds, most of which are niche funds that do not utilize operating partners. The fund seeks exposure to a broad set of underlying funds with differing sector and geographic allocations.	300,000	141,679	390,000	141,679	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Robeco Sam Clean Tech Private Equity II, LP	A partnership assembled as a portfolio of funds seeking the most attractive Clean Tech private equity managers and co-investments, focusing on development and late-stage deployment of proven technologies and on project development.	1,599,000	160,280	1,606,000	160,280	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Aether Real Assets II, LP	A partnership that strives for superior risk-adjusted returns by focusing on its primary sectors of oil and natural gas, metals, and minerals, and agriculture and timber. Other sectors of focus include traditional and alternative energy assets, infrastructure and capital assets, and water and other investments.	\$ 1,464,000	\$ 11,189	\$ 1,978,000	\$ 50,136	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Kayne Anderson Energy Fund VI, LP	The partnership's principal strategy is to establish significant investment positions in privately issued securities, of public and private energy companies or in certain assets of those companies, influence the creation of wealth and the growth of the business of those companies, and maintain control over its disposition of those securities in order to achieve its investment objective.	643,000	548,017	1,105,000	548,017	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
FEG Private Opportunities Fund, LP.	A fund of funds structure to invest in three key market segments: global private equity, special situations, and real assets. The funds will identify other private investment funds in which to invest. The funds are expected to invest in twelve to fifteen private equity funds, five to eight real asset funds, and five to eight special situation funds.	44,384,000	8,271,500	47,866,000	12,261,500	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
FEG Private Opportunities Fund II, LP.							
FEG Private Opportunities Fund III, LP.							

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Falcon Strategic Partners IV, LP	The partnership has a differentiated disciplined approach to mezzanine investing that seeks inefficiencies in the lower middle market; Falcon Strategic encourages a partnership approach; identifies price potential transactions in a calibrated risk/return framework; and supports long-term value creation.	\$ 3,083,000	\$ -	\$ 3,480,000	\$ -	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.
Pennant Windward LLC	A fundamental based long/short equity hedge fund utilizing a research driven approach to investing. The fund generally includes a macro hedging component and will opportunistically invest in nonequity securities when relevant. The fund will be predominately invested in the U.S. but will have some exposure to international markets. The fund seeks to outperform returns as measured by the HFRI Equity Hedge Index and S&P 500, with a lower level of volatility.	721,000	-	799,000	-	Quarterly	60 Days
Graham Capital Management Fund II	A global macro hedge fund that specializes in both systematic and discretionary macro strategies. The fund employs a trend-based trading approach comprised of multiple sub-models, trading using several factors including price, volatility, and trade duration.	2,790,000	-	2,738,000	-	Close of business each Wednesday and last business day of each month.	3 Days (Written)

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Strategic Value Partners Fund	A hedge fund focusing on distressed, event-driven deals with impending restructurings along with other deep-value investments. The fund is global in nature primarily in the U.S. and Europe. Target investments are typically 65-80% senior debt and 20-35% subordinated debt/equity. The fund generally does not employ leverage at the fund level.	\$ 8,070,000	\$ -	\$ 8,778,000	\$ -	Quarterly	95 Days
Rimrock	A fixed-income hedge fund. The fund strategy is multi-sector fixed-income relative value that utilizes modest leverage, is actively hedged, and encompasses income and total return strategies. The fund focuses on short average life securities due to their relatively low amount of price sensitivity, including mortgage-backed securities, asset-backed securities, corporate credit, government and agency securities, and non-U.S. and emerging market securities.	527,000	-	11,376,000	-	Annually	120 Days
Falcon Strategic Partners V, LP	The Partnership invests primarily in mezzanine securities issued by lower middle market companies located in North America. Pursues an opportunistic approach, investing across a wide variety of industry sectors and transaction types alongside entrepreneurs, management teams, nontraditional sponsors, and private equity funds; combining creative and flexible investment structures with carefully calibrated, risk-adjusted pricing. Active return comparisons used the S&P 500 Index and the Barclays five to seven-year High Field Index.	5,799,000	-	5,647,000	626,359	No Restrictions	Requires notification to general partner. Redemption is subject to written consent of general partner.

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Fir Tree International Value Fund	The multi-strategy hedge fund utilizes an opportunistic, value oriented approach. Investing on a global basis, across multiple asset classes, sectors, capital structures, and public and private markets, migrates to less efficient parts of the market looking for undiscovered value including various structured products overlooked by the marketplace. The Fund has generated returns significantly above the HFRI Weighted Composite Index and Barclays Aggregate Bond Index.	\$ 6,599,000	\$ -	\$ 6,429,000	\$ -	Biennial	90 Days
HBK Fund, LP	A diversified multi-strategy fund with a button-up process approach. Investment opportunities are sought on a global basis believing that international, especially emerging markets, are less efficient and therefore contain a wealth of arbitrage opportunities mostly on the credit, special situations and risk arbitrage side.	11,882,000	-	11,729,000	-	Quarterly	90 Days
Rocket Venture II	A limited liability company with the objective of investing in privately held technology related businesses generally in the imagining, incubating, and demonstrating phases of development, located in the State of Ohio.	422,000	180,000	290,000	300,000	No Restrictions	90 Days (Written to the President)
Harvest	A limited liability company organized for the purpose of trading and investing in securities.	6,943,000	-	10,691,000	-	Monthly	Monthly

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
HCI Equity Partners	A partnership that makes private investments in lower middle market industrial products and services companies; Target sound businesses with proven products or services that are in need of an institutional partner to help position the company for continued long-term growth.	\$ 3,452,000	\$ 4,713,371	\$ 2,510,000	\$ 5,253,139	No Restrictions	Requires notification to the general partner. Redemption is subject to written consent of general partner.
Indus Asia	A hedged equity manager that invests long and short in Asian equities excluding Japan. Net exposure will typically range from 30-70%.	176,000	-	1,951,000	-	Quarterly	30 Days
Pelham	A hedged equity manager that invests long and short in European equities. Net exposure will typically range from 70-90%.	6,222,000	-	5,706,000	-	Monthly	90 Days
Pleiad Asia	A hedged equity manager that invests long and short in Asian equities. Net exposure will typically range from 0-30%.	2,969,000	-	2,511,000	-	Quarterly	60 Days
MAP Renewable Energy 2018	A hedge fund seeking to capture value from structured inefficiencies and price anomalies in the global volatility markets. The fund invests in volatility risk premium, statistically long volatility and special situations. Malachite aims to be a market neutral, but can tilt marginally long or short	4,572,000	1,350,000	2,580,000	3,004,794	No Restrictions	Subject to consent of GP
Malachite class A2	A Partnership that invests in opportunistic real estate, targeting assets that are out of favor at a discount. Value is added through deal structuring, legal analysis, and acquisitions. They draw on resources of Oak Hill where the team formerly ran the real estate group.	3,320,000	-	3,500,000	-	Quarterly	30 Days

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment	Investment Strategy	June 30, 2020		June 30, 2019		Redemption Frequency	Redemption Notice Period
		Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments		
Iron Point	A Partnership that invests in opportunistic real estate, targeting assets that are out of favor at a discount. Value is added through deal structuring, legal analysis, and acquisitions. They draw on resources of Oak Hill where the team formerly ran the real estate group.	\$ 815,000	\$ 4,130,845	\$ -	\$ -	No Restrictions	Subject to consent of GP
		<u>\$ 117,479,000</u>	<u>\$ 19,643,045</u>	<u>\$ 134,429,000</u>	<u>\$ 22,482,068</u>		

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NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The total approximate fair value of the hedge funds and partnership funds listed in the preceding table is \$117,479,280 and \$134,427,550 at June 30, 2020 and 2019, respectively. These investments are managed by the Foundation; however, the Foundation's portion of the pool of these investments is 57.1% and 56.6% at June 30, 2020 and 2019, or approximately \$67,021,000 and \$76,086,000, respectively.

The total unfunded commitments listed in the preceding table are \$19,643,045 and \$22,482,068 at June 30, 2020 and 2019, respectively. The Foundation's portion of these commitments is approximately \$11,216,000 and \$18,559,000 at June 30, 2020 and 2019, respectively.

Investments recorded at fair value have the following allocation between type and market:

	2020		2019	
	Market	Cost	Market	Cost
Pooled Investments:				
Cash Equivalents - United States	\$ 15,239,963	\$ 15,239,963	\$ 2,771,727	\$ 2,771,727
Accrued Interest - United States	195,980	195,980	179,442	179,442
Common Stock:				
United States	50,305,366	44,645,930	77,931,294	69,882,270
Ireland - USD	417,781	193,162	441,894	204,706
Canada - USD	-	-	217,990	208,947
United Kingdom	570,735	909,547	187,423	161,177
Israel - USD	356,249	197,232	332,230	193,260
Argentina - USD	-	-	66,371	67,443
Brazil - USD	-	-	261,404	269,259
India - USD	201,227	174,876	224,368	123,653
Netherlands - USD	-	-	276,207	154,315
Switzerland - USD	-	-	727,066	640,117
Denmark - USD	366,792	186,993	329,329	203,896
France - USD	-	-	794,509	547,435
Belgium - USD	-	-	309,880	289,624
Korea, Republic of - USD	-	-	32,951	65,962
Taiwan - USD	162,404	152,308	-	-
Government Bonds - United States	12,484,358	12,106,114	14,093,930	13,951,891
Corporate Bonds:				
United States	2,616,667	2,439,307	1,474,353	1,402,680
Belgium - USD	112,443	99,841	-	-
Netherlands - USD	106,153	100,190	100,330	99,605
United Kingdom - USD	225,761	216,518	-	-
Fixed-Income Mutual Funds - United States	52,119,136	51,314,048	56,694,686	55,995,485
Equity Mutual Funds, Indexes, ETFs:				
United States - USD	111,029,569	91,754,812	66,895,955	40,922,401
International Region - USD	64,295,925	69,234,237	26,052,714	23,376,171
Global Region - USD	-	-	36,675,236	26,580,192
United Kingdom - USD	-	-	23,485,626	27,793,505
Emerging Markets - USD	39,271,114	43,719,440	44,297,603	42,595,378
Hedge Funds:				
Hedge Equity - Multi National	11,881,914	10,000,000	11,729,073	10,000,000
Hedge Equity - International	23,325,395	25,717,979	35,009,319	37,504,661
Fund of Funds - International	8,069,365	7,000,000	8,778,232	7,000,000
Partnerships - Global	1,599,331	1,552,829	1,606,056	1,573,959
Partnerships - North America Region	5,798,853	6,405,129	5,646,985	5,423,737
Partnerships - United States	66,804,422	63,343,266	71,657,885	59,995,969
Total Pooled Investments	<u>\$ 467,556,903</u>	<u>\$ 446,899,701</u>	<u>\$ 489,282,068</u>	<u>\$ 430,178,867</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020		2019	
	Market	Cost	Market	Cost
Nonpooled Investments:				
Cash Equivalents - United States	\$ 262,821	\$ 262,821	\$ 173,946	\$ 173,946
Accrued Interest - United States	1,029	1,029	3,522	3,522
Fixed-Income Mutual Funds - United States	1,003,657	970,371	983,255	979,735
Corporate Bonds - United States	134,458	129,904	401,257	402,534
Common Stocks - United States	1,088,563	536,565	972,028	536,809
Equity Mutual Funds, Indexes, ETFs:				
United States - USD	3,072,506	2,710,593	2,586,797	2,322,049
Emerging Markets - USD	133,769	131,977	142,220	132,020
International - USD	107,992	101,999	115,664	103,017
Total Nonpooled Investments	<u>\$ 5,804,795</u>	<u>\$ 4,845,259</u>	<u>\$ 5,378,689</u>	<u>\$ 4,653,632</u>
Annuity Trusts:				
Cash Equivalents - United States	\$ 47,200	\$ 47,200	\$ 131,360	\$ 131,360
Accrued Interest - United States	3,153	3,153	-	-
Fixed-Income Mutual Funds:				
United States	960,019	897,348	867,997	839,778
Corporate Bonds - United States	134,752	124,936	257,268	251,724
Common Stocks - United States	1,760,540	795,078	1,868,684	974,663
Equity Mutual Funds, Indexes, ETFs:				
United States - USD	807,360	538,845	821,794	525,972
Emerging Markets - USD	60,973	60,802	59,464	59,808
International - USD	174,397	185,242	132,669	134,472
Total Annuity Trusts	<u>\$ 3,948,394</u>	<u>\$ 2,652,604</u>	<u>\$ 4,139,236</u>	<u>\$ 2,917,777</u>

NOTE 14 CONCENTRATION OF CREDIT RISK

The Foundation and Corporation have noninterest-bearing accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation maintains other cash balances at several financial institutions. Other cash accounts are insured by the FDIC Corporation up to \$250,000. During the fiscal years ended June 30, 2020 and 2019, the Foundation maintained balances that exceeded insurable limits.

NOTE 15 CARES ACT PAYROLL PROTECTION PLAN LOAN

On April 13, 2020, the Foundation received a loan from Fifth Third Bank in the amount of \$905,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months with the initial payment deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 15 CARES ACT PAYROLL PROTECTION PLAN LOAN (CONTINUED)

Payment of principal and interest is deferred until the date on which the amount of forgiveness is determined by the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, with principal and interest payments required through the maturity date in April 2022.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
The University of Toledo Foundation and Subsidiaries
Toledo, Ohio

We have audited the consolidated financial statements of The University of Toledo Foundation as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated September 28, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Toledo, Ohio
September 28, 2020

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	<u>The University of Toledo Foundation</u>	<u>The University of Toledo Foundation Real Estate Corp.</u>	<u>UTF Gateway Investments LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 5,102,353	\$ 224,307	\$ 194,529	\$ -	\$ 5,521,189
Accounts Receivable	1,716,089	15,610	14,097	(907,500)	838,296
Contributions Receivable, Net of Allowance for Uncollectible Contributions	8,024,294	-	-	-	8,024,294
Prepaid Expense	74,947	-	144,000	(144,000)	74,947
Total Current Assets	<u>14,917,683</u>	<u>239,917</u>	<u>352,626</u>	<u>(1,051,500)</u>	<u>14,458,726</u>
NONCURRENT ASSETS					
Investments:					
Pooled Investments	470,328,039	-	-	(2,771,136)	467,556,903
Nonpooled Investments	5,291,595	-	2,551,300	-	7,842,895
Real Estate	593,476	-	-	-	593,476
Assets Held in Charitable Remainder Trusts	3,948,394	-	-	-	3,948,394
Total Investments	<u>480,161,504</u>	<u>-</u>	<u>2,551,300</u>	<u>(2,771,136)</u>	<u>479,941,668</u>
Due from Real Estate Corporation	8,303,504	-	-	(8,303,504)	-
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	3,740,480	-	-	-	3,740,480
Cash Value of Life Insurance and Annuities	1,286,055	-	-	-	1,286,055
PROPERTY AND EQUIPMENT					
Land and Land Improvements	6,099,667	920,862	-	-	7,020,529
Gateway	-	-	15,523,459	-	15,523,459
Rental Property	1,501,727	171,229	-	-	1,672,956
Equipment	26,187,826	-	185,108	-	26,372,934
Total Property and Equipment	<u>33,789,220</u>	<u>1,092,091</u>	<u>15,708,567</u>	<u>-</u>	<u>50,589,878</u>
Less: Accumulated Depreciation	2,152,104	262,394	3,122,906	-	5,537,404
Net Property and Equipment	<u>31,637,116</u>	<u>829,697</u>	<u>12,585,661</u>	<u>-</u>	<u>45,052,474</u>
Total Assets	<u>\$ 540,046,342</u>	<u>\$ 1,069,614</u>	<u>\$ 15,489,587</u>	<u>\$ (12,126,140)</u>	<u>\$ 544,479,403</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT LIABILITIES					
Accounts Payable	\$ 593,265	\$ 317	\$ 921,365	\$ (907,500)	\$ 607,447
Accrued Liabilities	454,887	2,799	204,838	(144,000)	518,524
Deferred Revenue	10,193	6,510	44,730	-	61,433
CARES Act Payroll Protection Plan Loan	905,000	-	-	-	905,000
Senior Secured Notes Payable	-	-	320,146	-	320,146
Total Current Liabilities	<u>1,963,345</u>	<u>9,626</u>	<u>1,491,079</u>	<u>(1,051,500)</u>	<u>2,412,550</u>
NONCURRENT LIABILITIES					
Due to University of Toledo Foundation	-	8,303,504	-	(8,303,504)	-
Senior Secured Notes Payable	-	-	8,316,061	-	8,316,061
Gateway Funding from Pooled Investments	-	-	2,078,864	-	2,078,864
Grantor Trust Payable to a Related Party	2,012,824	-	-	-	2,012,824
Annuities Payable	2,800,854	-	-	-	2,800,854
Funds held for Affiliates	201,274,924	-	-	-	201,274,924
Total Liabilities	<u>208,051,947</u>	<u>8,313,130</u>	<u>11,886,004</u>	<u>(9,355,004)</u>	<u>218,896,077</u>
NET ASSETS (DEFICIT)					
Without Donor Restrictions:					
Operating Funds:					
Undesignated	(2,575,169)	-	-	-	(2,575,169)
Designated:					
Real Estate	40,530,096	(7,243,516)	-	-	33,286,580
Gateway	-	-	3,603,583	(2,771,136)	832,447
Board	11,895,934	-	-	-	11,895,934
Total Without Donor Restrictions Operating Funds	<u>49,850,861</u>	<u>(7,243,516)</u>	<u>3,603,583</u>	<u>(2,771,136)</u>	<u>43,439,792</u>
Board Endowed	9,542,348	-	-	-	9,542,348
Total Without Donor Restrictions	<u>59,393,209</u>	<u>(7,243,516)</u>	<u>3,603,583</u>	<u>(2,771,136)</u>	<u>52,982,140</u>
With Donor Restrictions	272,601,186	-	-	-	272,601,186
Total Net Assets (Deficit)	<u>331,994,395</u>	<u>(7,243,516)</u>	<u>3,603,583</u>	<u>(2,771,136)</u>	<u>325,583,326</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 540,046,342</u>	<u>\$ 1,069,614</u>	<u>\$ 15,489,587</u>	<u>\$ (12,126,140)</u>	<u>\$ 544,479,403</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	The University of Toledo Foundation and Subsidiaries
SUPPORT, REVENUE, AND GAINS (LOSSES)							
Contributions	\$ 11,922,347	\$ -	\$ -	\$ -	\$ 261,578	\$ 11,660,769	\$ 11,922,347
Unconditional Promises to Give	2,752,190	-	-	-	10,325	2,741,865	2,752,190
Administrative Fees	3,119,514	-	-	-	5,872,018	(2,752,504)	3,119,514
Annuities and Trusts, Net of Actuarial Adjustments)	(317,599)	-	-	-	-	(317,599)	(317,599)
Ancillary and Nongift	835,323	-	-	-	2,426	832,897	835,323
Bookstore Revenue	4,549,264	-	-	-	4,549,264	-	4,549,264
Center for Alumni and Donor Engagement	857,086	-	-	-	857,086	-	857,086
Income - UTF Gateway Investments	-	-	1,386,392	(361,311)	1,025,081	-	1,025,081
Income - Real Estate Corp.	-	60,970	-	-	60,970	-	60,970
Interest and Dividends	5,224,778	-	57,025	-	1,104,724	4,120,054	5,224,778
Investment Fees	(641,705)	-	-	-	(109,051)	(532,654)	(641,705)
Net Realized and Unrealized Losses	(6,769,018)	-	83,581	-	(1,495,998)	(5,189,439)	(6,685,437)
Satisfaction of Program and Donor Restrictions	-	-	-	-	14,890,256	(14,890,256)	-
Other Transfers	-	-	-	-	(76,516)	76,516	-
Total Support, Revenue, and Gains (Losses)	21,532,180	60,970	1,526,998	(361,311)	26,952,163	(4,250,351)	22,701,812
EXPENSES							
University Program Services:							
Academics	5,024,715	-	-	-	5,024,715	-	5,024,715
Athletics Programs and Projects	4,352,587	-	-	-	4,352,587	-	4,352,587
Student Aid	5,028,204	-	-	-	5,028,204	-	5,028,204
Capital Projects	364,544	-	-	-	364,544	-	364,544
Research	260,070	-	-	-	260,070	-	260,070
Bookstore Expenses	4,527,411	-	-	(361,311)	4,166,100	-	4,166,100
Donor Life Insurance Premiums	77,257	-	-	-	77,257	-	77,257
Management and General	4,404,639	24,925	1,372,230	-	5,801,794	-	5,801,794
Fundraising	4,203,859	-	-	-	4,203,859	-	4,203,859
Total Expenses	28,243,286	24,925	1,372,230	(361,311)	29,279,130	-	29,279,130
INCREASE (DECREASE) IN NET ASSETS, BEFORE TRANSFERS	(6,711,106)	36,045	154,768	-	(2,326,967)	(4,250,351)	(6,577,318)
CAPITAL TRANSFERS	(562,000)	(977,271)	23,982	(23,982)	(1,539,271)	-	(1,539,271)
INCREASE (DECREASE) IN NET ASSETS	(7,273,106)	(941,226)	178,750	(23,982)	(3,866,238)	(4,250,351)	(8,116,589)
Net Assets (Deficit) - Beginning of Year	336,598,478	(6,302,290)	3,424,834	(2,747,157)	56,848,378	276,851,537	333,699,915
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 329,325,372</u>	<u>\$ (7,243,516)</u>	<u>\$ 3,603,584</u>	<u>\$ (2,771,139)</u>	<u>\$ 52,982,140</u>	<u>\$ 272,601,186</u>	<u>\$ 325,583,326</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	<u>The University of Toledo Foundation</u>	<u>The University of Toledo Foundation Real Estate Corp.</u>	<u>UTF Gateway Investments LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 520,427	\$ 203,827	\$ 268,315	\$ -	\$ 992,569
Accounts Receivable	2,041,454	2,700	22,391	(757,500)	1,309,045
Contributions Receivable, Net of Allowance for Uncollectible Contributions	5,504,529	-	-	-	5,504,529
Prepaid Expense	(35,394)	-	120,000	-	84,606
Total Current Assets	<u>8,031,016</u>	<u>206,527</u>	<u>410,706</u>	<u>(757,500)</u>	<u>7,890,749</u>
NONCURRENT ASSETS					
Investments:					
Pooled Investments	492,029,222	-	-	(2,747,154)	489,282,068
Nonpooled Investments	5,342,545	-	2,080,693	-	7,423,238
Real Estate	593,476	-	-	-	593,476
Assets Held in Charitable Remainder Trusts	4,139,236	-	-	-	4,139,236
Total Investments	<u>502,104,479</u>	<u>-</u>	<u>2,080,693</u>	<u>(2,747,154)</u>	<u>501,438,018</u>
Due from Real Estate Corporation	8,303,504	-	-	(8,303,504)	-
Contributions Receivable, Net of Allowance for Uncollectible Contributions and Present Value Adjustments	7,592,308	-	-	-	7,592,308
Cash Value of Life Insurance and Annuities	1,327,283	-	-	-	1,327,283
PROPERTY AND EQUIPMENT					
Land and Land Improvements	5,323,851	1,898,134	-	-	7,221,985
Gateway	-	-	15,523,459	-	15,523,459
Rental Property	1,501,727	171,229	-	-	1,672,956
Equipment	25,932,646	-	185,108	-	26,117,754
Total Property and Equipment	<u>32,758,224</u>	<u>2,069,363</u>	<u>15,708,567</u>	<u>-</u>	<u>50,536,154</u>
Less: Accumulated Depreciation	1,448,296	261,810	2,727,558	-	4,437,664
Net Property and Equipment	<u>31,309,928</u>	<u>1,807,553</u>	<u>12,981,009</u>	<u>-</u>	<u>46,098,490</u>
Total Assets	<u>\$ 558,668,518</u>	<u>\$ 2,014,080</u>	<u>\$ 15,472,408</u>	<u>\$ (11,808,158)</u>	<u>\$ 564,346,848</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The University of Toledo Foundation	The University of Toledo Foundation Real Estate Corp.	UTF Gateway Investments LLC	Eliminating Entries	Total
CURRENT LIABILITIES					
Accounts Payable	\$ 1,396,894	\$ 4,957	\$ 801,855	\$ (757,500)	\$ 1,446,206
Accrued Liabilities	202,162	1,399	179,965	-	383,526
Deferred Revenue	-	6,510	39,688	-	46,198
Senior Secured Notes Payable	-	-	304,868	-	304,868
Total Current Liabilities	<u>1,599,056</u>	<u>12,866</u>	<u>1,326,376</u>	<u>(757,500)</u>	<u>2,180,798</u>
NONCURRENT LIABILITIES					
Due to University of Toledo Foundation	-	8,303,504	-	(8,303,504)	-
Senior Secured Notes Payable	-	-	8,618,353	-	8,618,353
Gateway Funding from Pooled Investments	-	-	2,102,846	-	2,102,846
Grantor Trust Payable to a Related Party	2,012,824	-	-	-	2,012,824
Annuities Payable	2,819,625	-	-	-	2,819,625
Funds Held for Affiliates	212,912,487	-	-	-	212,912,487
Total Liabilities	<u>219,343,992</u>	<u>8,316,370</u>	<u>12,047,575</u>	<u>(9,061,004)</u>	<u>230,646,933</u>
NET ASSETS (DEFICIT)					
Without Donor Restrictions:					
Operating Funds:					
Undesignated	(328,500)	-	-	-	(328,500)
Designated:					
Real Estate	40,202,908	(6,302,290)	-	-	33,900,618
Gateway	-	-	3,424,833	(2,747,154)	677,679
Board	12,757,280	-	-	-	12,757,280
Total Without Donor Restrictions Operating Funds	<u>52,631,688</u>	<u>(6,302,290)</u>	<u>3,424,833</u>	<u>(2,747,154)</u>	<u>47,007,077</u>
Board Endowed	9,841,301	-	-	-	9,841,301
Total Without Donor Restrictions	<u>62,472,989</u>	<u>(6,302,290)</u>	<u>3,424,833</u>	<u>(2,747,154)</u>	<u>56,848,378</u>
With Donor Restrictions	276,851,537	-	-	-	276,851,537
Total Net Assets (Deficit)	<u>339,324,526</u>	<u>(6,302,290)</u>	<u>3,424,833</u>	<u>(2,747,154)</u>	<u>333,699,915</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 558,668,518</u>	<u>\$ 2,014,080</u>	<u>\$ 15,472,408</u>	<u>\$ (11,808,158)</u>	<u>\$ 564,346,848</u>

THE UNIVERSITY OF TOLEDO FOUNDATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The University of Toledo Foundation	UTF Real Estate Corp.	UTF Gateway Investments	Eliminating Entries	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	The University of Toledo Foundation and Subsidiaries
SUPPORT, REVENUE, AND GAINS (LOSSES)							
Contributions	\$ 9,465,430	\$ -	\$ -	\$ -	\$ 2,334,118	\$ 7,131,312	\$ 9,465,430
Unconditional Promises to Give	7,554,235	-	-	-	51,551	7,502,684	7,554,235
Administrative Fees	3,051,190	-	-	-	5,676,949	(2,625,759)	3,051,190
Annuities and Trusts, Net of Actuarial Adjustments)	(342,761)	-	-	-	-	(342,761)	(342,761)
Ancillary and Nongift	1,027,892	-	-	-	11,384	1,016,508	1,027,892
Bookstore Revenue	5,223,986	-	-	-	5,223,986	-	5,223,986
Center for Alumni and Donor Engagement	465,968	-	-	-	465,968	-	465,968
Income - UTF Gateway Investments	-	-	1,414,273	(273,603)	1,140,670	-	1,140,670
Income - Real Estate Corp.	-	60,971	-	-	60,971	-	60,971
Interest and Dividends	5,277,677	-	64,177	-	1,107,438	4,234,416	5,341,854
Investment Fees	(653,899)	-	-	-	(136,528)	(517,371)	(653,899)
Net Realized and Unrealized Losses	2,893,782	-	67,898	-	(43,359)	3,005,039	2,961,680
Satisfaction of Program and Donor Restrictions	-	-	-	-	15,367,713	(15,367,713)	-
Other Transfers	-	-	-	-	(97,011)	97,011	-
Total Support, Revenue, and Gains (Losses)	33,963,500	60,971	1,546,348	(273,603)	31,163,850	4,133,366	35,297,216
EXPENSES							
University Program Services:							
Academics	5,637,390	-	-	-	5,637,390	-	5,637,390
Athletics Programs and Projects	5,019,008	-	-	-	5,019,008	-	5,019,008
Student Aid	5,112,183	-	-	-	5,112,183	-	5,112,183
Capital Projects	246,764	-	-	-	246,764	-	246,764
Research	345,762	-	-	-	345,762	-	345,762
Bookstore Expenses	5,119,045	-	-	(273,603)	4,845,442	-	4,845,442
Donor Life Insurance Premiums	263,546	-	-	-	263,546	-	263,546
Management and General	3,862,914	57,461	1,451,211	-	5,371,586	-	5,371,586
Fundraising	3,523,840	-	-	-	3,523,840	-	3,523,840
Total Expenses	29,130,452	57,461	1,451,211	(273,603)	30,365,521	-	30,365,521
INCREASE (DECREASE) IN NET ASSETS, BEFORE TRANSFERS	4,833,048	3,510	95,137	-	798,329	4,133,366	4,931,695
CAPITAL TRANSFERS	-	(2,733,173)	71,193	(71,193)	(2,733,173)	2,726,050	(7,123)
INCREASE (DECREASE) IN NET ASSETS	4,833,048	(2,729,663)	166,330	(71,193)	(1,934,844)	6,859,416	4,924,572
Net Assets (Deficit) - Beginning of Year	331,765,430	(3,572,627)	3,258,504	(2,675,964)	58,783,222	269,992,121	328,775,343
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 336,598,478</u>	<u>\$ (6,302,290)</u>	<u>\$ 3,424,834</u>	<u>\$ (2,747,157)</u>	<u>\$ 56,848,378</u>	<u>\$ 276,851,537</u>	<u>\$ 333,699,915</u>

