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Certified Public Accountants and Advisors

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**Western Connecticut State University Foundation, Inc.**

**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2025 and 2024

With Independent Auditor's Report

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WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Western Connecticut State University Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of Western Connecticut State University Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Connecticut State University Foundation, Inc. as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Connecticut State University Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Connecticut State University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Report on Summarized Comparative Information**

We have previously audited Western Connecticut State University Foundation, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fiorita, Kornhaas & Company, P.C.*

Fiorita, Kornhaas, & Company, P.C.  
Certified Public Accountants

Danbury, Connecticut  
September 10, 2025

WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 9,907,189	\$ 4,398,157
Current portion unconditional promises to give	138,521	310,814
Prepaid expenses	<u>97,116</u>	<u>77,546</u>
Total current assets	10,142,826	4,786,517
Investments	29,107,434	27,891,452
Unconditional promises to give, less current portion	139,271	69,669
Software, net	<u>-</u>	<u>-</u>
Total assets	<u>\$ 39,389,531</u>	<u>\$ 32,747,638</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 29,361	\$ 39,939
Due to WCSU Alumni Association	<u>16,988</u>	<u>14,564</u>
Total current liabilities	46,349	54,503
Net assets		
Net assets without donor restrictions	6,003,630	2,432,599
Net assets with donor restrictions	<u>33,339,552</u>	<u>30,260,536</u>
Total net assets	<u>39,343,182</u>	<u>32,693,135</u>
Total liabilities and net assets	<u>\$ 39,389,531</u>	<u>\$ 32,747,638</u>

See independent auditor's report and accompanying notes.

WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION, INC.

Statements of Activities

For the Year Ended June 30, 2025  
(With Summarized Financial Information for 2024)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2025 <u>Totals</u>	2024 <u>Totals</u>
Revenues				
Contributions and grant income				
Cash and other financial assets	\$ 3,382,839	\$ 1,775,792	\$ 5,158,631	\$ 2,240,460
In-kind	-	6,359	6,359	16,271
Net event income (loss)	(1,293)	-	(1,293)	30,450
Net investment return	168,518	3,092,447	3,260,965	3,115,532
Total revenues	<u>3,550,064</u>	<u>4,874,598</u>	<u>8,424,662</u>	<u>5,402,713</u>
Net assets released from restrictions	<u>1,795,582</u>	<u>(1,795,582)</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released	5,345,646	3,079,016	8,424,662	5,402,713
Expenses				
Program services	1,451,165	-	1,451,165	1,277,238
General and administrative services	274,643	-	274,643	298,764
Fundraising services	48,807	-	48,807	149,253
Total expenses	<u>1,774,615</u>	<u>-</u>	<u>1,774,615</u>	<u>1,725,255</u>
Increase in net assets	3,571,031	3,079,016	6,650,047	3,677,458
Net assets, beginning of year	<u>2,432,599</u>	<u>30,260,536</u>	<u>32,693,135</u>	<u>29,015,677</u>
Net assets, end of year	<u>\$ 6,003,630</u>	<u>\$ 33,339,552</u>	<u>\$ 39,343,182</u>	<u>\$ 32,693,135</u>

See independent auditor's report and accompanying notes.

WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2025  
(With Summarized Financial Information for 2024)

	Program <u>Services</u>	General and Administrative <u>Services</u>	Fundraising <u>Services</u>	2025 <u>Totals</u>	2024 <u>Totals</u>
Expenses					
Scholarships	\$ 1,013,461	\$ -	\$ -	\$ 1,013,461	\$ 931,199
Department support	291,244	-	-	291,244	267,561
WCSU reimbursements	-	114,462	-	114,462	166,776
Professional fees	-	30,220	10,271	40,491	137,122
Information technology expense	-	96,039	-	96,039	86,361
Student activities	33,411	-	-	33,411	46,444
Receptions, promotions and development	-	-	38,405	38,405	39,102
Plaques and awards	14,450	-	-	14,450	12,700
Other university support	32,321	-	-	32,321	18,984
Seminars and travel	66,278	-	-	66,278	350
Insurance	-	4,916	-	4,916	4,908
Credit card and bank service fees	-	5,620	-	5,620	10,723
Office expense	-	2,017	131	2,148	1,193
Bad debt expense	-	21,369	-	21,369	1,832
Total expenses	\$ <u>1,451,165</u>	\$ <u>274,643</u>	\$ <u>48,807</u>	\$ <u>1,774,615</u>	\$ <u>1,725,255</u>

See independent auditor's report and accompanying notes.

WESTERN CONNECTICUT STATE UNIVERSITY FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 6,650,047	\$ 3,677,458
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on investments, net	(2,376,303)	(2,368,366)
Changes in assets and liabilities		
Unconditional promises to give	102,691	(291,064)
Prepaid expenses	(19,570)	(4,876)
Accounts payable and accrued expenses	(10,578)	(26,584)
Due to Alumni Association	2,424	9,518
Net cash provided by operating activities	<u>4,348,711</u>	<u>996,086</u>
Cash flows from investing activities		
Proceeds from sale and maturities of investments	9,208,751	6,938,124
Purchases of investments	<u>(8,048,430)</u>	<u>(7,696,302)</u>
Net cash provided by (used in) investing activities	<u>1,160,321</u>	<u>(758,178)</u>
Net increase in cash and cash equivalents	5,509,032	237,908
Cash and cash equivalents, beginning of year	<u>4,398,157</u>	<u>4,160,249</u>
Cash and cash equivalents, end of year	<u>\$ 9,907,189</u>	<u>\$ 4,398,157</u>

See independent auditor's report and accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 1: NATURE OF ACTIVITIES

The Western Connecticut State University Foundation, Inc. ("the Foundation") operates exclusively for charitable and educational purposes and as such promotes, encourages, and assists all forms of education and research at Western Connecticut State University ("WCSU" or the "University"). The Foundation solicits donations of properties, monies, and securities, and acts as custodian for any and all funds and property received. The Foundation then disburses such funds, property, and the income there from in aiding, supplementing, improving, and enlarging the educational, cultural, and research facilities and activities of WCSU.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and, accordingly, recognizes revenue when earned and expenses when incurred and reflects all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires reporting of information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

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

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Foundation recognizes revenue when the performance obligations of transferring the products and providing the services are met. Grant revenue is recognized when there is reasonable assurance that the grant will be received and when the Foundation has complied with the conditions of the grant. Other income is recognized when received.

Revenue from contributions are recognized when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of six months or less from the date of acquisition.

Concentration of Credit Risk

The Foundation maintains deposits in federally insured institutions which, at times, can be in excess of the federally insured limits. Management, however, believes the Foundation is not exposed to significant credit risk due to the high credit quality of the depository institutions in which those deposits are held. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Foundation considers all amounts to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made. Bad debts written off for the years ended June 30, 2025 and 2024, were \$21,369 and \$1,832, respectively.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principals generally accepted in the United States of America establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1    Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2    Other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3    Unobservable inputs that cannot be corroborated by observable market data.

Software

Software is valued at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the related asset which is five years.

Collections

The Foundation does not assign a value to collection items. Collection items are generally held for educational purposes and not disposed of for financial gain or otherwise encumbered in any manner.

Office Furnishings

Cost of office furnishings and equipment are consistently charged to expense because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

Office Facilities

The University provides office facilities to the Foundation. The fair value of this support cannot be reasonably estimated and is therefore not reflected in the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded as fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services

Contributed services that create or enhance non-financial assets or require specialized skills that would otherwise be purchased by the Foundation are recognized as revenue on the financial statements.

Advertising Costs

Advertising costs are charged to operations when incurred. There was no advertising expense for the years ended June 30, 2025 and 2024.

Tax Exempt Status

The Foundation is currently exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is presented in these financial statements. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Prior Year Summarized Financial Information

The financial statements include prior year summarized financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements as of the year ended June 30, 2024, from which the summarized information was derived.

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2025Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The fund administration fee is allocated against donor restricted funds to recover a portion of the costs associated with administering the Foundation's assets. The fee is set at 1.5% annually, reduced by external investment management fees, and is limited in recovery to investment earnings of the fund.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Fund administration fee	Market value of fund

Subsequent Events

The Foundation has evaluated subsequent events through September 10, 2025, the date which the financial statements were available to be issued.

Note 3: AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 9,907,189	\$ 4,398,157
Less: amounts not available to be used for general expenditures:		
Cash and cash equivalents for designated purposes	<u>(4,160,864)</u>	<u>(2,365,800)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,746,325</u>	<u>\$ 2,032,357</u>

The Foundation's goal is generally to maintain liquid financial assets to meet one year of operating expenses. The Foundation invests excess short term cash in higher interest bearing money market accounts and certificates of deposit with staggered maturity dates to anticipate funding required. An annual budget is presented to the board for approval.

Investments consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. The income on donor-restricted endowments is reduced by the fund administration fee which is used by the Foundation to recover a portion of the costs associated with administering the Foundation's assets. The fee is set a 1.5% annually, reduced by external investment management fees, and is limited in recovery to investment earnings of the fund.

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 4: PROMISES TO GIVE

Promises receivable consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Unrestricted promises	\$ -	\$ 8,281
Scholarships	283,513	383,948
Gross unconditional promises to give	283,513	392,229
Less: Unamortized discount	(5,721)	(11,746)
Net unconditional promises to give	<u>\$ 277,792</u>	<u>\$ 380,483</u>
Amounts due in:		
Less than one year	\$ 138,521	\$ 310,814
One to five years	139,271	69,669
	<u>\$ 277,792</u>	<u>\$ 380,483</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.27%.

The Foundation has conditional promises to give from bequests of \$2,594,000 and \$2,594,000 as of June 30, 2025 and 2024, respectively that are not included in the financial statements.

Note 5: INVESTMENTS

The following is a summary of investments as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and equivalents	\$ 192,251	\$ 166,737
Mutual and exchange traded funds:		
Debt securities	6,778,033	6,956,680
Equity securities	16,420,901	15,390,846
Alternative assets:		
Hedge fund - other	4,012,718	3,538,628
Real estate & infrastructure funds	1,119,510	1,113,161
Hard assets - gold shares	555,377	696,323
	<u>29,078,790</u>	<u>27,862,375</u>
Accrued income	28,644	29,077
Total investments	<u>\$ 29,107,434</u>	<u>\$ 27,891,452</u>

As of June 30, 2025 and 2024, all investments were considered level 1 investments.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5: INVESTMENTS (continued)

The following schedule summarizes investment returns and their classification in the statements of activities for the years ended June 30, 2025 and 2024:

	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
Interest and dividends	\$ 168,518	\$ 784,090	\$ 952,608	\$ 807,025
Realized loss, net	-	697,720	697,720	(218,320)
Unrealized gain, net	-	1,678,583	1,678,583	2,586,686
Fiduciary fees	-	(67,946)	(67,946)	(59,859)
	<u>\$ 168,518</u>	<u>\$ 3,092,447</u>	<u>\$ 3,260,965</u>	<u>\$ 3,115,532</u>

Note 6: SOFTWARE

Software consists of the following as of June 30, 2025 and 2024:

	2025	2024
Software	\$ 199,545	\$ 199,545
Accumulated depreciation	(199,545)	(199,545)
Software, net	<u>\$ -</u>	<u>\$ -</u>

Note 7: NET ASSETS WITHOUT DONOR RESTRICTIONS

Unrestricted net assets comprise the following as of June 30, 2025 and 2024:

	2025	2024
Available for operations	\$ 5,520,472	\$ 1,984,088
Board designated funds	483,158	448,511
	<u>\$ 6,003,630</u>	<u>\$ 2,432,599</u>

Board designated funds comprise the following at June 30 2025 and 2024:

Board designated endowment funds

Income to be used for student scholarships and awards	\$ 355,000	\$ 355,000
Income to be used for student assistance	50,000	50,000
Total board designated endowed funds	<u>405,000</u>	<u>405,000</u>

Available for specific purposes

Student scholarships and awards	78,158	43,511
	<u>\$ 483,158</u>	<u>\$ 448,511</u>

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2025 and 2024 were available for the following purposes:

	<u>2025</u>	<u>2024</u>
<u>To be invested in perpetuity</u>		
Income to be used for student scholarships and awards	\$ 13,012,407	\$ 12,753,461
Income to be used to support school programs	7,623,181	7,065,610
Income unrestricted	447,556	478,013
Total donor endowed funds	<u>21,083,144</u>	<u>20,297,084</u>

To be released with the passage of time

Accumulated income on donor endowed funds to be released in accordance with endowment spending policy and used for the following specific purpose:

Student scholarships and awards	3,707,630	3,611,782
Support school programs	4,117,251	3,141,666
Unrestricted	225,066	452,883
	<u>8,049,947</u>	<u>7,206,331</u>

To be released for specific purpose

Student scholarships and awards	1,717,240	1,159,638
Support school programs	2,489,221	1,597,483
	<u>\$ 33,339,552</u>	<u>\$ 30,260,536</u>

Note 9: IN-KIND CONTRIBUTIONS

The Foundation recognized the following in-kind contributions for the years ended June 30, 2025 and 2024:

<u>Donated item</u>	<u>Department</u>	<u>2025</u>	<u>2024</u>
Photography equipment	Art	\$ -	\$ 4,999
Business clothing	Career success center	1,320	4,842
Lighting equipment	Communications and media arts	-	3,000
Art work	Art	-	2,930
Gift cards for grocery store	Student food pantry	-	500
Laboratory equipment and supplies	Biology	4,000	-
Winter & bucket caps	Athletics	1,039	-
		<u>\$ 6,359</u>	<u>\$ 16,271</u>

Donated items were valued at estimated fair value based on appraisal or similar items available on market.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 11: ENDOWMENT (continued)

*Funds with Deficiencies*

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 the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) requires the Foundation to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in net assets without donor restrictions. As of June 30, 2025 and 2024, there were no donor-restricted endowment funds with deficiencies.

*Interpretation of Relevant Law*

The Board of Directors of the Foundation has interpreted the CTUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be invested in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified to be invested in perpetuity is classified as net assets with donor restrictions to be released with the passage of time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

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

- (a) The duration and preservation of the fund;
- (b) The purposes of the Foundation and the donor-restricted endowment fund;
- (c) General economic conditions;
- (d) The possible effect of inflation and deflation;
- (e) The expected total return from income and the appreciation of investments;
- (f) Other resources of the Foundation; and
- (g) The investment policies of the Foundation.

Note 12: REIMBURSEMENT TO WESTERN CONNECTICUT STATE UNIVERSITY

In accordance with Public Act 89-267, the Foundation has agreed to reimburse the University for expenses, including the costs of personnel services, which are incurred as a result of Foundation operations and which would not have been incurred otherwise by the University. In addition to any specific expenses, the Foundation has agreed to make an annual payment of \$1,500 to cover incidental costs. Payments to the University for specific expenses are reflected in the statements of activities. During the fiscal years ended June 30, 2025 and 2024, the Foundation has incurred fees totaling \$114,462 and \$166,776, respectively.

Note 13: COMMITMENTS

The Foundation made a four year commitment to provide \$75,000 a year through June 30, 2026 to support incoming students. This funding will allow students to continue receiving their scholarships for the next four years.

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 10: NET EVENT INCOME

Net event includes the following as of June 30, 2025 and 2024:

	<u>Revenue</u>	<u>Expense</u>	<u>2025 Net</u>	<u>2024 Net</u>
Entrepreneur of the Year	\$ 1,515	\$ 2,808	\$ (1,293)	\$ -
WestConn Society Luncheon	-	-	-	\$ 30,450
	<u>\$ 1,515</u>	<u>\$ 2,808</u>	<u>\$ (1,293)</u>	<u>\$ 30,450</u>

Note 11: ENDOWMENT

The Foundation's investments include funds permanently endowed by donors and funds designated by the Board of Directors to function as endowments.

Endowment Net Asset Composition as of June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 28,669,165	\$ 28,669,165
Board-designated endowment funds	409,625	-	409,625
	<u>\$ 409,625</u>	<u>\$ 28,669,165</u>	<u>\$ 29,078,790</u>

Changes in Endowment Net Assets  
for the Fiscal Year Ended June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 383,400	\$ 27,478,975	\$ 27,862,375
Investment return:			
Investment income	20,740	1,458,939	1,479,679
Net unrealized appreciation	23,452	1,655,131	1,678,583
Investment fees	(944)	(67,002)	(67,946)
Contributions	-	255,225	255,225
Appropriation of endowment assets for expenditure	(14,258)	(1,798,219)	(1,812,477)
Foundation management fees	(2,765)	(313,884)	(316,649)
Endowment net assets, end of year	<u>\$ 409,625</u>	<u>\$ 28,669,165</u>	<u>\$ 29,078,790</u>

Endowment Net Asset Composition as of June 30, 2024:

Donor-restricted endowment funds	\$ -	\$ 27,478,975	\$ 27,478,975
Board-designated endowment funds	383,400	-	383,400
	<u>\$ 383,400</u>	<u>\$ 27,478,975</u>	<u>\$ 27,862,375</u>

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2025Note 11: ENDOWMENT (continued)

<u>Changes in Endowment Net Assets</u> <u>for the Fiscal Year Ended June 30, 2024:</u>	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 341,785	\$ 24,394,549	\$ 24,736,334
Investment return:			
Investment income	6,508	433,789	440,297
Net unrealized appreciation	35,945	2,550,741	2,586,686
Investment fees	(838)	(59,021)	(59,859)
Contributions	-	865,935	865,935
Appropriation of endowment assets for expenditure	-	(707,018)	(707,018)
Foundation management fees	-	-	-
Endowment net assets, end of year	<u>\$ 383,400</u>	<u>\$ 27,478,975</u>	<u>\$ 27,862,375</u>

The Foundation's investment and spending policies adopted by the Board of Directors include the following:

Return Objectives, Risk Parameters and Strategies

The Foundation's investment strategy is to emphasize long-term appreciation of the assets and consistency of total portfolio returns; that is, the aggregate return from capital appreciation and dividend and interest income. The primary objectives in the investment management are:

- Preservation of Capital - Over the investment time horizon, historic dollar values are to be protected. A positive return should be experienced over the investment time horizon.
- Income Requirements - Earn sufficient income for financial requirements.
- Liquidity - Achieve or exceed on an on-going basis a return on short-term investment funds.
- Preservation of Purchasing Power - Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation in order to preserve purchasing power of the Endowment's assets.
- The asset allocation may change as a result of changing needs of the Endowment and market conditions over time.

Reasonable effort is to be made to control risk. Specific guidelines have been established by the Foundation for prohibited assets and transactions. The following asset allocation guidelines have been set:

Fixed income & cash	25%
Equity	55%
Alternatives	20%
	<u>100%</u>

The specific investment goal of the Foundation is that the aggregate Endowment assets meet or exceed a cumulative annual total rate of return of 7.25% or a return equal to the CPI plus 5% which ever is greater.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has adopted an endowment spending policy that strikes a balance between current needs, and preservation and enhancement of capital for the future support of the University. Thus, in balancing these conflicting issues, the Foundation has set a goal for spending no more than 4% of the average of the market value of the portfolio, calculated as of the prior three June 30 year ending financial reports.

See independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

Note 11: ENDOWMENT (continued)

*Funds with Deficiencies*

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 the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) requires the Foundation to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in net assets without donor restrictions. As of June 30, 2025 and 2024, there were no donor-restricted endowment funds with deficiencies.

*Interpretation of Relevant Law*

The Board of Directors of the Foundation has interpreted the CTUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be invested in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified to be invested in perpetuity is classified as net assets with donor restrictions to be released with the passage of time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

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

- (a) The duration and preservation of the fund;
- (b) The purposes of the Foundation and the donor-restricted endowment fund;
- (c) General economic conditions;
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