Iowa State University Foundation

Combined Financial Statements as of and for the Years Ended June 30, 2023 and 2022, and Independent Auditor's Report

IOWA STATE UNIVERSITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Iowa State University Foundation,
Iowa State University Achievement Fund, and
Original University Foundation:

Opinion

We have audited the combined financial statements of the Iowa State University Foundation, the Iowa State University Achievement Fund, and the Original University Foundation (collectively referred to as the "Foundation"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Deloitte & Touche LLP

Des Moines, Iowa
October 20, 2023

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CASH AND CASH EQUIVALENTS	$ 18,813,769	$ 4,084,455
RECEIVABLES:		
Pledges—net	91,316,206	89,975,048
Estates	7,063,255	5,414,792
Funds held in trust by others	69,448,103	69,743,703
Due from related organizations	21,944,327	31,439,930
Total receivables	189,771,891	196,573,473
INVESTMENTS:		
Pooled investments	1,599,387,953	1,546,005,930
Other marketable securities	38,571,478	40,536,563
Real estate and other investments	18,827,773	16,680,843
Total investments	1,656,787,204	1,603,223,336
PROPERTY AND EQUIPMENT—Net	3,188,006	3,369,423
OTHER ASSETS	6,461,935	6,571,923
TOTAL ASSETS	$1,875,022,805	$1,813,822,610
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,481,431	$ 1,301,320
Due to related organizations	16,367,366	18,460,549
Long-term liabilities	909,829	2,455,397
Split-interest agreement obligations	20,038,259	22,111,816
Total liabilities	38,796,885	44,329,082
NET ASSETS:		
Undesignated	14,569,514	11,924,757
Operating reserve	35,927,255	33,657,355
Board-designated	42,334,677	39,967,544
WITHOUT DONOR RESTRICTIONS	92,831,446	85,549,656
WITH DONOR RESTRICTIONS	1,743,394,474	1,683,943,872
Total net assets	1,836,225,920	1,769,493,528
TOTAL LIABILITIES AND NET ASSETS	$1,875,022,805	$1,813,822,610

See accompanying notes to combined financial statements.

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions of cash and other financial assets	$ 5,531,268	$ 102,232,424	$ 107,763,692
Contributions of nonfinancial assets	2,500	584,698	587,198
Total contributions	5,533,768	102,817,122	108,350,890
Investment return:			
Pooled investments	22,718,425	67,280,188	89,998,613
Nonpooled investments	3,142,032	4,779,256	7,921,288
Total investment return	25,860,457	72,059,444	97,919,901
Fundraising service revenue	2,500,000		2,500,000
Return on funds held in trust by others		300,009	300,009
Other	4,287	2,066,397	2,070,684
Net assets released from restrictions	118,276,212	(118,276,212)	
Total revenues, gains and other support	152,174,724	58,966,760	211,141,484
EXPENSES AND OTHER:			
Program services	119,331,142		119,331,142
Operating activities:			
Fundraising	19,040,450		19,040,450
Administrative	6,521,342		6,521,342
Change in value of split-interest agreements		(483,842)	(483,842)
Total expenses and other	144,892,934	(483,842)	144,409,092
CHANGE IN NET ASSETS	7,281,790	59,450,602	66,732,392
NET ASSETS—Beginning of year	85,549,656	1,683,943,872	1,769,493,528
NET ASSETS—End of year	$ 92,831,446	$ 1,743,394,474	$ 1,836,225,920

See accompanying notes to combined financial statements.

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions of cash and other financial assets	$ 6,452,652	$ 198,900,194	$ 205,352,846
Contributions of nonfinancial assets		2,770,966	2,770,966
Total contributions	6,452,652	201,671,160	208,123,812
Investment return:			
Pooled investments	10,735,230	(45,564,832)	(34,829,602)
Nonpooled investments	1,231,240	(3,818,060)	(2,586,820)
Total investment return	11,966,470	(49,382,892)	(37,416,422)
Fundraising service revenue	2,500,000		2,500,000
Return on funds held in trust by others		1,763,412	1,763,412
Other	5,629	2,382,687	2,388,316
Net assets released from restrictions	114,800,338	(114,800,338)	
Total revenues, gains and other support	135,725,089	41,634,029	177,359,118
EXPENSES AND OTHER:			
Program services	116,519,881		116,519,881
Operating activities:			
Fundraising	17,328,042		17,328,042
Administrative	5,931,914		5,931,914
Change in value of split-interest agreements		901,641	901,641
Total expenses and other	139,779,837	901,641	140,681,478
CHANGE IN NET ASSETS	(4,054,748)	40,732,388	36,677,640
NET ASSETS—Beginning of year	89,604,404	1,643,211,484	1,732,815,888
NET ASSETS—End of year	$ 85,549,656	$ 1,683,943,872	$ 1,769,493,528

See accompanying notes to combined financial statements.

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Operating Activities		
	Student	Faculty and Staff	Program	Facilities	Total	Fundraising	Administrative	Total Expenses
Scholarships, loan funds, and awards	$47,677,258	$ -	$ -	$ -	$ 47,677,258	$ -	$ -	$ 47,677,258
Salary and benefits		12,441,307			12,441,307	14,930,429	3,255,547	30,627,283
Capital improvements				41,203,233	41,203,233			41,203,233
Events			2,037,870		2,037,870	445,393		2,483,263
Gifts in kind			248,001		248,001			248,001
Insurance and taxes							323,709	323,709
Marketing and advertising			580,353		580,353	224,365		804,718
Office support			4,066,434		4,066,434	2,264,868	1,734,191	8,065,493
Other program support			2,704,098		2,704,098			2,704,098
Professional fees			5,055,309		5,055,309	547,906	909,945	6,513,160
Staff and volunteer development							297,950	297,950
Travel			3,317,279		3,317,279	627,489		3,944,768
Total	$47,677,258	$12,441,307	$18,009,344	$41,203,233	$119,331,142	$19,040,450	$6,521,342	$144,892,934

See accompanying notes to combined financial statements.

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Operating Activities		
	Student	Faculty and Staff	Program	Facilities	Total	Fundraising	Administrative	Total Expenses
Scholarships, loan funds, and awards	$38,459,680	$ -	$ -	$ -	$ 38,459,680	$ -	$ -	$ 38,459,680
Salary and benefits		11,311,684			11,311,684	13,111,741	3,039,857	27,463,282
Capital improvements				48,557,871	48,557,871			48,557,871
Events			1,604,647		1,604,647	600,676		2,205,323
Gifts in kind			783,909		783,909			783,909
Insurance and taxes							200,480	200,480
Marketing and advertising			601,377		601,377	270,229	594	872,200
Office support			4,270,609		4,270,609	2,030,789	1,631,977	7,933,375
Other program support			5,259,515		5,259,515			5,259,515
Professional fees			3,873,793		3,873,793	773,595	808,134	5,455,522
Staff and volunteer development							250,872	250,872
Travel			1,796,796		1,796,796	541,012		2,337,808
Total	$38,459,680	$11,311,684	$18,190,646	$48,557,871	$116,519,881	$17,328,042	$5,931,914	$139,779,837

See accompanying notes to combined financial statements.

IOWA STATE UNIVERSITY FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 66,732,392	$ 36,677,640
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(32,480,896)	(45,022,163)
Noncash contributions	(10,087,639)	(69,256,658)
Sales of other marketable securities converted to cash nearly immediately	3,832,904	6,783,636
(Reductions) additions to split-interest agreement obligations—net of maturities	(2,853,547)	2,442,030
Losses restricted for long-term investment	6,800,387	5,770,523
Realized and unrealized (gains) losses on pooled and nonpooled investments	(100,462,166)	37,566,396
Losses on funds held in trust by others	294,243	7,868
Depreciation and amortization	205,449	249,235
Split-interest agreement obligations and long-term liabilities	1,837,433	956,304
Changes in:		
Pledges and estates receivables	(2,989,331)	28,021,651
Due from related organizations	9,495,602	(30,337,110)
Cash surrender value of insurance policies	(95,409)	(184,964)
Other assets	278,210	(297,253)
Accounts payable and accrued liabilities	180,109	(154,211)
Due to related organizations	(2,093,184)	(12,058,960)
Net cash used in operating activities	(61,405,443)	(38,836,036)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of pooled investments and other marketable securities	(227,453,476)	(272,420,856)
Sales of pooled investments and other marketable securities	270,212,703	252,415,291
Purchases of property and equipment	(24,031)	(259,780)
Sales of real estate	2,534,575	1,247,798
Sales of other assets	223,566	1,839,313
Net cash provided by (used in) investing activities	45,493,337	(17,178,234)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	32,480,896	45,022,163
Losses restricted for long-term investment	(6,800,387)	(5,770,523)
Sales of other marketable securities with proceeds restricted for long-term use	7,498,315	18,443,888
Payments on bonds		(1,503,326)
Split-interest agreement payments	(2,537,404)	(2,793,406)
Net cash provided by financing activities	30,641,420	53,398,796
CHANGE IN CASH AND CASH EQUIVALENTS	14,729,314	(2,615,474)
CASH AND CASH EQUIVALENTS—Beginning of year	4,084,455	6,699,929
CASH AND CASH EQUIVALENTS—End of year	$ 18,813,769	$ 4,084,455

See accompanying notes to combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES AND RELATED MATTERS

(a) **Objectives**—The mission of the Iowa State University Foundation, the Iowa State University Achievement Fund, and the Original University Foundation (collectively referred to as “Iowa State University Foundation” or the “Foundation”) is to inspire philanthropy to advance Iowa State University’s (the “University”) mission of creating, sharing, and applying knowledge to make Iowa and the world a better place. The Foundation has been recognized as a not-for-profit organization by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

(b) **Basis of Presentation**—The accompanying combined financial statements include the accounts of the three organizations comprising the Foundation. The Iowa State University Foundation, the Iowa State University Achievement Fund, and the Original University Foundation have a common board of directors, common management, and the common objective to promote the welfare of the University and their faculty, graduates, students, and former students. All significant intercompany accounts and transactions have been eliminated in the combined financial statements. The combined financial statements of the Foundation have been prepared on the accrual basis of accounting and in conformity with U.S. generally accepted accounting principles (GAAP).

The Foundation classifies net assets and revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and therefore are resources available to support the Foundation and the University as determined by the Foundation and the Foundation’s Board of Directors. The only limits on the use of these net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions—Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity, and are subject to the fluctuation of investments and periodic allocations made for spending specified by donor stipulations and applicable law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as restricted contributions and subsequently released from restriction in the accompanying combined financial statements.

Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues within the net assets with donor restrictions asset class. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

(c) **Use of Estimates**—The preparation of combined financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) **Cash and Cash Equivalents**—The Foundation considers highly liquid debt instruments purchased with a maturity of three months or less from the date of purchase to be cash and cash equivalents, except for cash and cash equivalents held within the investment portfolio. The Foundation maintains deposits in various financial institutions. Deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per bank are swept into a collateralized overnight repurchase account with the same institution, eliminating the risk of uninsured cash balance. Therefore, there were no uncollateralized amounts in excess of the FDIC insured limit as of June 30, 2023 or 2022. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

(e) **Pledges Receivable—Net**—The Foundation records pledges receivable at net realizable value. Pledges expected to be collected in future years are reported based on the present value of the estimated future cash flows using discount rates that range between 0.53% and 5.31%. The discount rate approximates the risk-free interest rate at the time of the pledge. An allowance for uncollectible pledges is estimated based upon the Foundation's collection history and is netted against the gross pledges receivable as an adjustment for credit risk.

(f) **Receivables from Estates**—The Foundation records receivables from estates at the time it is notified of the death of a donor and there is no evidence that the provisions of the donor's will are to be contested.

(g) **Funds Held in Trust by Others**—The Foundation may be a full or partial beneficiary of irrevocable charitable remainder or perpetual trust accounts that are held by another entity, such as a bank or another charitable organization. The Foundation records their interest in these trusts at fair value for perpetual trusts based on prices obtained from third parties and at the present value of the estimated future cash receipts from the assets of the trust for charitable remainder trusts. The balances are recorded upon the discovery of their existence, using the most current information available, which may differ from the amounts actually received.

(h) **Due from Related Organizations**—Due from related organizations represents funds due to the Foundation for fundraising service support provided to the University along with funds held by the University on behalf of the Foundation for a construction project on campus.

Periodically, the Foundation reviews the collectability of such receivables. No allowance has been recorded for such receivables and any receivables determined to be uncollectible would be written off using the direct write-off method.

(i) **Investments**—Investments in cash and cash equivalents, certain equity securities with readily determinable fair values, and certain debt securities are measured at fair value. Certain pooled investments, other marketable securities, and funds held in trust by others are recorded at fair value by management based on values provided by an external investment manager and quoted market values. Other pooled investments include certain equity and alternative investments whose fair values (net asset values (NAV) used as a practical expedient) have been estimated by management utilizing information provided by the respective funds' general manager and investment managers in the absence of readily determinable fair market values. The estimated values may differ materially from the values that would have been used had readily available markets for the investments existed. Real estate includes farmland carried at fair value based on independent appraisals, which are adjusted by the change in land values based on U.S. Census of Agriculture estimates and the latest survey of Iowa real estate brokers, and other real estate carried at fair value based on independent appraisals and other management estimates.

The Foundation allocates each participating fund its proportionate share of the pooled investments' total return (earnings/loss plus appreciation/depreciation). Periodic distributions are made available for spending based on the fair value of each fund. The current distribution is 4.25% of the average fair value over the preceding 12 quarters. To the extent that the pool's total return is greater or less than the spending distributions, the fair value per fund increases or decreases accordingly. The basis of investments sold is determined by specific identification of the assets sold.

The Foundation has ownership of certain cash and cash equivalents that are not in the possession of the Foundation but are held, along with other marketable securities, by outside investment managers. This also includes cash and cash equivalents in transit at year-end for investment purchases and sales. Although these cash and cash equivalents are readily available to the Foundation, it is the intent of the Foundation to hold these cash and cash equivalents for investment purposes and to classify these cash and cash equivalents as investment assets.

(j) **Endowments**—The Foundation follows the guidance on the net asset classification of donor-restricted endowment funds for nonprofit entities subject to the Uniform Prudent Management of Institutional Funds Act of 2006. The State of Iowa has enacted the Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA).

UPMIFA establishes regulations in regard to the expenditure and financial statement disclosure of donor-restricted endowment funds. The Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) clarifies the classification and disclosure of donor-restricted endowment funds in response to the guidelines within UPMIFA.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the endowment in accordance with explicit and implicit donor stipulations. As a result of this interpretation, the Foundation classifies as permanent endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) net changes (investment appreciation and depreciation less spending) to the permanent endowment in accordance with donor gift restrictions and the Foundation's investment policy. The spending distributed from the endowment in accordance with the Foundation's approved spending policy (see below) is classified as net assets with donor restrictions, restricted for a specific purpose, until those amounts are expended by the University.

In accordance with UPMIFA, the Foundation's Board of Directors considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the Foundation and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policy of the Foundation

The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Stated investment objectives of the investment policy are as follows:

- The primary financial objective is to preserve and enhance the pool's inflation-adjusted purchasing power net of all investment management costs, while providing funds for current spending.

- The primary investment objective is to attain an average annual real total return (net of all investment related fees) in excess of total expenditures (spending and overhead expenses), as measured over rolling ten-year periods.

The Foundation's investment policy includes a spending policy (as approved annually by the Board of Directors and communicated to donors), which provides quarterly distributions to the University from the endowment funds to be expended by the University in accordance with the applicable donor-restricted purposes. The current spending policy provides an annual distribution of 4.25% of the average fair value of the endowment over the preceding 12 quarters.

(k) **Property and Equipment—Net**—The Foundation records property and equipment at cost at the date of acquisition and is presented net of accumulated depreciation. Depreciation is based on the estimated useful life of the asset using the straight-line method.

Office furniture/computer equipment	3–5 years
Building	30 years

(l) **Due to Related Organizations**—The Iowa State University Alumni Association (the "Alumni Association") and the University deposit funds with the Foundation. The agreements with these organizations provide that Alumni Association and University funds are to be invested in the pool and are to receive their prorated share of the pool's investment return (gains/losses). The investments held for others represent the Alumni Association's and University's aggregate interests in the pool's assets held by the Foundation.

The University provides certain services on the Foundation's behalf, and periodically invoices the Foundation for reimbursement.

The Foundation raises money and provides funding for programs on campus. These programs include construction projects, scholarship programs, faculty support, and general program support. The University invoices the Foundation periodically for reimbursement of these expenses.

(m) **Split-Interest Agreement Obligations**—The Foundation accepts contributions in charitable remainder trusts and gift annuities, whereby donors may contribute assets to the Foundation in exchange for the right of a named beneficiary to receive a fixed dollar annual return or a specific percentage of the fair value of the trust assets, valued as of the beginning of the calendar year, during the beneficiary's lifetime. A portion of the donation is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the trust and the present value of the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift.

At the date of contribution, the Foundation records a split-interest agreement obligation to the named beneficiaries based on the present value of the estimated payments to the named beneficiaries. The liability is reviewed and revalued annually based upon actuarially computed present values. The present value of estimated payments is based on actuarially determined life expectancy tables, trust asset growth assumptions, and discount rates ranging from 0.6% to 10.0%. If a portion of the remaining interest at termination of the trust is payable to beneficiaries other than the Foundation, this liability is valued based upon actuarially computed present values and recorded as a long-term liability. The resulting actuarial gain (loss) is recorded in the combined statements of activities and changes in net assets.

The assets in the split-interest agreements are stated at fair value in the Foundation's combined financial statements. These assets total approximately $32,866,000 and $34,964,000 at June 30, 2023 and 2022, respectively, and are included in other marketable securities in the combined statements of financial position.

(n) **Revenue Recognition**—The Foundation recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers.

Revenues within the scope of Topic 606 consist primarily of management and administrative fees, development services fees from the University and certain other income resulting primarily from reimbursements from the University for the cost of direct support of certain fundraising activities and receipts from various program operations.

The Foundation has no significant costs that are capitalized to obtain or to fulfill a contract with a customer. Performance obligations for the revenue streams noted above are satisfied at a point in time, and revenue is recognized as performance obligations are met. These revenue streams do not include significant financing components and there are no significant consideration amounts that are variable.

Contribution Revenue Recognition—Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises and other gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Donated assets are initially recorded at their estimated fair value at date of receipt.

Fundraising Service Revenue—Fundraising service revenue is payments from service contracts with the University in support of fundraising services provided by the Foundation. Fundraising service revenue is recognized when the services are performed.

(o) **Functional Allocation of Expenses**—The cost of providing the various programs and other activities has been summarized on a functional basis in the combined statements of activities and changes in net assets. The combined statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the supporting services as required by FASB's not-for-profit presentation and disclosure guidance. The expenses that are allocated are the salaries and benefits of the senior leadership team. These expenses are allocated among management and general and fundraising costs based on the staff reporting directly to the position. Investment fees, including salaries and benefits, administrative fees, and management fees, are netted against investment return.

(p) **Income Taxes**—The Foundation is classified as a tax-exempt organization under Section 501(c)(3) of the IRC and is not a private foundation under IRC Sections 509(a)(1) and 170(b)(1)(A)(iv). As such, the Foundation is exempt from income taxes under IRC Section 501(a) except on unrelated business income, and as a public charity, contributions to the Foundation are deductible.

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remains open. The statute of limitations on the Foundation's U.S. federal tax returns remains open for the years ended June 30, 2020 through the present.

(q) **Accounting Standards Adopted in the Current Year**

***Presentation and Disclosure of Leases* –** In February 2016, the FASB issued ASU 2016-02, *Leases*, that added ASC Topic 842. The ASU and subsequent amendments are designed to increase transparency and comparability among organizations with leasing activities. The most significant provision of the new lease accounting standard is the requirement that lessees recognize in the statement of financial position right-of-use assets and lease liabilities for leases that have a term greater than 12 months. The Foundation adopted ASC Topic 842 in the fiscal year 2023 using the modified retrospective approach as permitted in ASU No. 2018-11. In accordance with this approach, the effective date of ASC Topic 842 is also the application date of the new requirements, with the prior comparative periods presented in the combined financial statements in accordance with the legacy requirements of ASC Topic 840, *Leases*. The adoption of this new guidance did not have an impact on the Foundation's combined financial statements and disclosures included within the notes to the combined financial statements.

(r) **Subsequent Events**—Subsequent events related to the combined financial statements have been evaluated through October 20, 2023, which is the date the combined financial statements were available to be issued. It has been determined that there are no events that require adjustment to, or disclosure in, these combined financial statements except for that disclosed in Note 9.

2. PLEDGES RECEIVABLE—NET

The components of the net pledges receivable as of June 30, 2023 and 2022, are as follows:

	2023	2022
Gross pledges receivable	$ 100,194,322	$ 97,827,763
Allowance for uncollectible pledges	(1,571,761)	(1,077,044)
Discount to present value	(7,306,355)	(6,775,671)
Net pledges receivable	$ 91,316,206	$ 89,975,048

The Foundation estimates that payments on these gross pledges receivable as of June 30, 2023, will be received in each of the fiscal years ending June 30 as follows:

2024	$ 32,957,807
2025	17,783,067
2026	22,515,254
2027	13,310,776
2028	6,743,330
Thereafter	6,884,088
	$ 100,194,322

In addition, the Foundation has received notification of deferred gifts totaling approximately $761 million and $750 million as of June 30, 2023 and 2022, respectively, primarily in the form of revocable wills. These are considered conditional pledges and have not been recorded in the combined financial statements, but will be recorded when the conditions are met.

3. INVESTMENTS

Investments are comprised of the following balances as of June 30, 2023 and 2022:

	2023	2022
Pooled investments:		
Equity:		
U.S.	$ 276,553,863	$ 243,909,744
Non U.S.	152,240,725	154,952,619
Global	187,158,564	161,857,305
Total equity	615,953,152	560,719,668
Fixed income:		
U.S.	328,520,672	339,746,260
Total fixed income	328,520,672	339,746,260
Hedge funds:		
Distressed	19,196,514	18,239,161
Long short	72,481,414	75,892,755
Event driven arbitrage	36,697,407	36,664,453
Macro	58,288,605	57,598,027
Other	178,800	178,800
Total hedge funds	186,842,740	188,573,196
Private equity	326,399,118	332,431,581
Real estate	44,240,197	35,142,375
Natural resources/commodities	61,412,261	53,772,925
Cash and cash equivalents	37,019,813	36,619,925
Accrued manager fees	(1,000,000)	(1,000,000)
Total pooled investments	1,599,387,953	1,546,005,930
Other marketable securities:		
Equity:		
U.S.	19,164,019	17,504,865
Non U.S.	8,003,099	7,278,636
Total equity	27,167,118	24,783,501
Fixed income:		
U.S.	7,748,415	7,657,741
Global	2,528,085	2,477,672
Total fixed income	10,276,500	10,135,413
Cash and cash equivalents	1,127,860	5,617,649
Total other marketable securities	38,571,478	40,536,563
Real estate and other investments:		
Real estate	18,718,212	16,428,829
Notes receivable from affiliated entities	109,561	252,014
Total real estate and other investments	18,827,773	16,680,843
Total investments	$1,656,787,204	$1,603,223,336

Notes receivable from affiliated entities include a note receivable from the Iowa State University Research Park (the "Research Park"), an affiliate. This note resulted from the transfer of 79.6751 acres from the Foundation to the Research Park. Payment to the Foundation occurs upon the sale of any lots or portion of the acreage. The Foundation receives the initial principal amount of the mortgage divided by the number of acres transferred, multiplied by the amount of the acreage of the property sold plus 6% simple interest accrued from September 1, 1996. The note is secured by a mortgage on certain land and premises described in the note agreement. Effective June 30, 2022, an amendment to the notes receivable forgave the accrued interest receivable balance of $395,961 and reduced the interest rate to 3%.

Investment return was comprised of the following for the years ended June 30, 2023 and 2022:

	2023	**2022**
Pooled investment return:		
Dividends and interest	$ 1,109,561	$ 450,719
Net realized gains	29,303,524	33,786,423
Net unrealized gains (losses)	68,682,938	(61,372,566)
Investment management fees	(8,876,550)	(7,895,584)
Amounts due (to) from related organizations	(220,860)	201,406
Total pooled investment return	89,998,613	(34,829,602)
Nonpooled investment return:		
Dividends and interest	1,646,259	587,503
Net realized gains	724,342	1,822,813
Net unrealized gains (losses)	5,550,687	(4,997,136)
Total nonpooled investment return	7,921,288	(2,586,820)
Total investment return	$ 97,919,901	$(37,416,422)

4. FAIR VALUE MEASUREMENTS

Financial instruments are generally described as cash, contractual obligations, or rights to pay or receive cash. The carrying amount approximates fair value for certain financial instruments because of the short-term maturity of these instruments, which include receivables (other than pledges and funds held in trust by others), accrued interest, accounts payable, and due to and due from related organizations. The carrying amount approximates fair value for pledges receivable as the balance, less an allowance for uncollectible accounts, is discounted using a risk-free rate.

Fair value estimates for funds held in trust by others and investments are made at a specific time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying values of other assets, note payable, and long-term liabilities approximate fair value because these financial instruments bear interest at rates that approximate current rates the Foundation could obtain on contracts or notes with similar maturities and credit qualities.

The Foundation follows the established framework for measuring fair value in accordance with GAAP and presents expanded disclosures about fair value measurements. Accordingly, certain investments and other assets reported at fair value are classified based on the inputs used to determine the value, as follows:

Level 1—Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2—Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. Fixed-income securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service.

Level 3—Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Foundation’s own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Certain alternative investments are exempt from classification of the above fair value hierarchy and are reported using NAV as a practical expedient as determined by management. These investments are less liquid than the Foundation’s other investments and are generally accessed via limited partnerships, limited liability corporations, and offshore investment funds. There is generally no readily determinable fair value for alternative investments, though certain funds may invest in securities for which there is a public market. These investments are subject to varying degrees of liquidity restrictions. These investments have been included in the tables following to allow reconciliation to the combined statements of financial position.

Investment	Level 1	Level 2	Level 3	Total
	Fair Value Measurements at June 30, 2023			
Equity:				
U.S.	$ 41,202,977	$ -	$ 4,302,815	$ 45,505,792
Non U.S.	8,003,175			8,003,175
Total equity	49,206,152		4,302,815	53,508,967
Fixed income:				
U.S.	81,459,585	135,008,957		216,468,542
Global	2,528,085			2,528,085
Total fixed income	83,987,670	135,008,957		218,996,627
Hedge funds:				
Other			178,800	178,800
Total hedge funds			178,800	178,800
Natural resources/commodities	19,775,970			19,775,970
Real estate			18,718,212	18,718,212
Cash and cash equivalents	38,147,673			38,147,673
	$ 191,117,465	$ 135,008,957	$ 23,199,827	349,326,249
Alternative investments, measured at NAV as a practical expedient:				
Equity				589,611,303
Fixed income				119,800,545
Hedge funds				186,663,940
Private equity				326,399,118
Real estate				44,240,197
Natural resources/commodities				41,636,291
Accrued manager fees				(1,000,000)
Notes receivable from affiliated entities				109,561
Total investments				$ 1,656,787,204

Other Financial Instruments	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 18,813,769	$ -	$ -	$ 18,813,769
Funds held in trust by others			69,448,103	69,448,103

Investment	Fair Value Measurements at June 30, 2022 Level 1	Level 2	Level 3	Total
Equity:				
U.S.	$ 36,862,514	$ -	$ 4,302,815	$ 41,165,329
Non U.S.	7,278,636			7,278,636
Global	49,865,721			49,865,721
Total equity	94,006,871		4,302,815	98,309,686
Fixed income:				
U.S.	101,057,532	101,177,105		202,234,637
Global	2,477,672			2,477,672
Total fixed income	103,535,204	101,177,105		204,712,309
Hedge funds:				
Other			178,800	178,800
Total hedge funds			178,800	178,800
Natural resources/commodities	10,850,310			10,850,310
Real estate			16,428,829	16,428,829
Cash and cash equivalents	42,237,574			42,237,574
	$ 250,629,959	$ 101,177,105	$ 20,910,444	372,717,508
Alternative investments, measured at NAV as a practical expedient:				
Equity				487,193,483
Fixed income				145,169,364
Hedge funds				188,394,396
Private equity				332,431,581
Real estate				35,142,375
Natural resources/commodities				42,922,615
Accrued manager fees				(1,000,000)
Notes receivable from affiliated entities				252,014
Total investments				$ 1,603,223,336

Other Financial Instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 4,084,455	$ -	$ -	$ 4,084,455
Funds held in trust by others		53,082,368	16,661,335	69,743,703

The following table summarizes the alternative investments measured by NAV as a practical expedient with related unfunded commitments and redemption restrictions by each category as of June 30:

	2023			
Alternative Investments	**NAV**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity [(a)]	$ 589,611,303	$	Allowed at least quarterly	Varies from 1–60 days
Fixed income [(b)]	119,800,545		Allowed at least daily	15 days
Hedge funds [(c)]	186,663,940	13,000,000	Allowed at least annually	Varies from 30–90 days
Private equity [(d)]	326,399,118	142,971,139		
Real estate [(e)]	44,240,197	9,126,771		
Natural resources/ commodities [(f)]	41,636,291	14,803,754		
	$1,308,351,394	$179,901,664		

	2022			
Alternative Investments	**NAV**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity [(a)]	$ 487,193,483	$ -	Allowed at least quarterly	Varies from 1–60 days
Fixed income [(b)]	145,169,364		Allowed at least daily	15 days
Hedge funds [(c)]	188,394,396		Allowed at least annually	Varies from 30–90 days
Private equity [(d)]	332,431,581	126,906,716		
Real estate [(e)]	35,142,375	13,162,653		
Natural resources/ commodities [(f)]	42,922,615	9,275,315		
	$1,231,253,814	$149,344,684		

(a) Equity—This category includes investments in funds that invest in common stocks. The managers of the funds have the flexibility to change their exposure based on their view of particular securities and the overall market. Certain funds have redemption and notice of redemption requirements that generally limit the ability to liquidate the positions in a short period of time. The fair values of the investments have been estimated using the NAV per share of the investments. This category may also include direct investments in private funds that invest in less liquid, but publicly traded common stocks. The fair value of this investment has been estimated using the percentage share of the Foundation's ownership interest in partner's capital.

(b) Fixed Income—This category includes investments in funds that invest in government and credit bonds. These underlying government and credit bonds can have maturity dates of less than one year up to as long as 15 years. The rating of these bonds also can vary with most carrying a triple A rating. Funds typically have high liquidity with the ability to redeem with as little as 15 days' notice. The fair values of the investments have been estimated using the NAV per share of the investments.

(c) Hedge Funds—This category includes investments in hedge funds that invest in equity, debt, structured products, and derivative securities. Debt securities include corporate debt, mortgage debt, and sovereign debt. The managers of these funds have the flexibility to change their exposure based on their view of particular securities and the overall market. The strategies of these funds include event-driven, relative value, arbitrage, and directional strategies. Certain funds have various redemption and notice of redemption requirements that generally limit the ability to liquidate them in a short period of time. The fair values of these investments have been estimated using the NAV per share of the investments.

(d) Private Equity—This category includes direct investments in private equity funds, generally through limited partnerships that invest in private companies, private debt, intellectual property, structure products and special situations. The fair value of these investments has been estimated using the percentage share of the Foundation's ownership interest in partner's capital. Distributions from each fund are received when the underlying investments in the funds create distributable cash flow and when underlying investments are liquidated. These investments cannot be redeemed. It is estimated that the underlying assets of the funds will be liquidated over the next one to ten years.

(e) Real Estate—This category includes direct investments in real asset funds, generally through limited partnerships, that invest in real estate. The fair value of these investments has been estimated using the percentage share of the Foundation's ownership interest in partner's capital. Distributions from each fund are received when the underlying investments in the funds create distributable cash flow and when underlying investments are liquidated. These investments cannot be redeemed. It is estimated that the underlying assets of the funds will be liquidated over the next one to ten years.

(f) Natural Resources/Commodities—This category includes investments in funds that invest in common stock and derivative securities specific to natural resources and commodities. The managers of the funds have the flexibility to change their exposure based on their view of particular securities and the overall market. The funds have redemption and notice of redemption requirements that generally limit the ability to liquidate the position in a short period of time. The fair value of the investments has been estimated using the NAV per share of the investment. This category may also include direct investments in natural resources generally through limited partnerships that invest in private companies. The fair value of these investments has been estimated using the percentage share of the Foundation's ownership interest in partner's capital. These investments cannot be redeemed. It is the estimated that the underlying assets of these investments will be liquidated over the next one to ten years.

5. ENDOWMENT

The Foundation's endowment consists of donor gifts (net assets with donor restrictions), plus any board-designated funds (without donor restrictions), which are deemed to be held and invested in perpetuity.

The endowment activity consisted of the following for the years ended June 30, 2023 and 2022:

	2023		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of July 1	$25,100,436	$1,264,389,754	$1,289,490,190
Contributions	1,323,645	37,291,341	38,614,986
Investment return:			
Dividends and interest		913,382	913,382
Net realized gains		31,324,042	31,324,042
Net unrealized gains	29,921	65,490,758	65,520,679
Investment management fees		(9,174,264)	(9,174,264)
Amount due to related organizations		(262)	(262)
Spending appropriation		(50,030,458)	(50,030,458)
Administrative fee		(16,256,041)	(16,256,041)
Total investment return	29,921	22,267,157	22,297,078
Other earnings and adjustments		1,561,028	1,561,028
Endowment net assets as of June 30	$26,454,002	$1,325,509,280	$1,351,963,282

	2022		
	Board-Designated Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of July 1	$26,069,279	$1,253,546,596	$1,279,615,875
Contributions	72,775	94,868,363	94,941,138
Investment return:			
Dividends and interest		1,036,354	1,036,354
Net realized gains		40,442,090	40,442,090
Net unrealized losses	(1,272,128)	(55,029,159)	(56,301,287)
Investment management fees		(7,895,585)	(7,895,585)
Amount due from related organizations		104,503	104,503
Spending appropriation		(44,581,510)	(44,581,510)
Administrative fee		(17,272,959)	(17,272,959)
Total investment return	(1,272,128)	(83,196,266)	(84,468,394)
Other earnings and adjustments	230,510	(828,939)	(598,429)
Endowment net assets as of June 30	$25,100,436	$1,264,389,754	$1,289,490,190

6. PROPERTY AND EQUIPMENT—NET

Property and equipment—net is comprised of the following balances as of June 30, 2023 and 2022:

	2023	2022
Land	$ 960,000	$ 960,000
Building	4,700,488	4,700,488
Office furniture and equipment	867,654	960,920
	6,528,142	6,621,408
Accumulated depreciation	(3,340,136)	(3,251,985)
Property and equipment—net	$ 3,188,006	$ 3,369,423

7. OTHER ASSETS

A summary of other assets as of June 30, 2023 and 2022, is as follows:

	2023	2022
Cash surrender value of insurance policies	$ 5,776,726	$ 5,681,314
Other	685,209	890,609
Total other assets	$ 6,461,935	$ 6,571,923

8. DUE FROM/TO RELATED ORGANIZATIONS

A summary of amounts due from related organizations as of June 30, 2023 and 2022, is as follows:

	2023	2022
Therkildsen Industrial and Manufacturing Systems Engineering Building	$ 20,797,278	$ 30,472,674
College and departmental support	1,147,049	967,256
Total due from related organizations	$ 21,944,327	$ 31,439,930

A summary of amounts due to related organizations as of June 30, 2023 and 2022, is as follows:

	2023	2022
Investments held for:		
Iowa State University	$ 4,105,935	$ 3,992,957
Iowa State University Alumni Association	5,798,346	5,909,685
Administrative and fundraising expenses	39,600	90,396
Program expenses	6,423,485	8,467,511
Total due to related organizations	$ 16,367,366	$ 18,460,549

A summary of related-party activity for the years ended June 30, 2023 and 2022, as reported in the combined statements of activities and changes in net assets is as follows:

	2023	2022
Revenue, gains and other support:		
Investment earnings (loss)	$ 220,860	$ (201,406)
Fundraising service revenue	2,500,000	2,500,000
Expenses and other:		
Program services	119,331,142	116,519,881

9. NOTE PAYABLE

The Foundation held a mortgage through a bank with a 3.3% interest rate and maturity of December 2024. The note payable was collateralized by the Foundation building and other real estate owned by the Foundation. As of June 30, 2022, the mortgage was paid in full.

The Foundation entered into a revolving line of credit with a bank on September 1, 2020, with a maximum principal amount of $2,000,000. The interest rate on the line is 5.5% and 3.25% as of June 30, 2023 and 2022, respectively. The renewed commitment matured on September 1, 2023. Subsequent to year-end, the Foundation renewed the line of credit, which now matures on September 1, 2024. As of June 30, 2023, the Foundation had not drawn on the line of credit.

10. LONG-TERM LIABILITIES

A summary of long-term liabilities as of June 30, 2023 and 2022, is as follows:

	2023	2022
Trust liability due to others	$ 480,586	$ 1,960,546
Other	429,243	494,851
Total long-term liabilities	$ 909,829	$ 2,455,397

The trust liability due to others represents the remaining interest upon termination of trusts payable to other beneficiaries in accordance with the donor’s designation per the terms of the trust agreements.

11. NET ASSETS

Net assets are available for the following purposes as of June 30, 2023 and 2022:

	2023	2022
Net assets without donor restrictions:		
Operating reserve	$ 35,927,255	$ 33,657,355
Board designated	42,334,677	39,967,544
Real estate	10,999,398	8,167,723
Property and equipment	3,188,006	3,369,423
Other assets	382,110	387,611
Total net assets without donor restrictions	92,831,446	85,549,656
Net assets with donor restrictions:		
Subject to expenditure for specified purposes:		
College program support	128,314,097	120,781,911
Student financial aid	59,109,921	55,756,229
Faculty and staff support	24,494,687	23,384,780
Research	13,520,339	13,296,550
Building, equipment, and maintenance	57,318,174	65,603,311
Other	16,458,734	13,117,520
Total net assets with donor restrictions	299,215,952	291,940,301
Promises to give restricted by donors for:		
College program support	21,868,890	22,805,436
Student financial aid	22,950,781	21,454,656
Faculty and staff support	2,719,641	3,732,453
Research	2,274,962	2,770,973
Building, equipment, and maintenance	68,518,802	76,361,636
Other	336,166	488,663
Total promises to give restricted by donors	118,669,242	127,613,817
Endowments:		
College program support	558,535,837	531,923,605
Student financial aid	404,528,258	382,700,352
Faculty and staff support	248,901,543	230,898,843
Research	20,303,988	19,917,834
Building, equipment, and maintenance	8,924,310	8,482,484
Other	14,397,120	22,474,286
Total endowments	1,255,591,056	1,196,397,404
Promises to give endowed by donors for:		
College program support	3,509,006	3,213,552
Student financial aid	55,811,472	58,575,268
Faculty and staff support	10,370,126	6,199,569
Research	225,659	
Building, equipment, and maintenance	1,961	3,961
Total promises to give endowed by donors	69,918,224	67,992,350
Total net assets with donor restrictions	1,743,394,474	1,683,943,872
Total net assets	$1,836,225,920	$1,769,493,528

12. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the combined statements of financial position date, comprise the following as of June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 18,813,769	$ 4,084,455
Pooled investments	14,911,396	27,600,152
Due from related organizations	1,147,049	967,256
	$ 34,872,214	$ 32,651,863

As part of the Foundation's liquidity management plan, the Foundation follows unrestricted cash reserve guidelines that identify an unrestricted reserve goal balance and minimum reserve levels. The Foundation's Finance Committee provides oversight of these guidelines and reviews the guidelines, goal and current balance on an annual basis. If minimum reserve levels are reached, specific action plans are identified in the guidelines to avoid further depletion of the unrestricted reserves. At June 30, 2023, the unrestricted reserve goal was $37 million, with a minimum reserve level based on 50% of the recommended goal of $19 million. At June 30, 2023, the unrestricted reserve balance was $36 million. At June 30, 2022, the unrestricted reserve goal was $34 million, with a minimum reserve level based on 50% of the recommended goal of $17 million. At June 30, 2022, the unrestricted reserve balance was $34 million.

The financial assets available for general expenditure noted above are comprised of cash, as well as short-term investments and a short-term receivable without donor restrictions. The investments without donor restrictions represent non-endowed assets that are unrestricted, have not been designated to a specific purpose and can be used by the Foundation at any time. The asset allocation and investment performance are reviewed by the Foundation's Investment Committee annually. It is expected that the underlying funds used will have sufficient liquidity in order to meet any unexpected cash needs.

13. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the combined statements of activities and changes in net assets for the years ended June 30, 2023 and 2022, included:

	2023	2022
Real estate	$ -	$ 1,873,101
Other	587,198	897,865
Total contributed nonfinanical assets	$ 587,198	$ 2,770,966

The Foundation recognized contributed nonfinancial assets within revenue, including contributed real estate and other various contributed goods. Unless otherwise noted, contributed nonfinancial assets have donor-imposed restrictions.

It is the Foundation's policy to dispose of all contributed real estate as expeditiously as possible. Real estate includes improved or unimproved land, personal residences, farmland, commercial property, rental property and mineral interests. The valuation of the real estate will be the fair market value of the property as determined by a qualified appraisal. If real estate is contributed through an estate and the fair market value is not disclosed by the estate, the value will be determined by the estimate of value as obtained from a knowledgeable land management company, the utilization of the value as stated on the most recent Iowa State University Iowa Land Value Survey, or receipt of a current appraisal. The Foundation also receives real estate as a means of creating a charitable remainder unitrust (CRUT). The same general principles apply to these gifts of real estate. The value of the contributed real estate is discounted by the present value of the liability due to the beneficiaries over their life expectancies.

The Foundation also receives various other contributed nonfinancial assets, all of which are individually immaterial to the overall combined financial statements. The types of contributed nonfinancial assets included in the other category are gifts of grain and gifts of personal property. Contributed grain is sold immediately upon receipt at the time ownership is transferred at the grain elevator. Gifts of personal property can be retained for the use of the University or sold as expeditiously as possible. Gifts that are sold upon receipt are valued by a qualified appraisal.

14. SUPPLEMENTAL CASH FLOWS INFORMATION

The summary of supplemental cash flows information for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
Cash paid for interest	$ -	$ 49,764
Noncash contributions (as shown on the combined statements of cash flows):		
Marketable securities	$ 9,724,461	$ 25,173,250
Real estate		3,613,850
Funds held in trust		40,176,247
Other assets	363,178	293,311
Total noncash contributions	$ 10,087,639	$ 69,256,658
Noncash transactions—gifts in kind	$ 248,001	$ 783,909

15. EMPLOYEE RETIREMENT PLANS

During the years ended June 30, 2023 and 2022, the Foundation participated in the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) to which the Foundation contributes 10% of the participant's salary. The Foundation contributions to TIAA-CREF were $1,301,124 and $1,169,787 for the years ended June 30, 2023 and 2022, respectively. Employees who have attained the age of 21 are automatically enrolled in the mandatory employee contributions.

The Foundation maintains a deferred compensation plan for a select group of management employees. Under the plan, participants defer a portion of their income on a pretax basis. Per the Internal Revenue Service requirements, employee's deferrals into the plan remain the property of the Foundation and may thereby be subject to the claims of general creditors of the organization. As of June 30, 2023 and 2022, assets managed under this plan were $429,243 and $494,851, respectively.

16. ISU FACILITIES CORPORATION

ISU Facilities Corporation is a related not-for-profit entity established primarily to issue revenue bonds to assist in funding construction projects at the University. The bonds are payable solely from the lease payments paid by the University for the facilities and upon repayment of the bonds, ownership of the facilities transfer to the University. On September 6, 2017, the ISU Facilities Corporation issued $38 million in bonds to provide financial assistance to the University for the construction of facilities to benefit the University. The bonds and related assets of ISU Facilities Corporation are reported in the University's financial statements and are not reported in the accompanying combined financial statements.

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