

FINANCIAL STATEMENTS

**UNIVERSITY OF THE DISTRICT OF
COLUMBIA FOUNDATION, INC.**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2024 AND 2023**

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of the District of Columbia Foundation, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the University of the District of Columbia Foundation, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2024 and 2023, and the changes in its net assets and its 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. 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 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.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

November 29, 2024

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND 2023

ASSETS		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	254,781	\$ 1,370,545
Investments		12,666,850	8,888,342
Grants and contributions receivable		966,409	877,006
Prepaid expenses		<u>42,440</u>	<u>24,727</u>
Total current assets		<u>13,930,480</u>	<u>11,160,620</u>
OTHER ASSETS			
Artwork collection		<u>480,492</u>	<u>480,492</u>
NONCURRENT ASSETS			
Investments - long-term, net		6,449,837	6,428,108
Grants and contributions receivables, net		<u>245,155</u>	<u>205,919</u>
Total noncurrent assets		<u>6,694,992</u>	<u>6,634,027</u>
TOTAL ASSETS		<u>\$ 21,105,964</u>	<u>\$ 18,275,139</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	109,062	\$ 184,687
Accrued salaries and related benefits		<u>80,168</u>	<u>43,728</u>
Total liabilities		<u>189,230</u>	<u>228,415</u>
NET ASSETS			
Without donor restrictions:			
Undesignated		4,801,643	3,446,364
Board designated		<u>1,120,975</u>	<u>1,120,975</u>
Total net assets without donor restrictions		5,922,618	4,567,339
With donor restrictions		<u>14,994,116</u>	<u>13,479,385</u>
Total net assets		<u>20,916,734</u>	<u>18,046,724</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 21,105,964</u>	<u>\$ 18,275,139</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 724,251	\$ 1,510,903	\$ 2,235,154
Net investment return	1,433,284	2,269,233	3,702,517
Contributed nonfinancial assets	181,439	-	181,439
Other revenue	1,649	-	1,649
Net assets released from donor restrictions	<u>2,275,438</u>	<u>(2,275,438)</u>	<u>-</u>
Total support and revenue	<u>4,616,061</u>	<u>1,504,698</u>	<u>6,120,759</u>
EXPENSES			
Program Services	<u>2,634,785</u>	<u>-</u>	<u>2,634,785</u>
Supporting Services:			
General and Administrative	218,177	-	218,177
Fundraising	<u>397,787</u>	<u>-</u>	<u>397,787</u>
Total supporting services	<u>615,964</u>	<u>-</u>	<u>615,964</u>
Total expenses	<u>3,250,749</u>	<u>-</u>	<u>3,250,749</u>
Changes in net assets before other item	1,365,312	1,504,698	2,870,010
OTHER ITEM			
Transfer	<u>(10,033)</u>	<u>10,033</u>	<u>-</u>
Changes in net assets	1,355,279	1,514,731	2,870,010
Net assets at beginning of year	<u>4,567,339</u>	<u>13,479,385</u>	<u>18,046,724</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,922,618</u>	<u>\$ 14,994,116</u>	<u>\$ 20,916,734</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 969,232	\$ 1,914,785	\$ 2,884,017
Net investment return	571,538	1,038,535	1,610,073
Contributed nonfinancial assets	162,483	-	162,483
Other revenue	1,392	-	1,392
Net assets released from donor restrictions	<u>2,710,701</u>	<u>(2,710,701)</u>	<u>-</u>
Total support and revenue	<u>4,415,346</u>	<u>242,619</u>	<u>4,657,965</u>
EXPENSES			
Program Services	<u>2,753,174</u>	<u>-</u>	<u>2,753,174</u>
Supporting Services:			
General and Administrative	627,421	-	627,421
Fundraising	<u>94,867</u>	<u>-</u>	<u>94,867</u>
Total supporting services	<u>722,288</u>	<u>-</u>	<u>722,288</u>
Total expenses	<u>3,475,462</u>	<u>-</u>	<u>3,475,462</u>
Changes in net assets	939,884	242,619	1,182,503
Net assets at beginning of year	<u>3,627,455</u>	<u>13,236,766</u>	<u>16,864,221</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,567,339</u>	<u>\$ 13,479,385</u>	<u>\$ 18,046,724</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Tuition, fees, and scholarships	\$ 1,171,348	\$ 6,600	\$ -	\$ 6,600	\$ 1,177,948
Program costs	681,906	6,725	-	6,725	688,631
Consulting	26,056	-	385,000	385,000	411,056
Professional fees	168,219	69,916	2,887	72,803	241,022
Contributions and gifts	181,439	-	-	-	181,439
Postage, printing and supplies	144,279	-	-	-	144,279
Salaries and benefits	28,120	106,925	-	106,925	135,045
Meals and entertainment	65,205	4,983	-	4,983	70,188
Honorariums and awards	60,019	-	-	-	60,019
Travel	46,547	4,173	-	4,173	50,720
Miscellaneous expense	31,656	-	-	-	31,656
Marketing and promotions	12,500	-	9,900	9,900	22,400
Office storage	13,721	-	-	-	13,721
Conference fees	1,175	6,999	-	6,999	8,174
Business insurance	-	4,985	-	4,985	4,985
Bank and credit card fees	-	4,470	-	4,470	4,470
Publication costs	2,595	-	-	-	2,595
Dues and subscriptions	-	2,332	-	2,332	2,332
Payroll service charges	-	69	-	69	69
TOTAL	\$ 2,634,785	\$ 218,177	\$ 397,787	\$ 615,964	\$ 3,250,749

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Tuition, fees, and scholarships	\$ 1,432,828	\$ 45,820	\$ -	\$ 45,820	\$ 1,478,648
Professional fees	408,976	242,435	7,012	249,447	658,423
Program costs	286,513	4,289	-	4,289	290,802
Bad debt	-	230,275	-	230,275	230,275
Contributions and gifts	162,734	11,805	-	11,805	174,539
Salaries and benefits	88,382	28,713	47,855	76,568	164,950
Consulting	103,325	-	-	-	103,325
Marketing and promotions	56,542	32,917	-	32,917	89,459
Postage, printing and supplies	68,818	1,761	-	1,761	70,579
Meals and entertainment	60,165	5,396	-	5,396	65,561
Honorariums and awards	50,165	-	-	-	50,165
Fundraising consulting	-	-	40,000	40,000	40,000
Travel	15,892	-	-	-	15,892
Office storage	6,579	7,554	-	7,554	14,133
Dues and subscriptions	5,665	3,783	-	3,783	9,448
Business insurance	2,343	6,785	-	6,785	9,128
Conference fees	885	5,077	-	5,077	5,962
Bank and credit card fees	2,928	210	-	210	3,138
Payroll service charges	-	524	-	524	524
Miscellaneous expense	224	77	-	77	301
Publication costs	210	-	-	-	210
TOTAL	\$ 2,753,174	\$ 627,421	\$ 94,867	\$ 722,288	\$ 3,475,462

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,870,010	\$ 1,182,503
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Realized gain on investments	(936,395)	(177,568)
Unrealized gain on investments	(2,359,977)	(958,055)
Contributions restricted in perpetuity	(15,682)	(6,045)
Discount on grants and contributions receivables	(6,471)	5,770
Bad debt expense	-	188,000
Decrease (increase) in:		
Accounts receivable	-	858,285
Grants and contributions receivable	(122,168)	433,797
Prepaid expenses	(17,713)	33,247
(Decrease) increase in:		
Accounts payable and accrued liabilities	(75,625)	168,294
Accrued salaries and related benefits	<u>36,440</u>	<u>43,728</u>
Net cash (used) provided by operating activities	<u>(627,581)</u>	<u>1,771,956</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	<u>(503,865)</u>	<u>(746,142)</u>
Net cash used by investing activities	<u>(503,865)</u>	<u>(746,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted in perpetuity	<u>15,682</u>	<u>6,045</u>
Net cash provided by financing activities	<u>15,682</u>	<u>6,045</u>
Net (decrease) increase in cash and cash equivalents	(1,115,764)	1,031,859
Cash and cash equivalents at beginning of year	<u>1,370,545</u>	<u>338,686</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 254,781</u>	<u>\$ 1,370,545</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The University of the District of Columbia Foundation, Inc. (the Foundation) is a non-profit organization, incorporated on March 15, 1978, in the District of Columbia and located in Washington. The Foundation's mission is to solicit funds for student scholarships, and to advance and benefit the programs and mission of University of the District of Columbia (the University). Chartered in 1974, the University, the only public institution of higher education in the District of Columbia (District), was the result of mergers of three institutions of higher learning. The University is an urban land-grant institution of higher education which offers quality, affordable postsecondary education to District residents, at the certificate, associate, baccalaureate and graduate levels. Furthermore, the University is not only a graduate and baccalaureate degree granting institution, it is also a community college with an open door policy.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The accompanying financial statements represent the activity of the Foundation only. For the year ended September 30, 2024, the financial statements of the Foundation have been combined with those of the University of the District of Columbia in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. The combined financial statements are available at the University's headquarters.

Cash and cash equivalents -

The Foundation considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$127,365 and \$587,729, respectively as of September 30, 2024 and 2023, respectively. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions.

Artwork collection -

The Foundation's artwork collection (Collection) represents various paintings, art objects and sculptures that are held for educational, research, and curatorial purposes. Some of the items are catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. An appraisal was performed on November 12, 2012 for a portion of the Foundation's Collection located in the main administrative building of the University. The Foundation records its Collection at cost, if purchased, or fair value, if donated.

Income taxes -

The Foundation is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

Support from grants and contributions -

Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Support from grants and contributions (continued) -

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Foundation had no refundable advances as of September 30, 2024 and 2023.

In addition, the Foundation may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Foundation had no conditional contributions to be received in future years as of September 30, 2024 and 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of contributed computer equipment. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the Foundation's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Risks and uncertainties -

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

2. **INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended September 30, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 127,365	\$ -	\$ -	\$ 127,365
Common stocks	12,109,690	-	-	12,109,690
Mutual funds	<u>6,879,632</u>	<u>-</u>	<u>-</u>	<u>6,879,632</u>
TOTAL INVESTMENTS	<u>\$ 19,116,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,116,687</u>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 587,729	\$ -	\$ -	\$ 587,729
Common stocks	4,704,394	-	-	4,704,394
Mutual funds	<u>10,024,327</u>	<u>-</u>	<u>-</u>	<u>10,024,327</u>
TOTAL INVESTMENTS	<u>\$ 15,316,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,316,450</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Net investment return consisted of the following for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 485,740	\$ 535,527
Unrealized gain	2,359,977	958,055
Realized gain	936,395	177,568
Investment expenses	<u>(79,595)</u>	<u>(61,077)</u>
NET INVESTMENT RETURN	<u>\$ 3,702,517</u>	<u>\$ 1,610,073</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Foundation has received written promises to give from various donors totaling \$1,419,014 and \$1,296,846, respectively as of September 30, 2024 and 2023. Grants and contributions receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using discount rates ranging from 4.6% to 5%.

Grants and contributions receivable are expected to be collected as follows as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,154,409	\$ 1,065,006
One to five years	<u>264,605</u>	<u>231,840</u>
Total	1,419,014	1,296,846
Less: Allowance to discount balance to present value	(19,450)	(25,921)
Less: Reserve for uncollectable grants	<u>(188,000)</u>	<u>(188,000)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 1,211,564</u>	<u>\$ 1,082,925</u>

4. BOARD DESIGNATED NET ASSETS

As of September 30, 2024 and 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	<u>2024</u>	<u>2023</u>
Artwork collection	\$ 480,492	\$ 480,492
Scholarships	484,483	484,483
Capital Assets and Real Estate Services Fund	6,000	6,000
EBHenderson Memorial Campaign	50,000	50,000
IDAs	<u>100,000</u>	<u>100,000</u>
BOARD DESIGNATED NET ASSETS	<u>\$ 1,120,975</u>	<u>\$ 1,120,975</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Scholarship and academic programs	\$ 4,764,214	\$ 5,457,740
Accumulated endowment earnings	3,579,224	1,587,490
Endowment to be invested in perpetuity	<u>6,650,678</u>	<u>6,434,155</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 14,994,116</u>	<u>\$ 13,479,385</u>

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended September 30, 2024 and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Scholarship and academic programs	\$ 1,997,939	\$ 2,499,122
Accumulated endowment earnings	<u>277,499</u>	<u>211,579</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,275,438</u>	<u>\$ 2,710,701</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 254,781	\$ 1,370,545
Investments	19,116,687	15,316,450
Grants and contributions receivable, current	<u>966,409</u>	<u>877,006</u>
Subtotal financial assets available within one year	20,337,877	17,564,001
Less: Donor restricted funds, less non-current grants and contributions receivable	(14,748,961)	(13,273,466)
Less: Board designated funds	<u>(1,120,975)</u>	<u>(1,120,975)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,467,941</u>	<u>\$ 3,169,560</u>

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due.

7. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended September 30, 2024 and 2023, the Foundation was the beneficiary of certain nonfinancial assets which allowed the Foundation to provide greater resources towards its various programs. The contributed nonfinancial assets consisted of the following for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donated Equipment	<u>\$ 181,439</u>	<u>\$ 162,483</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

7. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

The following programs have benefited from these donated services:

	<u>2024</u>	<u>2023</u>
Program Services	\$ <u>181,439</u>	\$ <u>162,483</u>

The contributed nonfinancial assets have been recorded in support and revenue and in contributions and gifts expense in the accompanying Statements of Functional Expenses.

8. TRANSACTIONS WITH THE UNIVERSITY OF THE DISTRICT OF COLUMBIA

Management Services -

During the years ended September 30, 2024 and 2023, the Foundation paid \$135,045 and \$164,950, respectively to the University for staffing of individuals performing management and administrative functions for the Foundation.

Other -

During the years ended September 30, 2024 and 2023, the Foundation paid \$1,214,533 and \$1,478,648, respectively to the University towards scholarships and other student benefit programs.

9. ENDOWMENTS

The Foundation's endowments consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the the preservation of the fair value of the original gift made to 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: (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.

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

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

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

9. ENDOWMENTS (Continued)

Interpretation of relevant law (continued) -

- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

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 UPMIFA requires the organization to retain as a fund of perpetual duration. As of September 30, 2024 and 2023, there were no deficiencies of this nature.

Return objectives and risk parameters -

The Foundation has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing Board, the endowment assets are invested in a manner that is intended to preserve the principal balances and achieve both capital appreciation and current yield.

Strategies employed for achieving objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on consumer growth and energy equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy -

The Foundation has a policy of appropriating for distribution each year five percent of its endowment fund's average fair value. In establishing this policy, the Foundation considers the long-term expected return on its endowments. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowments to grow at a reasonable rate annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of September 30, 2024:

	Without	<u>With Donor Restrictions</u>		
	Donor	Available for	Held in	
	<u>Restrictions</u>	<u>Appropriations</u>	<u>Perpetuity</u>	<u>Total</u>
Donor-Restricted Funds	\$ <u>-</u>	\$ <u>3,579,224</u>	\$ <u>6,650,678</u>	\$ <u>10,229,902</u>

UNIVERSITY OF THE DISTRICT OF COLUMBIA FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

9. ENDOWMENTS (Continued)

Changes in endowments net assets for the year ended September 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Available for Appropriations</u>	<u>Held in Perpetuity</u>	
Endowment net assets, beginning of year	\$ -	\$ 1,587,490	\$ 6,434,155	\$ 8,021,645
Contributions	-	-	16,523	16,523
Net investment return	-	2,269,233	-	2,269,233
Appropriations	-	(277,499)	-	(277,499)
Other changes	-	-	200,000	200,000
ENDOWMENT FUNDS, END OF YEAR	\$ -	\$ 3,579,224	\$ 6,650,678	\$ 10,229,902

Endowment net asset composition by type of fund as of September 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Available for Appropriations</u>	<u>Held in Perpetuity</u>	
Donor-Restricted Funds	\$ -	\$ 1,587,490	\$ 6,434,155	\$ 8,021,645

Changes in endowments net assets for the year ended of September 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Available for Appropriations</u>	<u>Held in Perpetuity</u>	
Endowment net assets, beginning of year	\$ -	\$ 760,534	\$ 6,428,110	\$ 7,188,644
Contributions	-	-	6,045	6,045
Net investment return	-	1,038,535	-	1,038,535
Appropriations	-	(211,579)	-	(211,579)
ENDOWMENT FUNDS, END OF YEAR	\$ -	\$ 1,587,490	\$ 6,434,155	\$ 8,021,645

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 29, 2024, the date the financial statements were issued.