

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**

**WEST LIBERTY, WEST VIRGINIA**

**AUDIT REPORT**

**JUNE 30, 2022**

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**JUNE 30, 2022**

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6 - 7
Statements of Cash Flows	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 22



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
West Liberty University Foundation, Inc.

### **Opinion**

We have audited the accompanying financial statements of West Liberty University Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the fiscal 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 West Liberty University Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the fiscal 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 West Liberty University Foundation, Inc. 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 West Liberty University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

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



Wheeling, West Virginia  
September 22, 2022

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 121,583	\$ 51,004
Unconditional promises to give, net	417,502	314,614
Accrued interest and dividends	7,553	7,553
Investments	20,312,268	22,582,045
Beneficial interest in perpetual trust	2,295,852	2,799,176
Other assets	<u>55,920</u>	<u>55,920</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,210,678</u></u>	<u><u>\$ 25,810,312</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Liability for charitable gift annuities	\$ 13,240	\$ 13,116
Total liabilities	<u>13,240</u>	<u>13,116</u>
<b>NET ASSETS</b>		
Without donor restriction	1,654,987	1,691,483
With donor restriction	<u>21,542,451</u>	<u>24,105,713</u>
Total net assets	<u><u>23,197,438</u></u>	<u><u>25,797,196</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 23,210,678</u></u>	<u><u>\$ 25,810,312</u></u>

The accompanying notes are an integral part of the financial statements.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 376,543	\$ 1,673,758	\$ 2,050,301
In-kind contributions	-	201,533	201,533
Investment income	(24,627)	(2,477,833)	(2,502,460)
Change in value of split-interest agreements	-	(503,324)	(503,324)
Other income	117,561	-	117,561
Net assets released from restriction and other	1,457,396	(1,457,396)	-
Total support and revenues	<u>1,926,873</u>	<u>(2,563,262)</u>	<u>(636,389)</u>
<b>EXPENSES</b>			
West Liberty University Program Services:			
Scholarships	514,248	-	514,248
Athletic programs	255,478	-	255,478
Academic programs	285,418	-	285,418
Capital improvements	546,647	-	546,647
Other programs	13,406	-	13,406
Supporting Services:			
General and administrative	331,184	-	331,184
Fundraising	4,407	-	4,407
Costs of direct benefits to donors	12,581	-	12,581
Total expenses	<u>1,963,369</u>	<u>-</u>	<u>1,963,369</u>
Changes in net assets	(36,496)	(2,563,262)	(2,599,758)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,691,483</u>	<u>24,105,713</u>	<u>25,797,196</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,654,987</u></u>	<u><u>\$ 21,542,451</u></u>	<u><u>\$ 23,197,438</u></u>

The accompanying notes are an integral part of the financial statements.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 170,389	\$ 1,419,483	\$ 1,589,872
In-kind contributions	-	185,638	185,638
Investment income	312,452	4,189,774	4,502,226
Change in value of split-interest agreements	-	533,660	533,660
Other income	89,020	-	89,020
Paycheck Protection Program loan forgiveness	39,300	-	39,300
Net assets released from restriction and other	1,506,596	(1,506,596)	-
Total support and revenues	<u>2,117,757</u>	<u>4,821,959</u>	<u>6,939,716</u>
<b>EXPENSES</b>			
West Liberty University Program Services:			
Scholarships	650,243	-	650,243
Athletic programs	130,178	-	130,178
Academic programs	376,980	-	376,980
Capital improvements	448,095	-	448,095
Other programs	17,400	-	17,400
Supporting Services:			
General and administrative	317,862	-	317,862
Fundraising	10,434	-	10,434
Costs of direct benefits to donors	10,888	-	10,888
Total expenses	<u>1,962,080</u>	<u>-</u>	<u>1,962,080</u>
Changes in net assets	155,677	4,821,959	4,977,636
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,535,806</u>	<u>19,283,754</u>	<u>20,819,560</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,691,483</u></u>	<u><u>\$ 24,105,713</u></u>	<u><u>\$ 25,797,196</u></u>

The accompanying notes are an integral part of the financial statements.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,599,758)	\$ 4,977,636
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness	-	(39,300)
Non-cash contributions of stock	(58,188)	(358,480)
Loss (gain) on investments	2,921,719	(4,115,849)
Net change in value of split-interest agreements	503,324	(533,660)
Change in operating assets and liabilities:		
Unconditional promises to give	(102,888)	(132,691)
Accrued interest and dividends	-	2
Other assets	-	(2,094)
Liability for charitable gift annuities	124	(524)
Cash provided by (used in) operating activities	<u>664,333</u>	<u>(204,960)</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Purchase of investments	(4,761,272)	(7,845,092)
Proceeds from sales and maturities of investments	4,167,518	7,942,920
Cash provided by (used in) investment activities	<u>(593,754)</u>	<u>97,828</u>
Change in cash and cash equivalents	70,579	(107,132)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>51,004</u>	<u>158,136</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 121,583</u></u>	<u><u>\$ 51,004</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash contributions of stock	<u>\$ 58,188</u>	<u>\$ 358,480</u>
Non-cash contributions of good and services	<u>\$ 201,533</u>	<u>\$ 185,638</u>

The accompanying notes are an integral part of the financial statements.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 – NATURE OF ACTIVITIES**

West Liberty University Foundation, Inc. (the “Foundation”) was formed with the purpose of receiving and administering funds for scientific, educational, athletic, and charitable purposes for the support and benefit of West Liberty University (the “University”). The oversight of the Foundation is the responsibility of an independently elected Board of Directors who are not otherwise affiliated with the University. The President of the University is a non-voting member of the Board of Directors. While contributions are generally for the benefit and support of the University, the Foundation exercises discretion over the distribution of assets.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or the absence of restrictions on use that are placed by its donors, as net assets without donor restriction and net assets with donor restriction.

*Net Assets without Donor Restriction*

Net assets without donor restriction are resources that are available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, 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 during the course of its operations.

*Net Assets with Donor Restriction*

Net assets with donor restriction are resources that are restricted by a donor for use for a particular purpose, or in a particular future period. Some donor restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions, or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor’s instructions.

The Foundation’s unspent contributions are included in this class if the donor has limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust that is held by a bank trustee.

When a donor’s restriction is satisfied, either by using the resources in the manner that is specified by the donor or by the passing of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restriction to net assets without donor restriction. Net assets that are restricted for the acquisition of buildings or equipment (or, less commonly, the contribution of those assets directly) are reported as net assets with donor restriction until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

West Liberty University Foundation, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation has analyzed the tax positions taken for filing with the Internal Revenue Service and all state and local jurisdictions where it operates. The Foundation believes that the income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's statements of financial position or statements of activities. Accordingly, the Foundation has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions as of June 30, 2022. The Foundation's tax returns through 2019 have been closed for purposes of examination by taxing authorities.

Use of Estimates

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

Contributions

The contributions that are received are recorded as increases in net assets without donor restriction, unless the use of the contributed assets is specifically restricted by the donor. The amounts that are received that are restricted by the donor for use in future periods, or for specific purposes, are reported as increases in net assets with donor restriction. Unconditional promises to give with payments that are due during future years have an implied restriction to be used during the year in which the payment is due and, therefore, are reported as restricted until the payment is due, unless the contribution is clearly intended to support the activities of the current fiscal year.

The contributions of donated non-cash assets are recorded at their fair values during the period in which they are received. Contributions of donated services that create or enhance non-financial assets, or require specialized skills that are provided by the individuals possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values during the period in which they are received.

Unconditional promises to give that are expected to be collected within one year are recorded at the estimated net realizable value. Unconditional promises to give that are expected to be collected during future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed by using risk-free interest rates for United States Government securities. The amortization of the discounts is included in the contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments in equity securities and all debt securities are reported at their fair value, based upon quoted market prices.

The Foundation operates a pooled investment portfolio for all funds. New funds or additions to the existing funds are assigned a share in the investment pool, based upon the amount of cash or the estimated fair value of the securities that are deposited. Income, including unrealized appreciation or depreciation and realized capital gains and losses, is allocated on a monthly basis.

Income from Investments

All investment income in the form of interest and dividends is credited to unrestricted net assets, unless otherwise designated by the donor. All capital appreciation or depreciation that is earned on all investments is credited to net assets without donor restriction, unless otherwise restricted by the donor.

Cash Surrender Value of Insurance Policies

The Foundation records as an asset the cash surrender value of life insurance policies for which it is the owner and beneficiary. These balances are reflected in other assets in the statements of financial position as of June 30, 2022 and 2021.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments that are available for current use, with an initial maturity of 3 months or less, to be cash equivalents. Money market funds that are included in non-current investments are not considered to be cash equivalents.

Unconditional Promises to Give

Unconditional promises to give are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reported at the net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed by using a present value technique that is applied to anticipated cash flows. The amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible promises to give is determined based upon management's evaluation of the collectability of individual promises. The promises that remain uncollected for more than one year after their due dates are written off, unless the donors indicate that payment is merely postponed. See Note 4.

Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized below. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. For the fiscal year ended June 30, 2022, a total of \$195,000 of donated labor related to the weight room renovation is included in capital improvement expenses in the statement of activities. For the fiscal year ended June 30, 2021, a total of \$181,470 of donated testing supplies related to COVID-19 is included in academic program expenses in the statements of activities. Other in-kind supplies and assets of approximately \$6,533 and \$4,168 for the fiscal years ended June 30, 2022 and 2021, respectively, are charged to various program services benefitting from the donated supplies and assets.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

General and administrative expenses include those costs that are not directly identifiable with any specific program, but that provide for the overall support and direction of the Foundation. Fundraising costs are expensed as they are incurred, even though they may result in contributions being received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which this does occur, such as when the annual report or donor acknowledgements contain requests for contributions, the joint costs have been allocated between fundraising and general and administrative expenses, in accordance with the standards for accounting for the costs of the activities that include fundraising. Additionally, advertising costs are expensed as they are incurred.

	2022	2021
Program services:		
Scholarships	\$ 514,248	\$ 650,243
Athletic programs	255,478	130,178
Academic programs	285,418	376,980
Capital improvements	546,647	448,095
Other programs	13,406	17,400
Total program services	<u>1,615,197</u>	<u>1,622,896</u>
Supporting Services:		
General and Administrative:		
Salaries and benefits	237,030	238,442
Outside services	22,878	19,752
Occupancy	24,012	24,178
Supplies and other expenses	23,479	19,117
Travel and conferences	1,473	2,106
Hospitality	5,405	1,252
Insurance	6,053	4,846
Service charges	8,120	5,998
Dues and registrations	1,044	741
Other administrative	1,690	1,430
Total general and administrative	<u>331,184</u>	<u>317,862</u>
Fundraising	<u>4,407</u>	<u>10,434</u>
Costs of Direct Benefits to Donors:		
Recognition Banquet	8,769	-
Golf Scramble	3,812	10,888
Total costs of direct benefits to donors	<u>12,581</u>	<u>10,888</u>
Total functional expenses	<u>\$ 1,963,369</u>	<u>\$ 1,962,080</u>

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets that are available for general expenditure and are without donor restriction or other restrictions limiting their use, within one year of June 30, 2022 and 2021, are as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 121,583	\$ 51,004
Unconditional promises to give, net	417,502	314,614
Investments	20,312,268	22,582,045
Beneficial interest in perpetual trust	2,295,852	2,799,176
Other assets	63,473	63,473
Total financial assets	<u>23,210,678</u>	<u>25,810,312</u>
Financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 7)	(1,624,372)	(1,433,839)
Donor-restricted endowment funds (Note 11)	(17,622,227)	(19,872,698)
Beneficial interest in perpetual trust	(2,295,852)	(2,799,176)
Financial assets not available within one year:		
Unconditional promises to give, net	(269,016)	(96,683)
Board-designated endowment funds (Note 11)	<u>(481,096)</u>	<u>(441,695)</u>
Amount available for general expenditures within one year	<u>\$ 918,115</u>	<u>\$ 1,166,221</u>

The above table reflects the donor-restricted and Board-designated endowment funds as unavailable due to the Foundation's intention to invest those resources for the long-term support of the Foundation. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment fund in the amount of \$282,097. Note 11 provides more information about these funds and the spending policies for all endowment funds.

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give as of June 30, 2022 and 2021, are as follows:

	2022	2021
Receivable in one year	\$ 148,486	\$ 217,931
Receivable in two to five years	292,543	103,070
Total unconditional promises to give	<u>441,029</u>	<u>321,001</u>
Discounts to net present value	<u>(23,527)</u>	<u>(6,387)</u>
Unconditional promises to give, net	<u>\$ 417,502</u>	<u>\$ 314,614</u>

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE (CONTINUED)**

The discount rate that was used for long-term pledges was 4.75 percent for the fiscal year ended June 30, 2022.

An allowance for uncollectible promises to give is provided based upon management's evaluation of the potential uncollectible promises that are receivable at fiscal year end. As of June 30, 2022 and 2021, management has determined that all outstanding promises to give are fully collectible.

**NOTE 5 – INVESTMENTS**

The cost and estimated fair values of investments as of June 30, 2022 and 2021, are as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 613,133	\$ 613,133	\$ 560,566	\$ 560,566
Corporate bonds and notes	2,716,767	2,997,048	2,228,580	2,188,197
United States Treasury obligations	99,594	99,432	102,918	99,432
Mortgage-backed securities	118,689	122,837	195,167	195,919
Equity securities	10,758,348	9,018,511	12,853,523	7,998,000
Mutual funds	4,817,967	5,451,964	5,319,206	5,165,576
Alternative investment funds	1,187,770	1,043,519	1,322,085	986,122
Total	<u>\$ 20,312,268</u>	<u>\$ 19,346,444</u>	<u>\$ 22,582,045</u>	<u>\$ 17,193,812</u>

The following schedules summarize the investment income and its classification in the statements of activities for the fiscal years ended June 30, 2022 and 2021:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 114,117	\$ 372,599	\$ 486,716
Realized gains (losses)	56,526	1,356,619	1,413,145
Unrealized gains (losses)	(171,660)	(4,163,204)	(4,334,864)
Investment fees	(23,610)	(43,847)	(67,457)
Total	<u>\$ (24,627)</u>	<u>\$ (2,477,833)</u>	<u>\$ (2,502,460)</u>

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 – INVESTMENTS (CONTINUED)**

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 170,232	\$ 276,930	\$ 447,162
Realized gains (losses)	61,462	1,475,087	1,536,549
Unrealized gains (losses)	102,033	2,477,267	2,579,300
Investment fees	(21,275)	(39,510)	(60,785)
Total	<u>\$ 312,452</u>	<u>\$ 4,189,774</u>	<u>\$ 4,502,226</u>

Investments include the securities that are held to satisfy the charitable gift annuity agreements as follows:

	2022	2021
Fair value	<u>\$ 152,245</u>	<u>\$ 187,868</u>
Cost	<u>\$ 111,456</u>	<u>\$ 103,708</u>

**NOTE 6 – SPLIT-INTEREST AGREEMENTS**

Split-interest agreements consist of beneficial interests in perpetual trusts and charitable gift annuities. The Foundation was bequeathed a beneficial interest in a perpetual trust in accordance with a decedent's will. Under the terms of this split-interest agreement, the Foundation is to receive distributions of 10 percent of the income from the trust in perpetuity. These distributions are to be used to establish an endowment, the income from which will be used to provide scholarships. The Foundation's beneficial interest is valued in the statements of financial position at 10 percent of the fair market value of the trust assets. The adjustments that are due to changes in the market value of the trust assets are recorded as changes in value of the split-interest agreements. The distributions that are received from the trust are permanently restricted for endowed scholarships and are recorded as permanently restricted investment income.

The following table summarizes the transactions that are affecting the beneficial interest in the perpetual trust for the fiscal years ended June 30, 2022 and 2021:

	2022	2021
Distributions received from the trust recorded as donor-restricted investment income	<u>\$ 123,614</u>	<u>\$ 111,727</u>
Change in value of split-interest agreements	<u>\$ (503,324)</u>	<u>\$ 533,660</u>

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 6 – SPLIT-INTEREST AGREEMENTS (CONTINUED)**

The Foundation participates in charitable gift annuity agreements with certain donors. Under these agreements, donor-restricted contribution revenue is recorded when donors transfer assets to the Foundation. The amount of revenue that is recognized is the difference between the fair value of the assets that are received and the liability which is calculated as the net present value of the estimated future payments to the beneficiaries, based on their respective life expectancies. In estimating the net present value of the liability, the Foundation uses the life expectancy information that is prepared by the American Council on Gift Annuities. The discount rate for each charitable gift annuity is established at the beginning of the agreement.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTION**

As of June 30, 2022 and 2021, net assets with donor restriction are available for the following purposes or periods:

	2022	2021
Purpose restrictions, available for spending:		
Scholarships	\$ 259,241	\$ 287,358
Capital projects	618,337	157,292
Other	746,794	989,189
Total purpose-restricted net assets	1,624,372	1,433,839
Donor-restricted endowment funds, which must be appropriated by the Board of Directors before use:		
Scholarships	14,472,996	16,400,171
Faculty travel and professional development	423,270	501,054
Library	470,848	557,622
Speakers and lectures	376,841	441,039
Maintenance	283,101	315,850
Academic programs	762,682	839,896
Athletic programs	366,834	370,967
Other	465,655	446,099
Total donor-restricted endowment funds managed by the Foundation	17,622,227	19,872,698
Beneficial interest in trust for scholarships	2,295,852	2,799,176
Total net assets with donor restriction	\$ 21,542,451	\$ 24,105,713

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 8 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of contributions receivable, investment securities, and cash and cash equivalents. The exposure to losses on contributions receivable is principally dependent upon each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses, as necessary.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk that is associated with certain investment securities, it is at least reasonably possible that changes in the value of the investment securities will occur in the near term, and that such changes could materially affect the Foundation's statements of financial position and statements of activities.

Cash balances in banks are insured by the Federal Deposit Insurance Corporation ("FDIC"), up to \$250,000. As of June 30, 2022, the Foundation had balances on deposit exceeding the amount that is covered by the FDIC by \$34,646. Management believes that the Foundation is not exposed to any significant credit risk related to its bank deposits.

**NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION**

The Foundation had the following non-cash transactions during the fiscal years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Non-cash contributions of stock	\$ 58,188	\$ 358,480
Non-cash contributions of goods and services	\$ 201,533	\$ 185,638

**NOTE 10 – FAIR VALUE MEASUREMENTS**

As required by U.S. GAAP, each financial asset and liability must be identified as having been valued according to a specified level of input. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Fair values that are determined by Level 2 inputs utilize inputs, other than quoted prices that are included in Level 1, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs that are used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement, in its entirety, falls has been determined based on the lowest level of input that is significant to the fair value measurement, in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement, in its entirety, requires judgment and considers factors that are specific to the asset or liability.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)**

In certain cases, the inputs that are used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement, in its entirety, requires judgment and considers factors that are specific to the investment. The Foundation has classified the investments in equity securities and mutual funds as Level 1 instruments since they comprise assets that are traded on public exchanges with readily determinable fair values and observable market based inputs. Debt securities are classified as Level 2 securities and are valued using matrix pricing or other market approaches. The fair value of the mortgage loan is estimated to be its amortized cost.

The Foundation's fair value of assets and liabilities that are reported on the statements of financial position at their fair value as of June 30, 2022 and 2021, are summarized below, by level:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Valued on a recurring basis:				
Assets:				
Equity securities	\$ 10,758,348	\$ -	\$ -	\$ 10,758,348
Debt securities	-	2,935,050	-	2,935,050
Mutual funds	4,817,967	-	-	4,817,967
Beneficial interest in perpetual trust	-	-	2,295,852	2,295,852
Alternative investment funds	1,187,770	-	-	1,187,770
Cash and money market funds	734,716	-	-	734,716

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Valued on a recurring basis:				
Assets:				
Equity securities	\$ 12,853,523	\$ -	\$ -	\$ 12,853,523
Debt securities	-	2,526,665	-	2,526,665
Mutual funds	5,319,206	-	-	5,319,206
Beneficial interest in perpetual trust	-	-	2,799,176	2,799,176
Alternative investment funds	1,322,085	-	-	1,322,085
Cash and money market funds	611,570	-	-	611,570

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair value of the contribution from the beneficial interest in the perpetual trust is measured by using the fair value of the assets that are held in the trusts, as reported by the trustee as of June 30, 2022. The Foundation considers the measurement of its beneficial interest in the perpetual trust to be a Level 3 measurement within the fair value hierarchy since, even though this measurement is based on the adjusted fair values of the trusts' assets as reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

The beneficial interest in the perpetual trust (split-interest agreement) is valued by using unobservable inputs (Level 3) in accordance with the authoritative guidance on fair value measurements. The changes to the beneficial interest in the perpetual trust during the fiscal year ended June 30, 2022, are as follows:

Beginning balance	\$ 2,799,176
Investment income for beneficial interest in the perpetual trust	123,614
Distribution from beneficial interest in the perpetual trust	(123,614)
Net valuation loss	<u>(503,324)</u>
 Total	 <u>\$ 2,295,852</u>

**NOTE 11 – ENDOWMENT FUNDS**

Endowment Investments

The Foundation's endowment consists of approximately 130 individual funds that have been established for a variety of purposes. The endowment includes both donor-restricted funds and funds that have been designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, the net assets that are associated with endowment funds, including the funds that have been designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The donor-restricted endowment funds are subject to a time restriction that is imposed by SPMIFA until the amounts are appropriated for expenditure by the Foundation. In addition, most donor-restricted endowment funds are subject to restrictions on the use of the appropriated amounts. Note 7 describes the purposes for which the donor-restricted endowment funds may be used. As a result, the donor-restricted endowment funds are classified as net assets with donor restriction.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment funds: (i) the duration and preservation of the various funds, (ii) the purposes of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Foundation, and (vii) the Foundation's investment policies.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 11 – ENDOWMENT FUNDS (CONTINUED)**

*Investment Return Objectives, Risk Parameters, and Strategies*

The Foundation has adopted investment and spending policies, which have been approved by the Board of Directors, for the endowment assets which create the framework for a well-diversified asset mix that can be expected to generate long-term returns at a level of risk that is suitable to West Liberty University Foundation, Inc.

Accordingly, the Foundation takes a total return approach regarding endowment assets. The assets are to be invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted. The total return approach is designed to give the Foundation financial flexibility with regard to ongoing capital structure decisions. The Foundation has a tolerance to accept short-term volatility in the value of the funds, in line with the market fluctuations, to seek long-term capital growth. The domestic equities of both large and small capitalization, fixed income, and cash equivalents have been determined to be acceptable vehicles for the plan assets. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

*Spending Policy*

The Foundation has a policy for appropriating distribution, up to 4 percent of the value of the endowment assets. This amount will be calculated by using a rolling 3-year moving average of the market value of the funds at fiscal year end.

The endowment net asset composition, by type of fund, is set forth below:

June 30, 2022			
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 17,622,227	\$ 17,622,227
Board-designated endowment funds	481,096	-	481,096
Total	<u>\$ 481,096</u>	<u>\$ 17,622,227</u>	<u>\$ 18,103,323</u>

  

June 30, 2021			
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 19,872,698	\$ 19,872,698
Board-designated endowment funds	441,695	-	441,695
Total	<u>\$ 441,695</u>	<u>\$ 19,872,698</u>	<u>\$ 20,314,393</u>

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 11 – ENDOWMENT FUNDS (CONTINUED)**

The changes in the endowment net assets are as follows:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 441,695	\$ 19,872,698	\$ 20,314,393
Contributions	199,000	481,317	680,317
Investment income	(114,118)	(2,158,386)	(2,272,504)
Program revenue	-	125,121	125,121
Amounts appropriated for expenditure	(45,481)	(698,523)	(744,004)
Endowment net assets, end of year	<u>\$ 481,096</u>	<u>\$ 17,622,227</u>	<u>\$ 18,103,323</u>

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 285,161	\$ 16,148,943	\$ 16,434,104
Contributions	-	372,703	372,703
Investment income	170,232	3,910,400	4,080,632
Program revenue	-	111,727	111,727
Amounts appropriated for expenditure	(13,698)	(671,075)	(684,773)
Endowment net assets, end of year	<u>\$ 441,695</u>	<u>\$ 19,872,698</u>	<u>\$ 20,314,393</u>

**NOTE 12 – LEASE**

The Foundation leases office space in Wheeling, West Virginia, under an initial lease agreement which was signed July 11, 2016, with a term that began on August 1, 2016, and expired on June 30, 2021. As defined by that lease agreement, the payments from July 1, 2017, through June 30, 2021, were \$1,800 monthly, multiplied by the annual Consumer Price Index increase each year. On July 1, 2021, the Foundation signed a new lease agreement for this office space, with a term that began on August 1, 2021, and expires on July 31, 2023, or on such earlier date as may be permitted under the lease. This new lease agreement stipulates that lease payments from August 1, 2021, through July 31, 2022, will be \$1,900 monthly, and that lease payments from August 1, 2022, through July 31, 2023, will be \$1,900, multiplied by the annual Consumer Price Index increase.

Occupancy expenses were approximately \$24,012 and \$24,178 for the fiscal years ended June 30, 2022 and 2021, respectively.

**WEST LIBERTY UNIVERSITY FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN**

In response to COVID-19, the Paycheck Protection Program (“PPP”) was established under the Coronavirus Aid, Relief, and Economic Security Act and was administered by the Small Business Administration (“SBA”). Entities who met the eligibility requirements that are set forth by the PPP could qualify for PPP loans. If the loan proceeds were fully utilized to pay for qualified expenses, the full principal amount of the PPP loan, along with any accrued interest, could qualify for loan forgiveness, subject to potential reduction, based on the level of full-time employees maintained by the entity. On April 16, 2020, the Foundation received loan proceeds in the amount of \$39,300 under the PPP. The loan contained an interest rate of 1 percent and had a maturity date of April 16, 2022. During March 2021, the Foundation received correspondence from the lender of the PPP loan stating that the requirements for loan forgiveness had been met by the Foundation, and the entire PPP loan amount had been forgiven. Accordingly, the loan balance was eliminated, and contribution revenue of \$39,300 was recorded in the statement of activities for the fiscal year ended June 30, 2021.

**NOTE 14 – SUBSEQUENT EVENTS**

The Foundation has assessed events occurring subsequent to June 30, 2022, through September 22, 2022, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements, which were available to be issued on September 22, 2022.

During 2020, the World Health Organization declared the spread of COVID-19 as a worldwide pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and the actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies of many states, including the geographical area in which the Foundation operates. Specific to the Foundation, COVID-19 may impact promises to give, future contributions, and investment performance. Management believes that the Foundation is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of September 22, 2022.