

West Liberty University Foundation, Inc.

West Liberty, West Virginia

Audit Report

June 30, 2025

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
JUNE 30, 2025

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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, 2025 and 2024, 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, 2025 and 2024, 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.

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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.

S.R. Snodgrass, P.C. d/b/a S.R. Snodgrass, A.C.

Wheeling, West Virginia
September 9, 2025

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
Cash and cash equivalents	\$ 125,651	\$ -
Unconditional promises to give, net	32,985	153,043
Accrued interest and dividends	7,553	7,553
Investments	29,666,802	25,230,961
Beneficial interest in perpetual trust	2,706,042	2,552,581
Right-of-use asset – operating leases	-	25,212
Other assets	69,343	55,920
TOTAL ASSETS	\$ 32,608,376	\$ 28,025,270
LIABILITIES		
Bank overdraft	\$ -	\$ 48,519
Liability for charitable gift annuities	6,285	6,285
Lease liability – operating leases	-	25,212
Total liabilities	6,285	80,016
NET ASSETS		
Without donor restriction	2,303,024	1,968,721
With donor restriction	30,299,067	25,976,533
Total net assets	32,602,091	27,945,254
TOTAL LIABILITIES AND NET ASSETS	\$ 32,608,376	\$ 28,025,270

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

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	\$ 142,457	\$ 3,230,090	\$ 3,372,547
Contributions of non-financial assets (in-kind)	-	10,090	10,090
Investment income, net	396,656	2,368,655	2,765,311
Change in value of split-interest agreements	-	153,461	153,461
Other income	21,896	165,683	187,579
Net assets released from restriction and other	1,605,445	(1,605,445)	-
Total support and revenues	<u>2,166,454</u>	<u>4,322,534</u>	<u>6,488,988</u>
EXPENSES			
West Liberty University Program Services:			
Scholarships	619,821	-	619,821
Athletic programs	358,466	-	358,466
Academic programs	249,153	-	249,153
Capital improvements	144,203	-	144,203
Other programs	16,087	-	16,087
Supporting Services:			
General and administrative	407,733	-	407,733
Fundraising	8,475	-	8,475
Costs of direct benefits to donors	28,213	-	28,213
Total expenses	<u>1,832,151</u>	<u>-</u>	<u>1,832,151</u>
Changes in net assets	334,303	4,322,534	4,656,837
NET ASSETS AT BEGINNING OF YEAR	<u>1,968,721</u>	<u>25,976,533</u>	<u>27,945,254</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,303,024</u>	<u>\$ 30,299,067</u>	<u>\$ 32,602,091</u>

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

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	\$ 125,765	\$ 1,770,398	\$ 1,896,163
Contributions of non-financial assets (in-kind)	-	9,476	9,476
Investment income, net	370,374	2,482,348	2,852,722
Change in value of split-interest agreements	-	187,820	187,820
Other income	33,343	147,558	180,901
Net assets released from restriction and other	1,864,225	(1,864,225)	-
Total support and revenues	<u>2,393,707</u>	<u>2,733,375</u>	<u>5,127,082</u>
EXPENSES			
West Liberty University Program Services:			
Scholarships	630,901	-	630,901
Athletic programs	328,543	-	328,543
Academic programs	393,672	-	393,672
Capital improvements	295,829	-	295,829
Other programs	52,224	-	52,224
Supporting Services:			
General and administrative	386,918	-	386,918
Fundraising	4,835	-	4,835
Costs of direct benefits to donors	26,472	-	26,472
Total expenses	<u>2,119,394</u>	<u>-</u>	<u>2,119,394</u>
Changes in net assets	274,313	2,733,375	3,007,688
NET ASSETS AT BEGINNING OF YEAR	<u>1,694,408</u>	<u>23,243,158</u>	<u>24,937,566</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,968,721</u>	<u>\$ 25,976,533</u>	<u>\$ 27,945,254</u>

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

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,656,837	\$ 3,007,688
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash contributions of investments	(20,312)	(108,912)
Loss (gain) on investments	(2,057,384)	(2,259,086)
Change in value of split-interest agreements	(153,461)	(187,820)
Change in cash surrender value of life insurance	(13,423)	-
Change in operating assets and liabilities:		
Unconditional promises to give	120,058	64,262
Bank overdraft	(48,519)	48,519
Liability for charitable gift annuity	-	(640)
Cash provided by operating activities	<u>2,483,796</u>	<u>564,011</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of investments	(11,759,162)	(9,984,505)
Proceeds from sales and maturities of investments	<u>9,401,017</u>	<u>9,265,143</u>
Cash used in investment activities	<u>(2,358,145)</u>	<u>(719,362)</u>
Change in cash and cash equivalents	125,651	(155,351)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>155,351</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 125,651</u></u>	<u><u>\$ -</u></u>

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

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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 net assets with donor restriction are reclassified as net assets without donor restriction in the Statements of Financial Position and are also reported as net assets released from restriction in the Statements of Activities. 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.

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 three months or less, to be cash equivalents. Money market funds that are included in investments are not considered to be cash equivalents.

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Investments

Investments are reported at fair value in the Statements of Financial Position and realized and unrealized gains (losses) are included within investment income, net, in the Statements of Activities.

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 realized and unrealized gains (losses), is allocated on a monthly basis.

Leases

In accounting for leases, the Foundation follows the provisions of Financial Accounting Standard Board (FASB) ASC 842, which requires the Foundation to recognize most of its leases on its Statements of Financial Position. In accordance with the provisions of ASC 842, leases are classified by lessees as operating or finance leases at the lease commencement date, with corresponding right-of-use (ROU) assets and lease liabilities recognized on the Statements of Financial Position. An ROU asset represents the Foundation's right to use the underlying asset for the lease term, and the lease liability represents the Foundation's obligation to make lease payments arising from the respective lease. Operating leases result in lease expense, which is recognized on a straight-line basis over the respective lease terms. Finance leases result in expense, segregated between the amortization of the ROU assets and interest on the lease liabilities.

As permitted under ASC 842, the Foundation has elected not to recognize short-term leases, with an initial term of 12 months or less in the Statements of Financial Position; however, short-term lease expense will be recognized in the Statements of Activities on a straight-line basis over the term of the lease. The Foundation has also adopted a \$5,000 capitalization threshold; accordingly, leases that have a present value of future lease payments under \$5,000 will not be recognized in the Statements of Financial Position; however, lease expense will be recognized in the Statements of Activities on a straight-line basis over the term of the lease. Further disclosures regarding the Foundation's leases are presented in Note 7.

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, 2025 and 2024.

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The contributions of donated noncash 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 the United States bank prime rate in effect at the time that the respective unconditional promise is received. The amortization of the discounts is recognized as additional contribution revenue. Conditional promises to give are not recorded as support until the conditions are substantially met.

Investment Income, Net

Investment income, net consists of interest and dividend income and realized and unrealized gains (losses), net of related investment fees. Investment income, net is recorded as without donor restriction, unless otherwise restricted by the donor.

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. Other in-kind supplies and assets of approximately \$10,090 and \$9,476 for the fiscal years ended June 30, 2025 and 2024, 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 YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Recognition and Allocation (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.

	2025	2024
West Liberty University Program Services:		
Scholarships	\$ 619,821	\$ 630,901
Athletic programs	358,466	328,543
Academic programs	249,153	393,672
Capital improvements	144,203	295,829
Other programs	16,087	52,224
Total program services	<u>1,387,730</u>	<u>1,701,169</u>
Supporting Services:		
General and administrative:		
Salaries and benefits	300,624	268,373
Outside services	25,269	24,632
Occupancy	29,888	29,226
Supplies and other expenses	25,502	20,705
Travel and conferences	2,734	2,860
Hospitality	4,867	5,080
Insurance	6,540	6,256
Service charges	9,510	8,740
Dues and registrations	616	711
Other administrative	2,183	20,335
Total general and administrative	<u>407,733</u>	<u>386,918</u>
Fundraising	<u>8,475</u>	<u>4,835</u>
Costs of Direct Benefits to Donors:		
Recognition banquet	13,900	13,853
Golf scramble	14,313	12,619
Total costs of direct benefits to donors	<u>28,213</u>	<u>26,472</u>
Total supporting services	<u>444,421</u>	<u>418,225</u>
Total functional expenses	<u>\$ 1,832,151</u>	<u>\$ 2,119,394</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2025. The Foundation believes it is no longer subject to income tax examinations for fiscal years prior to 2022.

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, are as follows:

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 125,651	\$ -
Unconditional promises to give, net	32,985	153,043
Investments	29,666,802	25,230,961
Beneficial interest in perpetual trust	2,706,042	2,552,581
Other assets and accrued interest	76,896	63,473
Total financial assets	32,608,376	28,000,058
Bank overdraft	-	(48,519)
Financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 8)	(2,877,517)	(1,554,515)
Donor-restricted endowment funds (Note 11)	(24,715,508)	(21,869,437)
Beneficial interest in perpetual trust	(2,706,042)	(2,552,581)
Financial assets not available within one year:		
Unconditional promises to give, net	-	(33,043)
Board-designated endowment funds (Note 11)	(684,434)	(630,267)
Amount available for general expenditures within one year	<u>\$ 1,624,875</u>	<u>\$ 1,311,696</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

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 \$684,434. 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, 2025 and 2024, are as follows:

	2025	2024
Receivable in one year	\$ 32,985	\$ 120,000
Receivable in two to five years	-	35,627
Total unconditional promises to give	32,985	155,627
Discounts to net present value	-	(2,584)
Unconditional promises to give, net	<u>\$ 32,985</u>	<u>\$ 153,043</u>

The discount rate that was used for long-term pledges was 8.50 percent for the fiscal year ended June 30, 2024.

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, 2025 and 2024, 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, 2025 and 2024, are as follows:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 2,883,948	\$ 2,883,948	\$ 2,418,015	\$ 2,418,015
Corporate bonds and notes	5,547,038	5,564,587	4,790,453	5,025,243
United States Treasury obligations	2,491	2,474	1,993	1,975
Fixed income mutual funds	3,213,211	3,406,990	2,708,051	3,023,811
Equity securities	11,677,978	7,856,168	10,404,989	6,721,888
Equity mutual funds	6,333,189	5,146,988	4,898,961	4,236,583
Alternative investment funds	8,947	7,940	8,499	8,183
Total	<u>\$ 29,666,802</u>	<u>\$ 24,869,095</u>	<u>\$ 25,230,961</u>	<u>\$ 21,435,698</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 5 – INVESTMENTS (Continued)

The following schedules summarize the investment income and its classification in the Statements of Activities for the fiscal years ended June 30, 2025 and 2024:

	June 30, 2025		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 111,803	\$ 667,640	\$ 779,443
Realized gains (losses)	152,442	910,316	1,062,758
Unrealized gains (losses)	142,114	848,645	990,759
Investment fees	(9,703)	(57,946)	(67,649)
Total	<u>\$ 396,656</u>	<u>\$ 2,368,655</u>	<u>\$ 2,765,311</u>

	June 30, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 84,893	\$ 568,979	\$ 653,872
Realized gains (losses)	91,281	611,790	703,071
Unrealized gains (losses)	202,020	1,353,995	1,556,015
Investment fees	(7,820)	(52,416)	(60,236)
Total	<u>\$ 370,374</u>	<u>\$ 2,482,348</u>	<u>\$ 2,852,722</u>

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

	2025	2024
Fair value	<u>\$ 185,708</u>	<u>\$ 171,330</u>
Cost	<u>\$ 126,601</u>	<u>\$ 115,540</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 restricted for endowed scholarships and are recorded as restricted investment income.

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 6 – SPLIT-INTEREST AGREEMENTS (Continued)

The following table summarizes the transactions that are affecting the beneficial interest in the perpetual trust for the fiscal years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Distributions received from the trust recorded as donor-restricted investment income	<u>\$ 102,079</u>	<u>\$ 79,122</u>
Change in value of split-interest agreements	<u>\$ 153,461</u>	<u>\$ 187,820</u>

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 that 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 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As discussed in Note 2, the Foundation accounts for its leases in accordance with the provisions of FASB ASC 842, under which leases are classified by lessees as operating or finance leases at the lease commencement date, with corresponding ROU assets and lease liabilities recognized on the Statements of Financial Position. Operating leases result in lease expense, which is recognized on a straight-line basis over the respective lease terms. Finance leases result in expense, segregated between the amortization of the ROU assets and interest on the lease liabilities. The Foundation did not have any finance leases as of June 30, 2025 and 2024, or during the fiscal years ended June 30, 2025 and 2024.

The Foundation leases office space in Wheeling, West Virginia, under an operating lease agreement, which commenced on July 1, 2021. This agreement was originally scheduled to expire on July 31, 2023, but was extended for two additional years through July 31, 2025. The ROU asset and lease liability calculations were based on this four-year period, which effectively ended on June 30, 2025. Therefore, there was no remaining ROU asset or lease liability as of that date. In July 2025, the lease was extended on a short-term basis through July 31, 2026. As discussed in Note 2, short-term leases are not recognized in the Statements of Financial Position; however, short-term lease expense is recognized on a straight-line basis over the respective lease terms.

Lease expense for the fiscal years ended June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 25,488	\$ 25,488
Short-term lease expense	<u>4,400</u>	<u>3,738</u>
Total lease expense	<u>\$ 29,888</u>	<u>\$ 29,226</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 7 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Other information related to the recognized operating lease for the fiscal years ended June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows	<u>\$ 25,488</u>	<u>\$ 25,488</u>
Noncash activity:		
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ -</u>	<u>\$ -</u>
Weighted-Average Remaining Lease Term	-	1.1 years
Weighted-Average Discount Rate	-	5.25%

NOTE 8 – NET ASSETS WITH DONOR RESTRICTION

As of June 30, 2025 and 2024, net assets with donor restriction are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Purpose restrictions, available for spending:		
Scholarships	\$ 916,368	\$ 292,528
Capital projects	1,618,665	468,880
Other	<u>342,484</u>	<u>793,107</u>
Total purpose-restricted net assets	<u>2,877,517</u>	<u>1,554,515</u>
Donor-restricted endowment funds, which must be appropriated by the Board of Directors before use:		
Scholarships	20,723,692	18,160,818
Faculty travel and professional development	603,974	542,522
Library	570,836	537,819
Speakers and lectures	443,934	421,496
Maintenance	345,853	327,096
Academic programs	1,076,927	971,340
Athletic programs	466,669	430,059
Other	<u>483,623</u>	<u>478,287</u>
Total donor-restricted endowment funds managed by the Foundation	<u>24,715,508</u>	<u>21,869,437</u>
Beneficial interest in trust for scholarships	<u>2,706,042</u>	<u>2,552,581</u>
Total net assets with donor restriction	<u><u>\$ 30,299,067</u></u>	<u><u>\$ 25,976,533</u></u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to a concentration of credit risk consist principally of unconditional promises to give, investments, and cash and cash equivalents. The exposure to losses on unconditional promises to give 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, 2024, the Foundation did not have any deposits in excess of the FDIC coverage limit. Management believes that the Foundation is not exposed to any significant credit risk related to its bank deposits.

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 I 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 II inputs utilize inputs, other than quoted prices that are included in Level I, that are observable for the asset or liability, either directly or indirectly. Level II 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 III 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.

The Foundation has classified the investments in equity securities and mutual funds as Level I 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 II securities and are valued using matrix pricing or other market approaches.

The fair value of 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, 2025. The Foundation considers the measurement of its beneficial interest in the perpetual trust to be a Level III 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.

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

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, 2025 and 2024, are summarized below, by level:

2025				
	Level I	Level II	Level III	Total
Valued on a recurring basis:				
Assets:				
Cash and money market funds	\$ 3,009,599	\$ -	\$ -	\$ 3,009,599
Debt securities	-	5,549,529	-	5,549,529
Fixed income mutual funds	3,213,211	-	-	3,213,211
Equity securities	11,677,978	-	-	11,677,978
Equity mutual funds	6,333,189	-	-	6,333,189
Alternative investment funds	8,947	-	-	8,947
Beneficial interest in perpetual trust	-	-	2,706,042	2,706,042
2024				
	Level I	Level II	Level III	Total
Valued on a recurring basis:				
Assets:				
Cash and money market funds	\$ 2,418,015	\$ -	\$ -	\$ 2,418,015
Debt securities	-	4,792,446	-	4,792,446
Fixed income mutual funds	2,708,051	-	-	2,708,051
Equity securities	10,404,989	-	-	10,404,989
Equity mutual funds	4,898,961	-	-	4,898,961
Alternative investment funds	8,499	-	-	8,499
Beneficial interest in perpetual trust	-	-	2,552,581	2,552,581
Liabilities:				
Bank overdraft	48,519	-	-	48,519

The beneficial interest in the perpetual trust (split-interest agreement) is valued by using unobservable inputs (Level III) in accordance with the authoritative guidance on fair value measurements. The changes to the beneficial interest in the perpetual trust during the fiscal years ended June 30, 2025 and 2024, are as follows:

	2025	2024
Beginning balance	\$ 2,552,581	\$ 2,364,761
Investment income for beneficial interest in the perpetual trust	102,079	79,122
Distribution from beneficial interest in the perpetual trust	(102,079)	(79,122)
Net valuation gain	153,461	187,820
Total	<u>\$ 2,706,042</u>	<u>\$ 2,552,581</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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 West Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The donor-restricted endowment funds are subject to a time restriction that is imposed by UPMIFA 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 8 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 UPMIFA, 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.

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 that 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 including those endowments deemed to be underwater. This amount will be calculated by using a rolling three-year moving average of the market value of the funds at fiscal year-end.

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 11 – ENDOWMENT FUNDS (Continued)

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

	June 30, 2025		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 24,715,508	\$ 24,715,508
Board-designated endowment funds	684,434	-	684,434
Total	<u>\$ 684,434</u>	<u>\$ 24,715,508</u>	<u>\$ 25,399,942</u>

	June 30, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 21,869,437	\$ 21,869,437
Board-designated endowment funds	630,267	-	630,267
Total	<u>\$ 630,267</u>	<u>\$ 21,869,437</u>	<u>\$ 22,499,704</u>

The changes in the endowment net assets are as follows:

	June 30, 2025		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 630,267	\$ 21,869,437	\$ 22,499,704
Contributions	-	1,304,567	1,304,567
Investment income	108,262	2,343,550	2,451,812
Program revenue		102,801	102,801
Amounts appropriated for expenditure	(54,095)	(904,847)	(958,942)
Endowment net assets, end of year	<u>\$ 684,434</u>	<u>\$ 24,715,508</u>	<u>\$ 25,399,942</u>

	June 30, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 556,448	\$ 19,209,329	\$ 19,765,777
Contributions	-	1,017,436	1,017,436
Investment income	122,854	2,465,236	2,588,090
Program revenue	-	79,122	79,122
Amounts appropriated for expenditure	(49,035)	(901,686)	(950,721)
Endowment net assets, end of year	<u>\$ 630,267</u>	<u>\$ 21,869,437</u>	<u>\$ 22,499,704</u>

WEST LIBERTY UNIVERSITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 12 – SUBSEQUENT EVENTS

The Foundation has assessed events and transactions occurring subsequent to June 30, 2025, through September 9, 2025, which is the date that the financial statements were available to be issued and the report date, for potential recognition and disclosure in the financial statements. No events or transactions have occurred that would require adjustment to, or disclosure in, the financial statements.