



 UNIVERSITY OF WYOMING FOUNDATION

Financial Statements and Supplementary Information

For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of Wyoming Foundation
Laramie, Wyoming

We have audited the accompanying financial statements of the University of Wyoming Foundation, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Wyoming Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of A Matter

The COVID-19 outbreak in 2020 (see Note 13) has caused business disruption in a variety of industries, markets, and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our conclusion is not modified to this matter.

Other Matters

As explained in Note 2, the financial statements include alternative investments whose terms range from five to twelve years valued at \$260,178,754 (41.2 percent of total assets). The fair values for these investments have been provided to management by the fund managers in the absence of readily determinable fair values.

Other Matter – Prior Period Financial Statements

The financial statements of the University of Wyoming Foundation as of and for the year ended June 30, 2019 were audited by ACM LLP, whose partners and professional staff joined BDO USA, LLP as of August 1, 2020, and has subsequently ceased operations. ACM LLP expressed an unmodified opinion on those statements in their report dated October 17, 2019.

BDO USA, LLP

Laramie, Wyoming
October 30, 2020

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UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,084,837	\$ 1,547,863
Investments (Note 2)	643,295,973	610,709,358
Pledges receivable, net (Note 3)	20,741,695	23,757,476
Other receivables	515,370	1,154,225
Marian H. Rochelle Gateway Center, at cost, net of accumulated depreciation (Note 4)	25,406,067	26,172,531
Property and equipment, at cost, net of accumulated depreciation (Note 4)	<u>1,560,234</u>	<u>1,985,267</u>
 Total Assets	 <u>\$ 692,604,176</u>	 <u>\$ 665,326,720</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable (Note 5)	\$ 4,796,493	\$ 4,025,450
High Altitude loan interest payable	2,976	8,096
High Altitude line of credit (Note 7)	1,975,017	5,473,017
Grand Avenue Property Loan (Note 7)	5,600,000	-
Due to others (Note 8)	<u>245,996,618</u>	<u>237,345,500</u>
 Total Liabilities	 <u>258,371,104</u>	 <u>246,852,063</u>
NET ASSETS		
Without donor restrictions		
Undesignated	20,117,443	13,568,761
Designated by the Board for operating reserve	232,688	246,361
Designated by the Board for endowment	12,530,664	12,464,218
Invested in property and equipment, net of debt	<u>26,966,302</u>	<u>28,157,798</u>
	59,847,097	54,437,138
With donor restrictions		
Perpetual in nature	313,027,792	302,333,960
Purpose restrictions	<u>61,358,183</u>	<u>61,703,559</u>
	374,385,975	364,037,519
 Total net assets	 <u>434,233,072</u>	 <u>418,474,657</u>
 Total Liabilities and Net Assets	 <u>\$ 692,604,176</u>	 <u>\$ 665,326,720</u>

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total
SUPPORT AND REVENUE			
Contributions and State Match	\$ 5,298	\$ 32,449,750	\$ 32,455,048
University of Wyoming	858,775	2,125,170	2,983,945
Assessments	7,085,662	(7,085,662)	-
Net return on investments	1,051,849	22,358,078	23,409,927
Change in value of charitable remainder trusts	-	(820,987)	(820,987)
Increase (decrease) in cash surrender value of life insurance policies	-	(1,180)	(1,180)
Net assets released from/applied to restrictions:			
Satisfaction of program restrictions	39,639,638	(39,639,638)	-
Permanent fund restriction	(11,352)	11,352	-
Other revenue	-	951,573	951,573
Total support and revenue	<u>48,629,870</u>	<u>10,348,456</u>	<u>58,978,326</u>
EXPENSES			
Program services	33,123,756	-	33,123,756
Fundraising	6,121,217	-	6,121,217
General and administrative	3,974,938	-	3,974,938
Total expenses	<u>43,219,911</u>	<u>-</u>	<u>43,219,911</u>
CHANGE IN NET ASSETS	5,409,959	10,348,456	15,758,415
NET ASSETS			
Beginning of year	<u>54,437,138</u>	<u>364,037,519</u>	<u>418,474,657</u>
End of year	<u>\$ 59,847,097</u>	<u>\$ 374,385,975</u>	<u>\$ 434,233,072</u>

See Accompanying Notes to the Financial Statements.

Without Donor Restrictions	With Donor Restrictions	2019 Total
\$ 4,905	\$ 29,279,131	\$ 29,284,036
758,775	1,491,802	2,250,577
6,826,616	(6,826,616)	-
1,928,698	25,246,435	27,175,133
-	(1,083,629)	(1,083,629)
-	(4,162)	(4,162)
35,343,975	(35,343,975)	-
(13,404)	13,404	-
-	822,722	822,722
<u>44,849,565</u>	<u>13,595,112</u>	<u>58,444,677</u>
37,068,218	-	37,068,218
5,799,288	-	5,799,288
4,554,123	-	4,554,123
<u>47,421,629</u>	<u>-</u>	<u>47,421,629</u>
(2,572,064)	13,595,112	11,023,048
<u>57,009,202</u>	<u>350,442,407</u>	<u>407,451,609</u>
<u>\$ 54,437,138</u>	<u>\$ 364,037,519</u>	<u>\$ 418,474,657</u>

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services	Fund Raising	General and Administrative	Total
Salaries	\$ -	\$ 3,637,292	\$ 778,726	\$ 4,416,018
Employee benefits	-	1,546,118	405,768	1,951,886
Total salaries and employee benefits	-	5,183,410	1,184,494	6,367,904
Distributions to UW	26,892,350	-	-	26,892,350
UW gift and investment allocation	6,134,486	-	-	6,134,486
UW President Support	96,920	-	-	96,920
Communications	-	186,494	41,324	227,818
Contractual services	-	47,968	56,260	104,228
Donor functions	-	47,631	2,958	50,589
Equip and data processing	-	159,242	92,820	252,062
Printing and duplication	-	197,627	15,572	213,199
Professional development	-	58,936	17,195	76,131
Supplies	-	16,127	41,796	57,923
Travel and entertainment	-	223,782	6,338	230,120
Change in vacation accruals	-	-	146,901	146,901
Directors meeting expenses	-	-	116,277	116,277
House maintenance	-	-	89,876	89,876
Insurance	-	-	103,325	103,325
Interest	-	-	5,984	5,984
Investment counsel fees	-	-	470,000	470,000
Legal fees	-	-	49,263	49,263
Tax Expense (refund)	-	-	(5,428)	(5,428)
Transformational gift travel	-	-	1,024	1,024
Subtotal	33,123,756	937,807	1,251,485	35,313,048
Total expenses before depreciation	33,123,756	6,121,217	2,435,979	41,680,952
Depreciation	-	-	1,538,959	1,538,959
Total Expenses	\$ 33,123,756	\$ 6,121,217	\$ 3,974,938	\$ 43,219,911

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services	Fund Raising	General and Administrative	Total
Salaries	\$ -	\$ 3,493,084	\$ 720,832	\$ 4,213,916
Employee benefits	-	1,394,921	318,710	1,713,631
Total salaries and employee benefits	-	4,888,005	1,039,542	5,927,547
Distributions to UW	34,513,916	-	-	34,513,916
UW gift and investment allocation	2,147,838	-	-	2,147,838
UW President support	106,676	-	-	106,676
UW President special projects fund	12,288	-	-	12,288
Alumni support	75,000	-	-	75,000
Football coach incentive	212,500	-	-	212,500
Communications	-	201,314	72,749	274,063
Contractual services	-	111,949	97,551	209,500
Donor functions	-	47,601	28	47,629
Equipment and data processing	-	191,075	95,389	286,464
Printing and duplication	-	76,128	17,261	93,389
Professional development	-	28,772	8,746	37,518
Recognition	-	7,478	-	7,478
Supplies	-	29,827	24,757	54,584
Travel and entertainment	-	217,139	19,948	237,087
Directors meeting expenses	-	-	47,965	47,965
House maintenance	-	-	78,345	78,345
Insurance	-	-	123,369	123,369
Investment counsel fees	-	-	470,000	470,000
Legal fees	-	-	173,982	173,982
Tax expense (refund)	-	-	(5,160)	(5,160)
Transformational gift travel	-	-	11,157	11,157
Subtotal	37,068,218	911,283	1,236,087	39,215,588
Total expenses before depreciation	37,068,218	5,799,288	2,275,629	45,143,135
Depreciation	-	-	2,278,494	2,278,494
Total Expenses	\$ 37,068,218	\$ 5,799,288	\$ 4,554,123	\$ 47,421,629

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,758,415	\$ 11,023,048
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,538,959	2,278,494
Change in value of charitable remainder trusts	820,987	1,083,629
Net investment return	(23,409,927)	(27,175,133)
Loss on disposal of assets	-	12,643
(Increase) decrease in:		
Pledges receivable, net	3,015,781	2,204,603
Other receivables	638,855	2,333,512
Increase (decrease) in:		
Accounts payable	771,043	(307,308)
Accrued interest payable	(5,120)	7,879
Due to others	8,651,118	1,740,350
Net cash from operating activities	7,780,111	(6,798,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(347,463)	(88,521)
Purchases of investments	(49,826,959)	(92,035,319)
Proceeds from sales of investments	39,773,185	94,247,562
Net cash from investing activities	(10,401,237)	2,123,722
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	5,656,100	-
Advance on line of credit	-	4,753,017
Principal payments for bond and note payable	(3,498,000)	-
Net cash from financing activities	2,158,100	4,753,017
NET CHANGE IN CASH	(463,026)	78,456
CASH, beginning of year	1,547,863	1,469,407
CASH, end of year	\$ 1,084,837	\$ 1,547,863
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 5,984	\$ 185,058

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities and Organization

The University of Wyoming Foundation is an independent not-for-profit organization established for the purpose of obtaining contributions for the benefit of the University of Wyoming and the management of the related investments in accordance with donor directions. The Foundation and the University of Wyoming Institutional Advancement Office cooperate significantly and utilize common staff in performing the fundraising activities and management of investments. Accordingly, the Foundation's financial statements present the shared budget expenditures and recognize as support the University of Wyoming's contribution to the shared budget.

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes – without donor restrictions and with donor restrictions as follows:

Without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of University of Wyoming Foundation's management and the board of directors.

With donor restrictions – net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of University of Wyoming Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise was made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

NOTES TO FINANCIAL STATEMENTS

Income and realized and unrealized gains on investments of net assets with donor restrictions are reported as follows:

- as increases in net assets with donor restrictions - perpetual in nature, if the terms of the gift or the Foundation's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- as increases in net assets with donor restrictions - purpose restrictions, if the terms of the gift impose restrictions on their use;
- as increases in net assets without donor restrictions in all other cases.

Use of Estimates

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

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

Another estimate that is particularly susceptible to significant change in the near term relates to the allowance for uncollectible pledges.

Cash

Cash includes depository account balances other than those held temporarily as part of the long-term investment portfolio.

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

The Foundation follows the practice of capitalizing all major expenditures from Foundation funds for buildings, office equipment, and equipment. Additions are recorded at cost, or if donated, at fair market value at the time of donation. Buildings and equipment are depreciated by the straight-line method using the following estimated service lives:

	<u>Years</u>
Building	35-39
Office equipment	7-15
Office furniture	5-15

Investments

The Foundation records investment purchases at cost, or when contributed to the Foundation, at the average market price of the investment asset received at the date of contribution. The majority of the investments are held in a short-term investment pool and a long-term investment pool (endowment pool). Both investment pools are managed at the direction of our Chief Investment Officer and the Investment Committee of the Foundation Board.

The Foundation, the Cowboy Joe Club, the Associated Students of the University of Wyoming (ASUW), and the University endowments are participants in a joint venture whereby certain assets are pooled for investment purposes. The Foundation manages the assets of the pool and maintains separate accounts for each participant. Investment income, gains, and losses, and expenses of the pool are allocated to each participant based on their share of ownership of the pool. At June 30, 2020 and 2019 approximately 94% and 88% respectively of the total investments are included in the pool.

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at their fair values on the statements of financial position. The fair values of alternative investments not publicly traded on national security exchanges represent the Foundation's pro rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the CIO and management of the Foundation. Because of inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Included in the investment portfolio are real estate and note receivable assets. These assets are stated at cost and present value.

Net investment return reported on the Statements of Activities consists of the Foundation's distributive share of interest and dividends, realized and unrealized capital gains and losses generated from the Foundation's investments, less investment and consultant fees and the expenses directly attributed to the Foundation's investment team.

NOTES TO FINANCIAL STATEMENTS

Pledges

All unconditional pledges to give are recorded at their estimated realizable value on a discounted basis.

Split Interest Agreements and Perpetual Trusts

The Foundation accepts gifts subject to split interest agreements. These gifts may be in the form of annuities, charitable lead trusts, or charitable remainder trusts. At the time of receipt, a gift is recorded based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuity or trust beneficiary and are determined using appropriate discount rates. For certain split interest agreements where the measurement objective is fair value, the discount rate is adjusted to a current market rate at each reporting date. The gift portion of net assets subject to split interest agreements are classified as net assets with donor restrictions.

Income Taxes

The Foundation is an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal income taxes. Contributions to the Foundation are deductible for tax purposes by the donor, subject to the normal limitations imposed by the taxing authorities. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption.

No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

In accordance with ASC (Accounting Standards Codification) 740 Income Taxes (formerly FASB Interpretation 48, Accounting for Uncertainty in Income Taxes) the Foundation currently recognizes the effect of income tax positions only if such positions are probable of being sustained. The Foundation's tax years subject to examination by the U.S. Federal, state and local tax authorities are for the fiscal years ending June 30, 2020, 2019, 2018, and 2017, respectively.

Liquidity

Assets are presented according to their nearness to cash and liabilities are presented according to their nearness of payment or use of cash.

NOTES TO FINANCIAL STATEMENTS

Statement of Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, fundraising, and supporting services benefited. Expenses are allocated to the various functions based on either the underlying purpose of the expense or allocated based on the percentage of time employees spend on each function for those that can be attributable to more than one function.

Subsequent Events

No events have occurred subsequent to the statement of financial position date and through the date of the report, October 30, 2020, that would require adjustment to, or disclosure in, the financial statements. See Note 13.

Note 2. Investments

The Foundation utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant amount of price or other inputs that are considered to be unobservable are used in their valuations. The three levels of the fair value hierarchy are as follows:

- Level 1 – Pricing inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable as of the reporting date, and fair value is determined through models or other valuation methodologies
- Level 3 – Pricing inputs are not observable for the investment and include situations in which there is little, if any market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

NOTES TO FINANCIAL STATEMENTS

In certain cases, the inputs used to measure 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. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of quality, risk, or liquidity.

As required by GAAP, the Foundation uses net asset value ("NAV") per share or its equivalent ("practical expedient"), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures for the Foundation's alternative investments.

The following tables set forth by level within the fair value hierarchy the Foundation's investment assets measured on a recurring basis at fair value.

	June 30, 2020			
	Fair Value Measurements			
Fair value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments at fair value				
Fixed Income				
Cash and equivalents	\$ 49,680,384	\$ 49,680,384	\$ -	\$ -
Emerging Markets Debt	22,610,980	22,610,980	-	-
Investment Grade Bonds	31,850,219	31,850,219	-	-
Opportunistic Credit	21,104,461	21,104,461	-	-
Special Opportunity Acquisition Company	34,163,613	34,163,613	-	-
Equity				
Developed Foreign Equity	50,596,685	50,596,685	-	-
Emerging Markets Equity	61,910,584	61,910,584	-	-
US Large Cap Equity	92,493,847	92,493,847	-	-
US Small Cap Equity	13,088,472	-	-	13,088,472
Hedge Funds				
Event Driven	10,140,358	-	14,123	10,126,235
Fixed Income	14,856,139	-	6,339,485	8,516,654
Global Macro	36,309,235	-	-	36,309,235
Long/Short Equity	33,012,870	-	214,857	32,798,013
Multi-Strategy	300,943	-	274,155	26,788
Private Equity				
Buyout	75,374,900	-	338,370	75,036,530
Private Debt	10,047,074	-	-	10,047,074
Venture Capital	19,493,407	-	-	19,493,407
Real Assets				
Infrastructure	16,825,339	-	-	16,825,339
Natural Resources	10,464,719	-	-	10,464,719
Real Estate	27,446,288	-	-	27,446,288
	<u>\$ 631,770,517</u>	<u>\$ 364,410,773</u>	<u>\$ -</u>	<u>\$ 7,180,990</u>
			<u>\$ 7,180,990</u>	<u>\$ 260,178,754</u>

NOTES TO FINANCIAL STATEMENTS

In addition to the total investments at fair value, the Foundation holds investment assets at cost or present value at June 30, 2020 totaling \$11,525,456 making total investments \$643,295,973.

Total assets held under split-interest agreements at June 30, 2020 included in the above table is \$7,138,464.

	June 30, 2019				
	Fair value	Fair Value Measurements			
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments at fair value					
Fixed Income					
Cash and equivalents	\$ 65,950,891	\$ 65,950,891	\$ -	\$ -	\$ -
Emerging Markets Debt	22,961,547	22,961,547	-	-	-
Investment Grade Bonds	60,298,428	60,298,428	-	-	-
Opportunistic Credit	21,415,595	21,415,595	-	-	-
Equity					
Developed Foreign Equity	46,479,126	46,479,126	-	-	-
Emerging Markets Equity	50,643,673	50,643,673	-	-	-
US Large Cap Equity	80,521,773	80,521,773	-	-	-
US Small Cap Equity	26,220,328	15,377,091	-	-	10,843,237
Hedge Funds					
Event Driven	10,826,395	-	-	37,070	10,789,325
Fixed Income	17,806,734	-	-	-	17,806,734
Global Macro	41,702,882	-	-	-	41,702,882
Long/Short Equity	32,127,345	-	-	491,499	31,635,846
Multi-Strategy	565,045	-	-	364,919	200,126
Private Equity					
Buyout	64,505,859	-	-	343,339	64,162,520
Private Debt	13,894,060	-	-	-	13,894,060
Venture Capital	3,326,411	-	-	-	3,326,411
Real Assets					
Infrastructure	15,882,160	-	-	-	15,882,160
Natural Resources	12,702,433	-	-	-	12,702,433
Real Estate	19,003,818	-	-	-	19,003,818
	<u>\$ 606,834,503</u>	<u>\$ 363,648,124</u>	<u>\$ -</u>	<u>\$ 1,236,827</u>	<u>\$ 241,949,552</u>

In addition to the total investments at fair value, the Foundation held investment assets at cost or present value in the amount of \$3,874,855 at June 30, 2019, making total investments \$610,709,358.

Total assets held under split-interest agreements at June 30, 2019 included in the above table is \$6,240,256.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the changes in value of investments for which Level 3 inputs were used for determining fair value:

	2020	2019
Beginning market value	\$ 1,236,827	\$ 10,876,402
Purchases	-	19,537
Reclassifications	9,097,233	-
Transfer out	(185,952)	(9,192,187)
Realized gains	169,595	4,852,753
Unrealized gains (losses)	(3,136,713)	(5,319,678)
Ending market value	<u>\$ 7,180,990</u>	<u>\$ 1,236,827</u>

Net unrealized losses of \$3,136,713 and \$5,319,678 are included in net investment return on the accompanying Statements of Activities, which are attributable to Level 3 investments held at June 30, 2020 and 2019, respectively.

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At year end, the net asset value, unfunded commitments, and redemption rules of those investments are as follows:

Asset Class	Unfunded Commitments	Net Asset Value	Net Asset Value	Redemption Frequency	Redemption Notice Period
	June 30, 2020	June 30, 2020	June 30, 2019		
Equity					
US Small Cap Equity (a)	\$ -	\$ 13,088,472	\$ 10,843,237	Quarterly	60-90 days
Hedge Funds					
Event Driven (b)	-	10,126,235	10,789,325	Quarterly	65 days
Fixed Income (c)	-	8,516,654	17,806,734	Varies	45-60 days
Global Macro (d)	-	36,309,235	41,702,882	Varies	90 days
Long/Short Equity (e)	3,750,000	32,798,014	31,635,846	Monthly	30 days
Multi-Strategy (f)	-	26,788	200,126	Varies	90 days
Private Equity (g)					
Buyout	65,038,794	75,036,530	64,162,520	None	N/A
Private Debt	4,296,063	10,047,074	13,894,060	None	N/A
Venture Capital	29,424,864	19,493,407	3,326,411	None	N/A
Real Assets (h)					
Infrastructure	-	16,825,339	15,882,160	None	N/A
Natural Resources	-	10,464,719	12,702,433	None	N/A
Real Estate	-	27,446,288	19,003,818	None	N/A
	<u>\$ 102,509,721</u>	<u>\$ 260,178,755</u>	<u>\$ 241,949,552</u>		

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2020, the net asset values of these investments have been provided by the underlying general partner.

- (a) U.S. equities include publicly traded U.S. stocks; an investment in a privately held bank holding company; and a fund that may invest in vehicles including equity-related, hybrid, and credit securities that are traded publicly and privately in U.S. and non-U.S. markets.
- (b) Event driven hedge funds includes investments in hedge funds that focus on a range of events. These events include Activist; Distressed – Non-Control; Long-Short Credit; Long-Short Equity; and Merger (Risk) Arbitrage. These funds have limited transparency and the valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 60 to 90 days.
- (c) Fixed income hedge fund investments include hedge funds that tend to focus on mispricing within credit instruments. The investments have limited transparency to underlying securities. The investments are valued using significant unobservable inputs. Appropriate due diligence is performed to rely on the manager's NAV as a practical expedient for fair value. The term for these investments ranges from 60 to 90 days.
- (d) Global macro hedge funds include investments in hedge funds that focus on macroeconomic conditions, speculating on the direct effect of interest rates, currencies, precious metals, commodities, and indices, often utilizing various degrees of leverage. The valuations have been estimated using the practical expedient provided by the manager. The term for these investments ranges from 30 to 90 days.
- (e) Long/short equity hedge funds includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments contain exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and emerging markets. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of June 30, 2020, all of the lock-up periods have expired for these investments. However, some of the investments have terms that make full liquidity unavailable at the Foundation's report date.
- (f) Multi-strategy hedge funds include a multi-strategy investment focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short positions targeting solid absolute risk-adjusted returns. The fair values of the investments

NOTES TO FINANCIAL STATEMENTS

in this category have been estimated using the net asset value per share of the investments. As of June 30, 2020, all lock-up periods have expired. However, some of the investments have terms that make full liquidity unavailable at the Foundation's report date.

- (g) Private equity funds focus on buyout, growth equity, distressed debt, or venture capital. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments are five to twelve years.
- (h) Real assets are private equity type funds that focus on infrastructure, natural resources, and real estate primarily focused in the U.S. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments are five to twelve years.

The Foundation has entered into various split interest agreements, including charitable lead annuity trusts, charitable remainder unitrusts, and charitable gift annuities; whereby the Foundation serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2020 and 2019 with a fair value of \$10,062,535 and \$9,522,028, respectively.

The Foundation holds various investments related to startup companies. No cash was paid for these investments, as they were obtained as consideration in exchange for the use of University facilities and personnel, as well as licensing considerations. The investments are held on behalf of, and in trust for, the University of Wyoming. Due to the nature of these investments and their underlying businesses, it would be impractical to perform or ascertain a business valuation as of June 30, 2020, and therefore, no value has been assigned to these investments as of June 30, 2020. The Foundation is entitled to custodial fees ranging from 1.0% to 2.0% of all future dividends, distributions, or other cash or assets derived from these investments, with the remainder being transferred to the University of Wyoming.

NOTES TO FINANCIAL STATEMENTS

The components of investment return for the years ended June 30, 2020 and 2019 follows:

	2020	2019
Dividends and interest	\$ 4,804,546	\$ 5,425,799
Net realized gains	12,650,890	19,638,656
Net unrealized appreciation (loss)	13,479,001	7,934,745
Investment management fees	(7,524,510)	(5,824,067)
Total investment return	23,409,927	27,175,133
Gross endowment distribution (operating)	(20,835,288)	(19,953,137)
Net investment return (nonoperating)	\$ 2,574,639	\$ 7,221,996

Note 3. Pledges Receivable

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Foundation. Pledges which will not be received in the subsequent years have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period. Total promises to give were as follows at June 30, 2020 and 2019:

	2020	2019
Due within 1 year	\$ 13,799,227	\$ 11,617,351
Due 1 to 5 years	8,540,642	12,072,725
Due 5 years and later	403,283	1,814,056
	22,743,152	25,504,132
Less allowance for uncollectible pledges	(1,677,798)	(793,954)
Less discount to present value	(323,659)	(952,702)
Total Pledges Receivable	\$ 20,741,695	\$ 23,757,476

Included in Pledges Receivable are two groups of board designated pledges that will be used to pay-down two loans. At June 30, 2020, the High Altitude Performance Center building loan had a balance of \$1,975,017 and the prepayment of the Marian H. Rochelle Gateway Center building loan had a balance of \$245,703.

NOTES TO FINANCIAL STATEMENTS

Note 4. Building, Property and Equipment

Property and equipment consist of the following as of June 30, 2020 and 2019:

	2020	2019
Marian H. Rochelle Gateway Center	\$ 30,070,184	\$ 30,070,184
Less accumulated depreciation	(4,664,117)	(3,897,653)
Balance net of depreciation	25,406,067	26,172,531
Furniture and Equipment	5,937,897	5,590,435
Less accumulated depreciation	(4,377,663)	(3,605,168)
Balance net of depreciation	1,560,234	1,985,267
Net building, property, and equipment	\$ 26,966,301	\$ 28,157,798

During the years ended June 30, 2020 and 2019, depreciation expense of \$1,538,959 and \$2,278,494 was recognized, respectively.

Note 5. Accounts Payable

The current year accounts payable balance includes amounts owed to various departments and colleges of the University of Wyoming. As part of the efforts to comply with GASB No. 39 reporting in the current year, the University recorded a receivable for these amounts.

Note 6. Payroll Liabilities

Effective March 23, 2017, the University of Wyoming changed its policy regarding employee sick leave. The new policy prescribes that one-half of an employee's accrued sick leave be paid out upon separation from the University, with the payout not to exceed 480 hours. Foundation's total accrued payroll liability as of June 30, 2020 and 2019 was \$900,286 and \$695,250, respectively, and is included in accounts payable on the Statements of Financial Position.

Note 7. Note Payable

On March 20, 2018 the Foundation entered into a construction line of credit agreement for the High Altitude Performance Center with a group of Wyoming banks. The loan is being administered by one bank. The maximum draw down amount is \$8,700,000. This line of credit is due March 2022 and has a fixed rate of interest of 5.5%. At June 30, 2020 and 2019 the Foundation had drawn down \$1,975,017 and \$5,473,017, respectively, on this line of credit.

On June 16, 2020 the Foundation purchased property located on Grand Avenue in Laramie Wyoming, adjacent to the Marian H. Rochelle Gateway Center. The Foundation signed a promissory note as part of this purchase for \$5,600,000 with

NOTES TO FINANCIAL STATEMENTS

Sheaffer Place, LLC with an interest rate of 3% to be paid in 240 equal principal and interest payments beginning on the 1st day of August, 2020 until the first day of July, 2040. The purpose of the purchase is to hold said property until the University of Wyoming is ready to integrate the property into its master plan and make it a contiguous part of the overall university campus.

Note 8. Due to Others

The Foundation acts as an investment manager for certain assets for the University of Wyoming, the Cowboy Joe Club, Associated Students of the University of Wyoming, and as trustee for several remainder trusts. The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's terms, usually the designated beneficiary's lifetime. The investments held on the behalf of others and the related liabilities are as follows:

	2020	2019
Cowboy Joe Club	\$ 793,723	\$ 980,859
UW - State Match	133,681,937	127,659,259
UW - Endowments	106,174,107	104,124,148
Polly Downs Education Trust	354,189	347,241
Remainder Trusts	4,992,662	4,233,993
	\$ 245,996,618	\$ 237,345,500

The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the Statement of Activities as contributions with donor restrictions in the period the trust is established. Additional contributions totaled \$1,100,000 and \$0 in 2020 and 2019, respectively. Assets held in the charitable remainder trusts are reported at fair market value in the Foundation's Statement of Financial Position. On a periodic basis, as prescribed in the agreement, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$4,992,662 and \$4,233,993 at June 30, 2020 and 2019, respectively) is calculated using discount rates of 0.6% and 2.8% for June 30, 2020 and 2019, respectively. The discounts rates used are in accordance with Internal Revenue Code section 7520(a).

Note 9. Related Party Transactions

The Foundation is a strategic partner of the University of Wyoming and transacts with the University during the ordinary course of business. All transactions between the Foundation and the University during the years ended June 30, 2020 and 2019 were on substantially the same terms as those comparable transactions with unrelated parties.

NOTES TO FINANCIAL STATEMENTS

Note 10. Financial Instruments

The carrying amount reported in the statements of financial position for cash, other receivables, and accounts payable approximates fair value because of the immediate or short-term maturities of these financial instruments. The carrying amount of pledges receivable approximates fair value as they are presented on a discounted basis.

Note 11. Endowments

Total managed endowments at the Foundation were \$589,056,223 and \$531,646,148, at June 30, 2020 and 2019, respectively. Included in these totals were custodial endowments totaling \$223,701,060 and \$216,748,468, at June 30, 2020 and 2019, respectively.

The managed endowments at June 30, 2020 and 2019 consisted of 1,589 and 1,533, respectively, individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Foundation's governing board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTES TO FINANCIAL STATEMENTS

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing board of the Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total Endowment</u>
Donor-restricted endowment funds	\$ 1,467,815	\$ 313,027,792	\$ 314,495,607
Board-designated endowment funds	<u>11,062,849</u>	<u>-</u>	<u>11,062,849</u>
Total endowed net assets	<u>\$ 12,530,664</u>	<u>\$ 313,027,792</u>	<u>\$ 325,558,456</u>

NOTES TO FINANCIAL STATEMENTS

Changes in Endowment Net Asset for the Year Ended June 30, 2020:

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total Endowment</u>
Endowment net assets, beginning of year	\$ 12,464,218	\$ 302,333,960	\$ 314,798,178
Investment return	736,010	13,667,486	14,403,496
Contributions	179,902	13,264,749	13,444,651
Appropriation of endowment assets for expenditure	(617,707)	(11,486,611)	(12,104,318)
Manager and administrative fees	(231,759)	(4,751,792)	(4,983,551)
Balance, June 30, 2019	<u>\$ 12,530,664</u>	<u>\$ 313,027,792</u>	<u>\$ 325,558,456</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total Endowment</u>
Donor-restricted endowment funds	\$ 1,716,564	\$ 302,333,960	\$ 304,050,524
Board-designated endowment funds	<u>10,747,654</u>	<u>-</u>	<u>10,747,654</u>
Total endowed net assets	<u>\$ 12,464,218</u>	<u>\$ 302,333,960</u>	<u>\$ 314,798,178</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2019:

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total Endowment</u>
Endowment net assets, beginning of year	\$ 12,428,061	\$ 286,094,122	\$ 298,522,183
Investment return	643,819	16,595,822	17,239,641
Contributions	5,496	14,683,032	14,688,528
Appropriation of endowment assets for expenditure	(442,187)	(10,973,567)	(11,415,754)
Manager and administrative fees	(170,971)	(4,065,449)	(4,236,420)
Balance, June 30, 2018	<u>\$ 12,464,218</u>	<u>\$ 302,333,960</u>	<u>\$ 314,798,178</u>

NOTES TO FINANCIAL STATEMENTS

Fund with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets are \$14,964 and \$0, as of June 30, 2020 and 2019, respectively. The deficiencies in 2020 resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed prudent by the Foundation's governing board.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year (interest and dividends). With consultation from its investment consultant, the Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Foundation's governing board meets at least quarterly and more often, if needed, to discuss investment matters to ensure the best possible return, consistent with the preservation of principal, is achieved.

Spending Policy

The Foundation Board has adopted a spending policy that makes a distribution based on the weighted average method, and new endowments are restricted from having a payout for one year. For fiscal years 2020 and 2019, the distribution method uses a calculation with 40% based on a 4.0% spending rate of the December market value, and 60% based on the prior year distribution with an inflation adjustment increase of 2%.

NOTES TO FINANCIAL STATEMENTS

Note 12. Liquidity and Availability of Resources

The Foundation receives, manages, and invests gifts on behalf of the University of Wyoming. Funds are transferred to the University of Wyoming once funds are needed to cover expenses. To meet the University of Wyoming’s current and future needs the Foundation’s investment portfolio is structured to maintain adequate liquidity while providing investment earnings to grow the endowment. The Foundation’s operations are funded by both the support from the University, and by administrative fees charged to the investment portfolio.

The following schedule outlines the financial assets available at June 30, 2020 and 2019:

	2020	2019
Cash	\$ 1,084,837	\$ 1,547,863
Investments	643,295,973	610,709,358
Pledges receivable	20,741,695	23,757,476
Other receivables	515,370	1,154,225
Financial assets at year end	665,637,875	637,168,922
Less funds unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	374,385,975	364,037,519
Financial assets available to meet cash needs for general expenditures within one year	\$ 291,251,900	\$ 273,131,403

The Foundation has over \$589 million in cash and investments within their managed endowments, which is included in the financial assets at year end. The Foundation monitors current use accounts, totaling in excess of \$59 million, which supports students, faculty, facilities, and academic programs at the University of Wyoming. The Foundation’s investment portfolio has \$178.5 million with liquidity of one to two days, which can be accessed to meet all the current needs if called upon.

Note 13. Subsequent Event

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the Company’s supply chain and customer base or cancellations will be affected is also uncertain. Therefore, while we expect this matter to negatively impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

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SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
University of Wyoming Foundation
Laramie, Wyoming

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

Laramie, Wyoming
October 30, 2020

UNIVERSITY OF WYOMING FOUNDATION

**SCHEDULE OF INVESTMENTS HELD
FOR THE UNIVERSITY OF WYOMING**

For the Year Ended June 30, 2020

	<u>Beginning of Year Balance</u>	<u>Additions (Redemptions)</u>	<u>Transfers to UW</u>	<u>Investment Return</u>	<u>Fees</u>	<u>End of Year Balance</u>
Cowboy Joe Club	\$ 980,859	\$ 30,564	\$ (238,010)	\$ 20,538	\$ (228)	\$ 793,723
UW - State Match	127,659,259	5,937,879	(3,823,031)	3,911,635	(3,805)	133,681,937
UW - Endowments	<u>104,124,148</u>	<u>1,860,895</u>	<u>(2,571,295)</u>	<u>2,761,018</u>	<u>(659)</u>	<u>106,174,107</u>
	<u>\$ 232,764,266</u>	<u>\$ 7,829,338</u>	<u>\$ (6,632,336)</u>	<u>\$ 6,693,191</u>	<u>\$ (4,692)</u>	<u>\$ 240,649,767</u>