



**UVM FOUNDATION**

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

**UVM FOUNDATION**  
Consolidated Financial Statements  
June 30, 2024 and 2023

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## **Independent Auditors' Report**

Board of Directors

The University of Vermont and State Agricultural College Foundation, Inc.:

### *Opinion*

We have audited the consolidated financial statements of The University of Vermont and State Agricultural College Foundation, Inc. and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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



In performing an audit in accordance with GAAS, we:

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

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

*KPMG LLP*

Colchester, Vermont  
November 1, 2024

**UVM FOUNDATION**

Consolidated Statements of Financial Position

June 30, 2024 and 2023

Assets	2024	2023
Cash and cash equivalents (note 3)	\$ 35,083,554	63,157,553
Accounts and interest receivable, net	684,793	430,776
Prepaid expenses	723,730	686,206
Contributions receivable, net (note 4)	13,225,805	10,130,126
Investments (note 5)	321,074,143	260,740,886
Property and equipment, net (note 7)	6,946,146	7,252,323
Beneficial interest in trust held by others	1,674,730	1,538,354
Other assets	121,007	156,726
	\$ 379,533,908	344,092,950
	\$ 379,533,908	344,092,950
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable to the University	\$ 8,669,120	7,107,149
Accounts payable and accrued expenses	1,225,187	976,416
Notes payable (note 8)	3,997,693	4,220,151
	13,892,000	12,303,716
	13,892,000	12,303,716
Net assets:		
With donor restrictions (note 9)	345,867,071	312,967,285
Without donor restrictions (note 10)	19,774,837	18,821,949
	365,641,908	331,789,234
	365,641,908	331,789,234
Total liabilities and net assets	\$ 379,533,908	344,092,950
	\$ 379,533,908	344,092,950

See accompanying notes to consolidated financial statements.

## UVM FOUNDATION

### Consolidated Statements of Activities

June 30, 2024 and 2023

	2024	2023
Changes in net assets with donor restrictions:		
Contributions of cash and financial assets	\$ 33,305,223	38,374,700
Contributions of nonfinancial assets (note 11)	418,814	194,798
Gift administration fees	(754,113)	(710,929)
Investment return, net	24,026,884	6,636,338
Change in trust held by others	136,376	65,628
Net assets released from donor restrictions (note 12)	(23,497,445)	(23,771,427)
Net assets transferred from the University (note 13)	355,507	274,472
Net assets transferred to the University (note 14)	(2,081,326)	(3,838,744)
Transfers from net assets without donor restrictions	989,866	182,416
	32,899,786	17,407,252
Changes in net assets without donor restrictions:		
Revenues, gains and other support:		
Service agreements	12,461,354	12,115,914
Program sales	56,245	214,847
Contributions of nonfinancial assets (note 11)	—	13,092
Gift administration fees	757,363	713,067
Investment return, net	4,997,429	3,433,962
Change in value of derivatives	(35,718)	25,041
Net assets released from donor restrictions (note 12)	23,497,445	23,771,427
Net assets transferred to the University (note 14)	(40,000)	—
Transfers to net assets with donor restrictions	(989,866)	(182,416)
Total revenues, gains and other support	40,704,252	40,104,934
Expenses (note 15):		
Programs for the University	23,750,316	23,608,018
Programs for UVM alumni	1,922,800	1,648,105
Fundraising	10,539,485	8,368,919
Management and general	3,538,763	3,633,618
Total expenses	39,751,364	37,258,660
Changes in net assets without donor restrictions	952,888	2,846,274
Net assets, beginning of year	331,789,234	311,535,708
Net assets, end of year	\$ 365,641,908	331,789,234

See accompanying notes to consolidated financial statements.

## UVM FOUNDATION

### Consolidated Statements of Cash Flows

June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Receipts from service contracts	\$ 12,443,530	12,180,643
Receipts from contributors	19,813,700	22,959,417
Receipts from programs and members	56,245	191,989
Interest, dividends and investment income received	14,256,850	12,325,679
Payments to employees and suppliers	(15,498,443)	(13,157,148)
Distributions to the University, other charities and organizations for programs	(21,564,435)	(26,721,714)
Interest paid	(42,209)	(48,761)
Net asset transfers from the University	355,507	23,572
Net asset transfers to the University	(2,079,552)	(3,791,192)
University gifts held and other distributions	(251,160)	(1,557,663)
Net cash provided by operating activities	<u>7,490,033</u>	<u>2,404,822</u>
Cash flows from investing activities:		
Purchases of property and equipment	(66,330)	(50,552)
Purchases of investments and maturities	(53,951,379)	(23,360,213)
Proceeds from sales of maturities and investments	8,179,359	5,565,498
Net cash used for investing activities	<u>(45,838,350)</u>	<u>(17,845,267)</u>
Cash flows from financing activities:		
Receipts from contributions for long-term investment	10,496,776	18,248,484
Net asset transfers from the University for long-term investment	—	250,900
Payments on notes payable	(222,458)	(222,458)
Net cash provided by financing activities	<u>10,274,318</u>	<u>18,276,926</u>
Net (decrease) increase in cash and cash equivalents	(28,073,999)	2,836,481
Cash and cash equivalents, beginning of year	<u>63,157,553</u>	<u>60,321,072</u>
Cash and cash equivalents, end of year	<u>\$ 35,083,554</u>	<u>63,157,553</u>
Supplemental cash flow information:		
Gift-in-kind/property restricted to long-term investment	\$ 8,000	13,092

See accompanying notes to consolidated financial statements.

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### (1) Organization

The University of Vermont and State Agricultural College Foundation, Inc. (UVM Foundation) was incorporated on March 14, 2011 by the Board of Trustees of the University of Vermont to secure and manage private support for the benefit of the University of Vermont. UVM Foundation is a component unit of the University of Vermont (the University).

UVM Foundation formed UVMF Holdings, LLC on June 17, 2015 to hold certain investments. UVM Foundation is the sole member of UVMF Holdings, LLC, which is a disregarded entity for income tax reporting purposes.

UVM Foundation formed the University of Vermont Investment Management Company, LLC ("UVIMCO") on June 29, 2023 to manage endowments and other investments of the University and UVM Foundation. UVM Foundation is the sole member of UVIMCO, which is a disregarded entity for income tax reporting purposes. UVIMCO began operating as a decision-making body in fiscal year 2024; UVIMCO holds no assets and there were no income activities during fiscal year 2024.

#### (2) Summary of Significant Accounting Policies

##### (a) Basis of Accounting

The consolidated financial statements of UVM Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

##### (b) Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of UVM Foundation are classified into the following two classes:

- **Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit UVM Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.
- **Net assets without donor restrictions** represent funds that are available for support of the operations of UVM Foundation, and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose passed by Board resolution. Changes to designations require a subsequent Board resolution. The President/CEO and other staff of UVM Foundation may not change the purpose of any Board-designated funds without the consent of the Board. From time to time, the Board may designate

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

unexpended net assets with donor restrictions to be invested in the endowment, until expended per the donor's restrictions.

#### **(c) Cash and Cash Equivalents**

For purposes of the statement of cash flows, UVM Foundation considers cash and cash equivalents to be cash on hand, cash in banks and money market type accounts, and short-term investments with original maturities of three months or less when purchased.

#### **(d) Investments**

Investments are presented at fair value in accordance with GAAP.

Restricted endowment contributions are invested in the Long-Term Pool, which is exclusively invested in the University's endowment pool. Based on donor agreement, UVM Foundation will invest restricted endowment contributions: in the Green Fund that excludes fossil fuel and nuclear power investments; in the Student-Managed Pool that serves primarily as an educational activity where loss of principal is possible; or in separate investments of UVMF Holdings. In addition to Long-Term Pool endowment assets, UVM Foundation invests a portion of operating cash in the University's endowment pool.

Certain investments in the University's endowment pool are reported at net asset value (NAV) as a practical expedient to estimate fair value. Such investments include alternative investments whose fair values have been estimated by the respective funds' general managers in the absence of readily determinable fair market values and reported to UVM Foundation by the University. The estimated values may differ materially from the values that would have been used had readily available markets for the investments existed.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while UVM Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Unrealized gains and losses are included in the change in net assets as part of investment returns. Periodic distributions from endowments are made available for spending based on the value of the invested gift in accordance with UVM Foundation's Spending Policy. To the extent the pool's total return is greater or less than the spending distribution, the market value of the endowment will increase or decrease accordingly.

If an investment does not have a readily determinable fair value or does not qualify for the practical expedient to estimate fair value (using NAV), then it is recorded at cost.

#### **(e) Fair Value Measurements**

Fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of fair value measurement is to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset either occurs in the principal market or, in its absence, the most advantageous market for the asset.

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by UVM Foundation for financial instruments measured at fair value on a recurring basis. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1 – quoted prices (unadjusted) in active markets that are accessible for assets and liabilities at the measurement date. Assets and liabilities classified as Level 1 generally include listed equities.

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 – inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

Investments carried at NAV or cost are not categorized in the fair value hierarchy.

#### **(f) Property and Equipment**

Land, buildings and equipment are reported in the consolidated statements of financial position at cost, if purchased, and at fair value at the date of the gift, if donated. All land and buildings are capitalized. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

- Buildings and improvements: 30 years
- Leasehold improvements: the lesser of 30 years or the remaining lease term including the years of lease renewals that are reasonably assured
- Computer software, computer hardware and other equipment: 3-7 years

Gifts of real estate are classified as investments until sold if the donor's intent is for the gift to be sold with proceeds to benefit UVM Foundation, or if UVM Foundation decides to hold such real estate as an investment rather than to liquidate them.

#### **(g) Beneficial Interest in Trust Held by Others**

UVM Foundation is the beneficiary of a perpetual trust held and invested by others. A perpetual trust provides UVM Foundation the right, in perpetuity, to the income earned on the assets of the trust; UVM Foundation's beneficial interest in a perpetual trust is measured at fair value.

#### **(h) Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the dates of the consolidated financial statements, as well as revenue and expenses recognized during the reporting periods. Actual results could differ from those estimates.

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### **(i) Contributions**

Unconditional contributions, including cash, promises to give and noncash assets, are recognized as revenues in the period received. A contribution is conditional if the agreement includes both a barrier that must be overcome by UVM Foundation and a right of return to the donor of the transferred assets. Conditional contributions are recognized as revenues when the conditions are met. Promises to give that are scheduled to be received after the consolidated statement of financial position date are reported at fair value as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose and time restrictions are met, except for promises to give subject to donor-imposed stipulations that the principal be maintained in perpetuity, which are recognized as increases in, and will remain as, net assets with donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. UVM Foundation does not make program expenses in support of the University based on contributions receivable.

UVM Foundation and the University have separate endowments. Contributions to the UVM Foundation endowment are invested in the Long-Term Pool unless a donor stipulates a different pool. From time to time, donors make contributions to UVM Foundation to support endowments at, or other funds controlled by, the University. These contributions are recorded as revenue by UVM Foundation and are distributed to the University as net asset transfers.

#### **(j) Gift Administration Fees**

UVM Foundation assesses a 5% fee on monetized gifts received, as determined by UVM Foundation's Board of Directors. The University may pay the gift administration fee in lieu of assessing a donor's gift. Effective January 1, 2021, gift administration fees are not assessed on endowment gifts.

### **(3) Cash, Other Financial Assets and Liquidity**

UVM Foundation manages its financial assets to provide sufficient liquidity for operations and to provide operating income through investments while safeguarding principal. The Cash Management section of the Investment Policy details the composition, objectives and types of investments for liquidity. Key provisions are: investments will be consistent with maturity ranges that match expected cash flows; no more than \$5 million will be held on deposit with any one bank for more than one month; and limited investment in the University's endowment with approval of the Treasurer. In addition, cash and cash equivalents at quarter-end will be sufficient to cover: a) cash and cash equivalents held for endowment investment (see note 6); b) cash and cash equivalents held for capital purposes (see note 7); c) all liabilities (excluding notes payable); and d) 25% of UVM Foundation's total fiscal year operating budget. The University requests distributions on a quarterly basis.

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Cash and other financial assets available within one year for general use (primarily UVM Foundation fundraising, management and other operating expenses as well as operating liabilities) at June 30, 2024 and 2023 are as follows:

	<b>2024</b>	<b>2023</b>
Financial assets at year-end:		
Cash and cash equivalents:		
Deposit accounts	\$ 21,015,796	16,783,461
Certificates of deposits	14,067,758	46,374,092
Accounts receivable	684,793	430,776
Contributions receivable, net	13,225,805	10,130,126
Investments	321,074,143	260,740,886
Subtotal financial assets at year-end	370,068,295	334,459,341
Less amounts with limits on usage:		
Spendable net assets with donor restrictions	(57,976,150)	(55,184,049)
Spendable net assets with board designations	(6,731,225)	(1,166,598)
Endowment cash, receivables and investments	(278,370,241)	(251,354,889)
Capital cash, receivables and investments	(146,857)	(1,367,465)
Contributions receivable, net	(13,225,805)	(10,130,126)
Total financial assets available for general use within one year	\$ 13,618,017	15,256,214

As of June 30, 2024, UVM Foundation has \$57,976,150 in spendable net assets with donor restrictions, expects to collect \$8,294,094 donor restricted pledges within one year, and will appropriate \$10,461,724 from the endowment for University purposes within one year; however, these funds are not available for spending by UVM Foundation until the University has spent the funds in accordance with donor restrictions and board designations and the University has requested reimbursement from UVM Foundation.

At June 30, 2024 and 2023, deposit accounts exceeded the FDIC insured limit of \$250,000 per owner per bank, where the largest amount held in a deposit account at one institution was \$1,772,041 and \$3,579,289, respectively. Certificates of deposit were at or under the FDIC insured limit of \$250,000 per owner per bank.

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### (4) Contributions Receivable

Contributions receivable are reported based on the present value of the estimated future cash flows using discount rates that range between 0% and 5%. The discount rate applied is based upon applicable risk-adjusted interest rates for the length of time before payments are scheduled to be received. In addition, an estimate is made to allow for uncollectible contributions based on UVM Foundation's collection history and other relevant credit factors. At June 30, 2024 and 2023, contributions receivable were as follows:

	2024	2023
Unconditional promises expected to be collected in:		
One year	\$ 8,294,094	4,881,493
Two to five years	6,925,931	6,776,970
More than five years	85,000	195,000
Subtotal	15,305,025	11,853,463
Less:		
Allowance for uncollectible contributions	(1,575,427)	(1,282,044)
Discount to present value	(503,793)	(441,293)
Total contributions receivable, net	\$ 13,225,805	10,130,126

UVM Foundation had conditional pledge balances of \$4,066,000 and \$0 that stipulated fundraising achievements or other requirements of UVM Foundation or the University that were not met as of June 30, 2024 and 2023, respectively.

#### (5) Investments and Fair Value Measurements

Investment oversight is provided by the Finance and Investment Committee of UVM Foundation's Board of Directors and is subject to the Investment Policy as approved by UVM Foundation's Board of Directors. Investments are associated primarily with endowment funds (see note 6) and secondarily with operating and capital funds (see note 7).

UVM Foundation investments in the University's endowment are as a pooled interest and are denominated in units which are a percentage of the University's endowment. While UVM Foundation owns units of the University's endowment, UVM Foundation does not own the underlying assets themselves. The University's endowment is invested in a balanced portfolio consisting of: traditional stocks (domestic and international) and bonds; marketable alternatives (hedge funds); nonmarketable alternatives (venture capital and private equity); and a diversified portfolio of inflation hedges (real estate and commodities). The liquidity of UVM Foundation's investment in the University's endowment is based on the University's investment liquidity. Liquidations require 90-day notice and will be conducted in an orderly manner that does not compromise the investment policies of UVM Foundation and the University.

There are two partnerships and one real estate property held by UVMF Holdings at June 30, 2024. The largest partnership is governed by a partnership agreement that may be terminated with 30-days' notice and a donor agreement that permits the partnership to be terminated if, in the opinion of UVMF Holdings, the investment becomes impractical, illegal, or otherwise does not provide value. The other partnership

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

holds a 99.8% interest in an LLC that owns 50% of the common shares of a Real Estate Investment Trust (REIT). Within this structure, one underlying lease contributed to UVM Foundation is valued at fair value, while the other lease, which was purchased, is valued at cost. The real estate property is governed by two contracts that may be sold at any time and a donor agreement that permits the property to be sold if, in the opinion of UVMF Holdings, the investment becomes impractical, illegal, or otherwise does not provide value.

The following table presents the placement in the fair value hierarchy of all investments that are held by UVM Foundation that are measured at fair value on a recurring basis at June 30, 2024 and 2023, and includes, for reconciliation purposes, investments using net asset value as a practical expedient for fair value as well as investments at cost.

	2024			
	Total	Level 1	Level 2	Level 3
US equity	\$ 414,604	414,604	—	—
Mutual funds and ETFs	23,409,303	23,409,303	—	—
US treasuries	31,948,523	31,948,523	—	—
Cash surrender value of life insurance	13,749	—	—	13,749
Partnership	7,626,000	—	—	7,626,000
Real estate	15,900,000	—	—	15,900,000
Cryptocurrency and other	88,173	—	—	88,173
Subtotal fair value investments	79,400,352	\$ 55,772,430	—	23,627,922
Investments in the University's endowment at NAV	241,673,741			
Partnership at cost	50			
Total investments	\$ 321,074,143			

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

	<b>2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
US equity	\$ 298,503	298,503	—	—
Mutual funds and ETFs	15,206,430	15,206,430	—	—
US treasuries	2,799,842	2,799,842	—	—
Cash surrender value of life insurance	13,270	—	—	13,270
Partnership	7,604,000	—	—	7,604,000
Real estate	16,000,000	—	—	16,000,000
Cryptocurrency and other	51,484	—	—	51,484
Subtotal fair value investments	41,973,529	\$ 18,304,775	—	23,668,754
Investments in the University's endowment at NAV	218,767,307			
Partnership at cost	50			
Total investments	\$ 260,740,886			

The following table summarizes the Level 3 activity for the year ended June 30, 2024:

	<b>Beginning balance at June 30, 2023</b>	<b>Additions</b>	<b>Realized gain</b>	<b>Change in unrealized gains (losses)</b>	<b>Deductions</b>	<b>Ending balance at June 30, 2024</b>
Partnership	\$ 7,604,000	—	—	22,000	—	7,626,000
Cash surrender value of life insurance	13,270	—	—	479	—	13,749
Real estate	16,000,000	—	—	(100,000)	—	15,900,000
Cryptocurrency and other	51,484	167,958	—	(6,495)	(124,774)	88,173
Total investments	\$ 23,668,754	167,958	—	(84,016)	(124,774)	23,627,922

The following table summarizes the Level 3 activity for the year ended June 30, 2023:

	<b>Beginning balance at June 30, 2022</b>	<b>Additions</b>	<b>Realized gain</b>	<b>Change in unrealized gains (losses)</b>	<b>Deductions</b>	<b>Ending balance at June 30, 2023</b>
Partnership	\$ 9,020,000	—	—	(1,416,000)	—	7,604,000
Cash surrender value of life insurance	—	13,092	—	178	—	13,270
Real estate	23,200,000	—	—	(7,200,000)	—	16,000,000
Cryptocurrency and other	4,567	73,323	—	8,246	(34,652)	51,484
Total investments	\$ 32,224,567	86,415	—	(8,607,576)	(34,652)	23,668,754

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### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

At June 30, 2024 and 2023, investment in the University's endowment was comprised of balances in the following asset classes:

	2024	2023
Cash and cash equivalents	2.4 %	2.7 %
Fixed income/debt	7.5	7.8
Public global equity	54.4	50.5
Marketable alternatives	10.3	14.9
Private investments	25.4	24.1
Total investments in the University's endowment	100.0 %	100.0 %

#### (6) Endowment

UVM Foundation's endowment consists of 419 donor-restricted funds and 47 board-designated funds invested in one of several pools. UVM Foundation has defined an overall approach to the prudent management of spending and long-term preservation of capital and has defined that approach in the Investment Policy outlining protocols for institutional funds.

##### (a) *Relevant Law*

Under Uniform Prudent Management of Institutional Funds Act (UPMIFA), the governing board has the discretion to determine how much to appropriate of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits UVM Foundation to appropriate or accumulate so much of an endowment fund as UVM Foundation determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide UVM Foundation in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of UVM Foundation and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of UVM Foundation; and, 7) the investment policy of UVM Foundation.

Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the endowment is below historic dollar value. UVM Foundation's underwater endowment protocol outlines an approach for the Board and management to determine adjustments in spending and investment strategy for underwater endowments, if any, and appropriate communication with donors. Although UPMIFA offers short term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. There is an expectation that, over time, the historic dollar value will remain intact.

##### (b) *Endowment Classifications*

The principal of a donor-restricted endowment is: (a) the original value of initial and subsequent gifts, net of fees, restricted to the endowment, (b) accumulations or additions stipulated by the applicable donor gift instrument to be added to principal and (c) for perpetual endowments only, accumulations stipulated by UPMIFA, if any, to be held in perpetuity. The appreciation of a donor-restricted

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### Notes to Consolidated Financial Statements

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endowment is: (a) accumulated net investment gains and losses net of (b) amounts appropriated for spending by the Board of Directors. The fair value of donor-restricted endowment is the combination of principal and appreciation.

A donor-restricted endowment is classified as either perpetual (donor stipulates investment in perpetuity of certain net assets) or term (donor stipulates investment for a specific period of time of certain net assets). Unless stipulated by the donor as a term endowment, all donor-restricted endowments funds are classified as perpetual.

A board-designated quasi endowment is created when the Board (not the donor) authorizes investment of net assets into an endowment pool. Board-designated quasi endowments are created primarily from net assets without donor restriction; however, the Board may designate unexpended net assets with donor restrictions to be invested in an endowment pool; until expended per the donor's restrictions.

**(c) *Endowment Spending Policy***

The Investment Policy includes a Spending Policy governing distributions from a donor's individual endowment. The annual distribution is calculated at 4.5% of the average market value per unit for the trailing 13 quarters as of December 31 of the preceding fiscal year.

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Notes to Consolidated Financial Statements

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**(d) Endowment Financial Position**

The endowment's financial position (excluding contributions receivable) at June 30, 2024 and 2023 was as follows:

	<b>2024</b>	<b>2023</b>
Endowment assets:		
Cash and cash equivalents	\$ 6,436,763	6,942,914
Accounts receivable and other	53,568	47,500
Investments:		
U.S. equity	414,604	298,503
Mutual funds and ETFs	23,139,436	15,012,502
Investments in the University's endowment	225,095,697	203,002,144
Partnerships	7,250,000	7,200,000
Real estate	15,900,000	16,000,000
Cryptocurrency	80,173	51,484
Debt securities	—	2,799,842
Subtotal investments	271,879,910	244,364,475
Beneficial interest in trust held by others	1,674,730	1,538,354
Total endowment assets	\$ 280,044,971	252,893,243
Endowment net assets:		
With donor restrictions:		
Perpetual endowment historical dollar value	\$ 241,777,818	228,499,566
Perpetual endowment appreciation	21,784,350	7,986,779
Term endowment	4,739,189	4,526,761
Board-designated quasi endowment	4,689,029	5,101,650
Trusts held by others	1,674,730	1,538,354
Subtotal with donor restrictions	274,665,116	247,653,110
Without donor restrictions:		
Board-designated quasi endowment	5,379,855	5,240,133
Total endowment net assets	\$ 280,044,971	252,893,243

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**(e) Endowment Changes in Net Assets**

The endowment's changes in net assets (excluding contributions receivable) at June 30, 2024 and 2023 was the following:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 252,893,243	236,128,454
Changes in endowment net assets:		
With donor restrictions:		
Contributions	10,480,764	18,245,883
Investment return, net	24,026,884	6,636,338
Change in trust held by others	136,376	65,628
Distributions to spendable	(10,114,977)	(8,883,844)
Net assets transferred from the University	—	250,900
Donor-restricted transfers	2,782,901	261,368
Board designations	<u>(299,942)</u>	<u>(225,655)</u>
Subtotal with donor restrictions	<u>27,012,006</u>	<u>16,350,618</u>
Without donor restrictions:		
Investment return, net	954,694	641,930
Distributions to spendable	(418,447)	(418,740)
Donor-restricted transfers	(696,467)	(34,674)
Board designations	<u>299,942</u>	<u>225,655</u>
Subtotal without donor restrictions	<u>139,722</u>	<u>414,171</u>
Endowment net assets, end of year	\$ <u>280,044,971</u>	<u>252,893,243</u>

**(f) Underwater Endowment Funds**

An underwater endowment fund is a donor-restricted perpetual endowment for which the fair value is less than the historic dollar value (which is either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions). The Finance and Investment Committee monitors underwater endowment funds as part of its decision-making process for determining amounts to appropriate for spending, and currently applies the endowment spending policy in note 6(c) to underwater endowments. Underwater endowment funds consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fair value	\$ 25,319,146	86,355,772
Historic dollar value	28,453,611	92,258,140
Underwater amount	(3,134,465)	(5,902,368)

**UVM FOUNDATION**

Notes to Consolidated Financial Statements

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**(7) Property and Equipment**

The financial position of the Capital Fund reflects current property and equipment as well as the associated assets identified to fund liabilities or future purchases of property and equipment as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital assets:		
Cash and cash equivalents	\$ 20,898	1,205,153
Accounts receivable and other	125,959	162,312
Property and equipment	<u>6,946,146</u>	<u>7,252,323</u>
Total capital assets	\$ <u>7,093,003</u>	<u>8,619,788</u>
Capital liabilities and net assets:		
Capital liabilities:		
Notes payable	\$ <u>3,997,693</u>	<u>4,220,151</u>
Subtotal capital liabilities	<u>3,997,693</u>	<u>4,220,151</u>
Capital net assets:		
Without donor restrictions:		
Board-designated	2,974,303	4,242,912
Undesignated	<u>121,007</u>	<u>156,725</u>
Subtotal capital net assets	<u>3,095,310</u>	<u>4,399,637</u>
Total capital liabilities and net assets	\$ <u>7,093,003</u>	<u>8,619,788</u>

Property and equipment assets consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building leasehold improvement	\$ 9,187,992	9,187,992
Equipment	331,038	304,149
Computer software	121,943	54,120
Computer software – in progress	—	61,024
Equipment – in progress	—	25,950
Less accumulated depreciation	<u>(2,694,827)</u>	<u>(2,380,912)</u>
Property and equipment, net	\$ <u>6,946,146</u>	<u>7,252,323</u>

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**(8) Notes Payable**

UVM Foundation has two credit facilities at the end of fiscal year 2024, which are:

- 2016 term note – A \$3,000,000 term note with one bank (matures April 13, 2030). Interest payable is accrued on the outstanding borrowings based on one-month SOFR plus 2.1% and there is no annual fee. Borrowing is collateralized by the lease and leasehold improvements at 61 Summit Street. The maturity date, interest rate and amortization schedule were amended in 2020.
- 2017 note – A \$2,700,000 note with the University. The note is free from interest and from annual fees. Borrowing is collateralized by a pledge agreement that has no fixed payment schedule. The loan matures on or about full satisfaction of the pledge, and is estimated to mature no earlier than July 1, 2029.

UVM Foundation debt is as follows for years ending June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
2016 term loan note	\$ 1,297,693	1,520,151
2017 loan note	<u>2,700,000</u>	<u>2,700,000</u>
Total notes payable	\$ <u>3,997,693</u>	<u>4,220,151</u>

Principal payments for each of the next five years and thereafter are the following:

	<u>Principal</u>
Fiscal year ending June 30:	
2025	\$ 222,458
2026	222,458
2027	222,458
2028	222,458
2029	222,458
Thereafter	<u>2,885,403</u>
Total principal	\$ <u>3,997,693</u>

In January, 2021, UVM Foundation entered into an interest rate swap agreement, which matures in April 2030 and is used to swap the variable rate (one-month SOFR plus 2.1%) on the 2016 term loan note for a fixed rate (2.927%). The swap is recorded at fair value as other assets and change in value of derivatives. Settlement payments paid or received are recorded as interest expense. As of June 30, 2024, the fair value was \$121,007 with a notional amount of \$1,297,693. The fair value of the swap is considered level 2 in the fair value hierarchy.

## UVM FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2024 and 2023

#### (9) Net Assets with Donor Restrictions

Net assets with donor restrictions were comprised of the following as of June 30, 2024 and 2023:

	2024	2023
Spendable:		
University scholarships	\$ 6,772,701	5,988,687
University chairs and professorships	6,103,659	5,616,544
University facilities	8,910,792	8,661,470
University program support	36,188,998	34,875,988
UVM Foundation funds	—	41,360
Subtotal spendable	57,976,150	55,184,049
Endowment:		
Donor-restricted:		
University scholarships	49,231,651	41,995,806
University chairs and professorships	95,877,546	84,108,491
University program support	124,863,256	116,443,714
UVM Foundation funds	3,634	3,449
Subtotal donor-restricted	269,976,087	242,551,460
Board-designated quasi:		
University scholarships	1,672,632	1,802,691
University chairs and professorships	2,695,278	2,933,564
University program support	321,119	365,395
Subtotal board-designated quasi	4,689,029	5,101,650
Subtotal endowment	274,665,116	247,653,110
Pledged:		
Spendable:		
University scholarships	875,473	1,357,860
University chairs and professorships	95,767	204,974
University facilities	1,376,767	1,625,544
University program support	5,797,461	1,197,236
UVM Foundation funds	836	508
Endowment:		
University scholarships	1,232,347	1,215,718
University chairs and professorships	916,008	469,817
University program support	2,930,658	4,057,137
Capital:		
UVM Foundation funds	488	1,332
Subtotal pledged	13,225,805	10,130,126
Total net assets with donor restrictions	\$ 345,867,071	312,967,285

**UVM FOUNDATION**

Notes to Consolidated Financial Statements

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**(10) Net Assets without Donor Restrictions**

Net assets without donor restrictions were comprised of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Board-designated:		
Spendable:		
University scholarships	\$ 6,908	26,099
University chairs and professorships	647,458	1,120,627
University program support	5,721	19,872
UVM Foundation funds	<u>6,071,138</u>	<u>—</u>
Subtotal spendable	<u>6,731,225</u>	<u>1,166,598</u>
Quasi endowment:		
University scholarships	1,139,806	866,250
University chairs and professorships	3,652,560	3,877,029
University program support	443,094	359,827
UVM Foundation funds	<u>144,395</u>	<u>137,027</u>
Subtotal quasi endowment	<u>5,379,855</u>	<u>5,240,133</u>
Capital:		
UVM Foundation funds	<u>2,974,303</u>	<u>4,242,912</u>
Subtotal board-designated	<u>15,085,383</u>	<u>10,649,643</u>
Undesignated:		
Spendable:		
UVM Foundation funds	4,568,447	8,015,581
Capital:		
UVM Foundation funds	<u>121,007</u>	<u>156,725</u>
Subtotal undesignated	<u>4,689,454</u>	<u>8,172,306</u>
Total net assets without donor restrictions	<u>\$ 19,774,837</u>	<u>18,821,949</u>

## UVM FOUNDATION

### Notes to Consolidated Financial Statements

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#### (11) Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2024	2023
Works of art	\$ 248,404	47,615
Books and publications	—	925
Household goods	—	5,404
Cryptocurrency	98,369	—
Jewelry	8,000	—
Equipment	4,995	116,465
Livestock	23,000	5,900
Other consumables	36,046	18,489
Life insurance	—	13,092
Total contributed nonfinancial assets	\$ 418,814	207,890

In 2023, a whole life insurance policy was donated with the face value added to an endowment and its amount when realized will benefit UVM Foundation's operations. The policy was recognized at its cash surrender value. All other contributions of nonfinancial assets are measured at fair value and distributed to the University for use by programs designated by the donors.

#### (12) Net Assets Released from Donor Restrictions

Net assets utilized in accordance with donor restrictions during the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Spendable:		
University scholarships	\$ 4,491,363	4,410,612
University chairs and professorships	3,327,856	2,483,400
University facilities	960,650	3,457,066
University program support	14,648,622	13,409,960
UVM Foundation funds	53,742	7,919
Subtotal spendable	23,482,233	23,768,957
Capital:		
UVM Foundation funds	15,212	2,470
Total net assets released from restrictions	\$ 23,497,445	23,771,427

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Notes to Consolidated Financial Statements

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**(13) Net Assets Transferred from the University**

The following net assets were transferred from the University for years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
With donor restrictions:		
Spendable:		
University scholarships	—	—
University chairs and professorships	\$ —	5,000
UVM Facilities	352,642	—
University program support	2,865	18,572
Endowment:		
University scholarships	—	250,900
University chairs and professorships	—	—
University program support	—	—
Total net assets transferred from the University	\$ <u>355,507</u>	<u>274,472</u>

**(14) Net Assets Transferred to the University**

The following net assets were transferred to the University for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
Spendable:		
University program support	\$ 40,000	—
With donor restrictions:		
Spendable:		
University scholarships	2,895	6,961
University chairs and professorships	100,000	—
University program support	1,208	123,267
Endowment:		
University scholarships	1,730,456	3,448,351
University chairs and professorships	147,170	140,776
University program support	99,597	119,389
Total net assets transferred to the University	\$ <u>2,121,326</u>	<u>3,838,744</u>

## UVM FOUNDATION

### Notes to Consolidated Financial Statements

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#### (15) Functional Expenses

Expenses by function and natural classification for the years ended June 30, 2024 and 2023 were as follows:

	2024				
	Programs for the University	Programs for UVM alumni	Fundraising	Management and general	Total
Distributions to the University for:					
University scholarships	\$ 4,489,363	—	—	—	4,489,363
University chairs and professorships	3,721,821	—	—	—	3,721,821
University facilities	910,650	—	—	—	910,650
University program support	13,949,177	—	—	—	13,949,177
Distributions to other charities and organizations	679,305	—	—	—	679,305
Compensation	—	1,348,661	8,802,950	2,093,527	12,245,138
Professional fees	—	—	33,723	558,050	591,773
Travel, events and communications	—	298,844	1,120,084	136,051	1,554,979
Technology and office services and supplies	—	169,868	494,861	576,394	1,241,123
Depreciation	—	105,427	87,867	174,741	368,035
Total expenses	\$ 23,750,316	1,922,800	10,539,485	3,538,763	39,751,364

	2023				
	Programs for the University	Programs for UVM alumni	Fundraising	Management and general	Total
Distributions to the University for:					
University scholarships	\$ 4,410,612	—	—	—	4,410,612
University chairs and professorships	2,483,400	—	—	—	2,483,400
University facilities	3,455,300	—	—	—	3,455,300
University program support	12,683,063	—	—	—	12,683,063
Distributions to other charities and organizations	575,643	—	—	—	575,643
Compensation	—	973,070	6,985,880	2,140,531	10,099,481
Professional fees	—	—	35,687	532,485	568,172
Travel, events and communications	—	415,822	804,718	161,937	1,382,477
Technology and office services and supplies	—	164,916	439,614	642,776	1,247,306
Depreciation	—	94,297	103,020	155,889	353,206
Total expenses	\$ 23,608,018	1,648,105	8,368,919	3,633,618	37,258,660

Certain expenses are allocated to more than one function on a reasonable and consistently applied basis: compensation is allocated based on estimates of time and effort; depreciation of leasehold improvement is allocated based on a square-footage basis; and other expenses are allocated based on estimates of usage.

#### (16) Retirement Plans

UVM Foundation has a defined contribution salary deferral 403(b) plan for the benefit of its employees. During the years ended June 30, 2024 and 2023, UVM Foundation contributed 10% of salaries for each regular staff member who voluntarily contributed a minimum of 2% of pre-tax earnings to the plan. UVM Foundation's contributions were \$866,531 and \$702,784 for the years ended June 30, 2024 and 2023, respectively.

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UVM Foundation has a retirement health savings plan (RHSP), which consists of (a) a defined contribution from UVM Foundation for eligible former University employees and (b) a voluntary employee contribution. Annual contributions from UVM Foundation and employee contributions were permitted effective January 1, 2014 under the plan. UVM Foundation's contributions were \$41,772 and \$46,877 for the years ended June 30, 2024 and 2023, respectively.

UVM Foundation has a 457(b) plan, which consists of voluntary employee salary deferrals for those employees whose positions are covered by the plan and employer contributions. The plan is recorded as an asset and a liability of UVM Foundation until such time the employee withdraws funds during retirement or for transfer to another employer upon termination. Each employee selects investments based on options available within the plan. UVM Foundation made no contributions in 2024 or 2023. The plan's assets and liabilities were \$269,867 and \$193,929 for the years ended June 30, 2024 and 2023, respectively.

#### **(17) Related-Party Transactions**

UVM Foundation provides much of the development function for the University. An annual amount is allocated by the University pursuant to a service agreement between it and UVM Foundation. UVM Foundation received operating support from the University in accordance with this agreement of \$12,000,897 and \$11,741,322 for the years ended June 30, 2024 and 2023, respectively, which included primary provisions of \$11,315,534 and \$11,100,583 and supplemental provisions of \$685,363 and \$640,739, respectively. UVM Foundation leases office space at 411 Main Street, Burlington, Vermont, which expires June 30, 2024. UVM Foundation leases office space at 61 Summit Street, Burlington, Vermont, which expires April 13, 2030 and includes the right to extend the lease for three consecutive five-year terms. Future minimum lease payments under these leases are \$1 per year per lease. The lessor for both leases is the University. UVM Foundation paid the University \$0 in gift fees for the year ended June 30, 2024.

#### **(18) Income Taxes**

UVM Foundation generally does not provide for income taxes because it is a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code.

ASC 740, *Income Taxes*, permits an entity to recognize the benefit and requires accrual of an uncertain tax position only when the position is "more likely than not" to be sustained in the event of examination by tax authorities. In evaluating whether a tax position has met the recognition threshold, UVM Foundation must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. ASC 740 also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. Tax positions deemed to meet the "more likely than not" threshold are recorded as a tax expense in the current year.

UVM Foundation has analyzed all open tax years, defined by the statutes of limitations for all major jurisdictions. Open tax years are those that are open for exam by taxing authorities. Major jurisdictions for UVM Foundation include Federal and the State of Vermont. As of June 30, 2024, open Federal and Vermont tax years for UVM Foundation include tax years ended June 30, 2021, 2022 and 2023. UVM Foundation has no examinations in progress. UVM Foundation believes that it has no significant uncertain tax positions.

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Notes to Consolidated Financial Statements

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### **(19) Subsequent Events**

UVM Foundation considers events or transactions that occur after the consolidated statements of financial position date, but before the consolidated financial statements are available to be issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These consolidated financial statements were issued on November 1, 2024 and subsequent events have been evaluated through that date.