
University of Wyoming Foundation

Financial Report
June 30, 2022

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Independent Auditor's Report

To the Board of Directors
University of Wyoming Foundation

Opinion

We have audited the financial statements of University of Wyoming Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As described in Note 4 to the financial statements, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers and partnership general partners. The investments are valued at approximately \$381,000,000 at June 30, 2022 (representing 71 percent of net assets). Our opinion is not modified with respect to this matter.

Report on Prior Year Financial Statements and Restatement

The financial statements of the Foundation as of June 30, 2021 were audited by other auditors, who expressed an unmodified opinion on those statements on October 22, 2021 prior to the restatement described in Note 14.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 14 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 financial statements of the Foundation other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
University of Wyoming Foundation

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

November 4, 2022

University of Wyoming Foundation

Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,078,022	\$ 2,020,995
Investments (Note 4)	808,963,191	877,983,521
Receivables - Net of allowances:		
Contributions receivable (Note 5)	8,024,688	13,551,108
Other accounts receivable	118,393	83,921
Property and equipment - Net (Note 6)	26,224,260	26,118,693
	<u>\$ 844,408,554</u>	<u>\$ 919,758,238</u>
Total assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable (Note 7)	\$ 3,835,224	\$ 3,220,702
Amounts held for others (Note 8)	293,357,847	323,366,393
Split-interest agreements payable (Note 9)	4,970,243	5,885,179
Accrued and other liabilities	447,326	373,218
High Altitude Performance Center line of credit (Note 10)	-	512,745
Student Success Center line of credit (Note 10)	679,173	-
Grand Avenue Property note payable (Note 10)	5,196,698	5,410,005
	<u>308,486,511</u>	<u>338,768,242</u>
Total liabilities		
Net Assets (Note 11)		
Without donor restrictions:		
Undesignated	34,416,876	37,148,268
Board designated	50,241,780	38,729,083
	<u>84,658,656</u>	<u>75,877,351</u>
Total without donor restrictions		
With donor restrictions	451,263,387	505,112,645
	<u>535,922,043</u>	<u>580,989,996</u>
Total net assets		
	<u>\$ 844,408,554</u>	<u>\$ 919,758,238</u>
Total liabilities and net assets		

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022			2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Loss), and Other Support						
Contributions and state match	\$ 3,994,272	\$ 22,925,694	\$ 26,919,966	\$ 4,682,368	\$ 27,807,049	\$ 32,489,417
Less contributions to accounts held for others (Note 8)	(3,672,172)	-	(3,672,172)	(4,438,858)	-	(4,438,858)
University of Wyoming	760,978	2,290,356	3,051,334	762,094	2,857,573	3,619,667
Assessments	9,655,850	(9,650,009)	5,841	8,165,606	(8,165,606)	-
Net investment (loss) income	(30,559,601)	(30,258,019)	(60,817,620)	104,571,966	126,933,008	231,504,974
Plus (less) net investment loss (income) on amounts held for others (Note 8)	26,314,950	-	26,314,950	(85,510,046)	-	(85,510,046)
Change in cash surrender value of life insurance policies	-	(22,946)	(22,946)	-	1,318	1,318
Change in value of split-interest agreements	-	(1,542,185)	(1,542,185)	-	492,385	492,385
Other revenue	58	327,747	327,805	(5,078)	3,698,298	3,693,220
(Less) plus fees and other charges on amounts held for others (Note 8)	(58)	-	(58)	5,078	-	5,078
Net assets released from restrictions	37,919,896	(37,919,896)	-	22,897,355	(22,897,355)	-
Total revenue, gains (loss), and other support	44,414,173	(53,849,258)	(9,435,085)	51,130,485	130,726,670	181,857,155
Expenses						
Program services:						
Program expenses	31,021,942	-	31,021,942	31,796,374	-	31,796,374
Less distributions made from amounts held for others (Note 8)	(7,365,826)	-	(7,365,826)	(7,227,200)	-	(7,227,200)
Total program services	23,656,116	-	23,656,116	24,569,174	-	24,569,174
Support services:						
Fundraising	6,932,687	-	6,932,687	6,408,913	-	6,408,913
Management and general	5,044,065	-	5,044,065	4,122,144	-	4,122,144
Total expenses	35,632,868	-	35,632,868	35,100,231	-	35,100,231
Increase (Decrease) in Net Assets	8,781,305	(53,849,258)	(45,067,953)	16,030,254	130,726,670	146,756,924
Net Assets - Beginning of year	75,877,351	505,112,645	580,989,996	59,847,097	374,385,975	434,233,072
Net Assets - End of year	<u>\$ 84,658,656</u>	<u>\$ 451,263,387</u>	<u>\$ 535,922,043</u>	<u>\$ 75,877,351</u>	<u>\$ 505,112,645</u>	<u>\$ 580,989,996</u>

University of Wyoming Foundation

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Fundraising	Management and General	Total
Distributions to University of Wyoming	\$ 30,857,629	\$ -	\$ -	\$ 30,857,629
Less distributions made from amounts held for others	(7,365,826)	-	-	(7,365,826)
University of Wyoming president support	164,313	-	-	164,313
Salaries	-	3,894,957	1,520,583	5,415,540
Employee benefits	-	1,528,749	739,136	2,267,885
Equipment and data processing	-	778,488	288,863	1,067,351
Building maintenance	-	-	450,506	450,506
Printing and duplication	-	317,848	20,979	338,827
Investment counsel fees	-	-	329,583	329,583
Travel and entertainment	-	276,052	12,636	288,688
Interest	-	-	193,294	193,294
Insurance	-	-	150,494	150,494
Contractual services	-	49,826	44,416	94,242
Professional development	-	58,256	29,945	88,201
Communications	-	-	72,161	72,161
Directors meeting expenses	-	-	69,492	69,492
Supplies	-	4,830	25,858	30,688
Donor functions	-	23,681	4,340	28,021
Legal fees	-	-	12,775	12,775
Depreciation	-	-	1,079,004	1,079,004
Total functional expenses	<u>\$ 23,656,116</u>	<u>\$ 6,932,687</u>	<u>\$ 5,044,065</u>	<u>\$ 35,632,868</u>

University of Wyoming Foundation

Statement of Functional Expenses

Year Ended June 30, 2021
(Restated)

	Program Services	Fundraising	Management and General	Total
Distributions to University of Wyoming	\$ 31,582,708	\$ -	\$ -	\$ 31,582,708
Less distributions made from amounts held for others	(7,227,200)	-	-	(7,227,200)
University of Wyoming president support	123,666	-	-	123,666
Giving Day support	50,000	-	-	50,000
Alumni support	40,000	-	-	40,000
Salaries	-	3,818,911	934,790	4,753,701
Employee benefits	-	1,771,057	598,692	2,369,749
Investment counsel fees	-	-	470,000	470,000
Reserve for Gateway Center	-	-	325,800	325,800
Equipment and data processing	-	180,141	117,458	297,599
Communications	-	177,971	45,499	223,470
Printing and duplication	-	186,842	12,883	199,725
Interest	-	-	165,622	165,622
Building maintenance	-	-	142,352	142,352
Travel and entertainment	-	112,572	2,223	114,795
Contractual services	-	60,989	45,597	106,586
Insurance	-	-	101,053	101,053
Professional development	-	78,969	18,165	97,134
Supplies	-	14,633	38,611	53,244
Donor functions	-	6,828	258	7,086
Legal fees	-	-	1,110	1,110
Directors meeting refund	-	-	(19,006)	(19,006)
Depreciation	-	-	1,121,037	1,121,037
Total functional expenses	\$ 24,569,174	\$ 6,408,913	\$ 4,122,144	\$ 35,100,231

Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021 (Restated)
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (45,067,953)	\$ 146,756,924
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	1,079,004	1,121,037
Change in value of charitable remainder trusts	1,542,185	(492,385)
Net investment return	34,502,670	(145,994,928)
Loss on disposal of assets	-	2,872
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Contributions receivable	5,526,420	7,190,587
Other accounts receivable	(34,472)	431,449
Accounts payable	614,522	(1,575,791)
Amounts held for others	(3,693,596)	(2,435,633)
Accrued and other liabilities	74,108	12,455
Split-interest agreements payable	(2,457,121)	538,328
Net cash and cash equivalents (used in) provided by operating activities	(7,914,233)	5,554,915
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,184,571)	(276,301)
Purchases of investments	(221,450,085)	(264,678,620)
Proceeds from sales and maturities of investments	229,652,795	261,988,431
Net cash and cash equivalents provided by (used in) investing activities	7,018,139	(2,966,490)
Cash Flows from Financing Activities		
Proceeds from line of credit	679,173	-
Payments on notes payable	(726,052)	(1,652,267)
Net cash and cash equivalents used in financing activities	(46,879)	(1,652,267)
Net (Decrease) Increase in Cash and Cash Equivalents	(942,973)	936,158
Cash and Cash Equivalents - Beginning of year	2,020,995	1,084,837
Cash and Cash Equivalents - End of year	\$ 1,078,022	\$ 2,020,995
Supplemental Cash Flow Information - Cash paid for interest	\$ 192,884	\$ 165,622

Note 1 - Nature of Business

University of Wyoming Foundation (the "Foundation") is an independent not-for-profit organization established for the purpose of obtaining contributions for the benefit of the University of Wyoming and 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.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP).

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets 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 the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all depository bank account balances, other than those held as part of the investment portfolio and subject to the investment policy, to be cash and cash equivalents.

Property and Equipment

The Foundation capitalizes major expenditures for property and equipment, which are recorded at cost, or if donated at fair value at the time of donation.

Gifts of long-lived assets, if any, such as land, buildings, or equipment, are reported as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Note 2 - Significant Accounting Policies (Continued)

Straight-line depreciation methods are used for computing depreciation. Assets are depreciated over their estimated useful lives, as outlined in the table below.

	Depreciable Life - Years
Buildings	35-39
Furniture, fixtures, and other	5-15
Computers, equipment, and software	5-15
Digital asset mining equipment	3
Right-of-use operating lease assets	5

Costs of maintenance and repairs are charged to expense when incurred.

Investments

The Foundation records investment purchases initially at cost or, when donated to the Foundation, at fair value at the date of donation. The majority of investments are held in the short-term or long-term investment pools (endowment pool). Both investment pools are managed at the direction of the chief investment officer and the investment committee of the Foundation's board of directors.

Other entities affiliated with the University, including the Cowboy Joe Club, various departments of the University of Wyoming, and the University's endowments, participate with the Foundation where 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, losses, and expenses of the pool are allocated to each participant based on their unit interest in the pool, consistent with the practice described below for endowments. These portions of the investment pools managed on behalf of others are included in the investment asset balances presented, as well as a liability for amounts due to others, on the statement of financial position. The investment returns (losses) and other activity affecting these amounts managed on behalf of others are excluded from total revenue or expenses on the statement of activities and changes in net assets, as these transactions do not increase or decrease the net assets of the Foundation.

An investment in a limited liability company in which the Foundation has more than a minor interest (more than 20 percent) is accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Foundation's proportionate share of undistributed earnings or losses. Impairment losses, if any, due to a decline in the value of the investment that would be other than temporary will be recognized when incurred. No impairment losses were recognized for 2022 and 2021.

Investments in equity securities with readily determinable fair values and investments in debt securities are reported at fair value, with unrealized gains and losses included in earnings.

Investments in equity securities without a readily determinable fair value are recorded at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for 2022 and 2021.

Included in the investment portfolio are real estate and note receivable assets managed under the investment policy. These assets are stated at cost and present value, respectively, subject to impairment. No impairment losses were recognized for 2022 and 2021.

Note 2 - Significant Accounting Policies (Continued)

The investment portfolio also includes bitcoin digital assets, which are initially valued at cost, and subject to impairment on an ongoing basis if impairment indicators are present, consistent with the accounting for indefinite-lived intangibles. The Foundation considers these assets to be investments, and they are managed under the investment policy.

The alternative investments, composed primarily of hedge funds and limited partnerships, which are not readily marketable, are measured at fair value, valued at net asset value per share as the practical expedient. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Endowed funds use an investment pool approach, under which each restricted purpose endowment has a specific unit interest based on its capital contributions to the pool. Income earned in the pool is allocated monthly to unrestricted funds for general operations and to the individual endowments in proportion to the unit interests as of the end of the month. Gains and losses from the sale of pooled investments and unrealized gains and losses on investments held are allocated in the same manner.

Investments Risk and Uncertainties

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

Split-interest Agreements

The Foundation is a remainder beneficiary of several charitable gift annuity and charitable remainder unitrusts. Required distributions to other beneficiaries range from 4.5 percent to 9 percent of gift or market value, as defined by each agreement. The discount rates used to calculate the present value range from 0.25 percent to 14.5 percent.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions are reported as contributions without donor restrictions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 4, 2022, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of June 30 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2022	2021
Cash and cash equivalents	\$ 1,078,022	\$ 2,020,995
Investments	808,963,191	877,983,521
Contributions receivable	8,024,688	13,551,108
Other receivables	118,393	83,921
Financial assets - At year end	818,184,294	893,639,545
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	38,453,931	59,633,567
Subject to appropriation and satisfaction of donor restrictions related to endowment	412,809,456	445,479,078
Amounts held for others	293,357,847	323,366,393
Split-interest agreements payable	4,970,243	5,885,179
Board designations - Endowment fund, primarily for long-term investing	25,204,592	17,336,213
Financial assets available to meet cash needs for general expenditures within one year	\$ 43,388,225	\$ 41,939,115

Note 3 - Liquidity and Availability of Resources (Continued)

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short-term investments.

The Foundation also realizes there could be unanticipated liquidity needs.

The Foundation's endowment funds consist of donor-restricted endowments and board-designated endowments of \$438,014,048 and \$462,815,291 and custodial endowments totaling \$275,588,817 and \$306,094,901 at June 30, 2022 and 2021, respectively. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the board designated endowment has a spending rate based on December market values and based on the prior year's distribution. A total of \$83,136 of appropriations from the board designated endowment will be available within the next 12 months. Although the Foundation does not intend to spend from its board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary. However, both the board designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 4 for disclosures about investments).

Note 4 - Investments and Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified into the fair value hierarchy below, but are shown in a separate column beside those assets that are classified into the hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the statement of financial position. Those investments that are measured at NAV require additional disclosures regarding the liquidity and redemption conditions around the investments, which are presented later in this note.

June 30, 2022 and 2021

Note 4 - Investments and Fair Value Measurements (Continued)

Investments for Which it was Not Practicable to Estimate Fair Value

The Foundation holds a number of equity interests related to startup companies. No cash was paid for these equity interests, 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. It was not practicable to estimate the fair value of these equity interests. These investments are considered for accounting treatment under GAAP as investments in equity securities without readily determinable fair values under ASC 321. Under this accounting treatment, the securities are recorded initially at cost and adjusted for any observable changes in price. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. The Foundation must reassess at each reporting period whether these equity securities continue to qualify for this treatment due to a lack of a readily determinable fair value. If a fair value becomes readily available or if the Foundation makes an election to measure these securities at fair value despite the impracticalities, the securities must be measured at fair value from that point forward. As no cost was incurred by the Foundation to obtain these equity securities, they are carried without value under this accounting treatment.

June 30, 2022 and 2021

Note 4 - Investments and Fair Value Measurements (Continued)

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022				
	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	Balance at June 30, 2022
Assets					
Fixed income:					
Cash and equivalents subject to investment policy	\$ 49,254,757	\$ -	\$ -	\$ -	\$ 49,254,757
Investment-grade bonds	26,465,311	-	-	84,145,877	110,611,188
Opportunistic credit	29,914,179	-	-	2,908,078	32,822,257
Total fixed income	105,634,247	-	-	87,053,955	192,688,202
Equity:					
U.S. large- and mid-cap equity	134,820,598	-	-	-	134,820,598
U.S. small-cap equity	-	-	-	11,875,167	11,875,167
Developed foreign equity	22,300,366	-	-	-	22,300,366
Emerging markets equity	45,637,108	-	-	-	45,637,108
Total equity	202,758,072	-	-	11,875,167	214,633,239
Hedge funds:					
Event driven	-	-	5,092	353,457	358,549
Fixed income	-	-	-	6,438,930	6,438,930
Global macro	-	-	-	17,773,634	17,773,634
Long/short equity	-	-	-	2,767,041	2,767,041
Multistrategy	-	-	199,315	-	199,315
Total hedge funds	-	-	204,407	27,333,062	27,537,469
Private equity:					
Buyout	-	-	-	142,068,299	142,068,299
Private debt	-	-	-	6,803,177	6,803,177
Venture capital	-	-	19,423,919	96,679,150	116,103,069
Total private equity	-	-	19,423,919	245,550,626	264,974,545
Real assets:					
Infrastructure	-	-	-	26,799,874	26,799,874
Natural resources	-	-	-	24,294,703	24,294,703
Real estate	-	-	-	37,675,909	37,675,909
Total real assets	-	-	-	88,770,486	88,770,486
Total assets	\$ 308,392,319	\$ -	\$ 19,628,326	\$ 460,583,296	\$ 788,603,941

In addition to the investments carried at fair value as of June 30, 2022, the Foundation holds investment assets without readily determinable fair values of \$7,994,026, investments accounted for under the equity method of \$5,139,713, and Bitcoin digital assets accounted for as indefinite-lived intangibles of \$7,225,511, making total investments \$808,963,191.

June 30, 2022 and 2021

Note 4 - Investments and Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021				
	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	Balance at June 30, 2021
Assets					
Fixed income:					
Cash and equivalents subject to investment policy	\$ 65,173,368	\$ -	\$ -	\$ -	\$ 65,173,368
Emerging markets debt	24,914,926	-	-	-	24,914,926
Investment-grade bonds	29,572,773	-	-	70,440,438	100,013,211
Opportunistic credit	24,570,618	-	-	-	24,570,618
Equity:					
U.S. large-cap equity	113,494,358	-	-	-	113,494,358
U.S. mid-cap equity	35,793,636	-	-	-	35,793,636
U.S. small-cap equity	-	-	-	19,269,506	19,269,506
Developed foreign equity	53,223,124	-	-	-	53,223,124
Emerging markets equity	77,011,288	-	-	-	77,011,288
Total equity	279,522,406	-	-	19,269,506	298,791,912
Hedge funds:					
Event driven	-	-	5,197	3,438,432	3,443,629
Fixed income	-	-	-	8,561,133	8,561,133
Global macro	-	-	-	16,371,585	16,371,585
Long/short equity	-	-	65,232	11,215,645	11,280,877
Multistrategy	-	-	198,312	-	198,312
Total hedge funds	-	-	268,741	39,586,795	39,855,536
Private equity:					
Buyout	-	-	55,472,485	70,235,842	125,708,327
Private debt	-	-	-	12,066,368	12,066,368
Venture capital	-	6,399,989	51,388,913	35,638,637	93,427,539
Total private equity	-	6,399,989	106,861,398	117,940,847	231,202,234
Real assets:					
Infrastructure	-	-	-	20,126,234	20,126,234
Natural resources	-	-	-	15,341,087	15,341,087
Real estate	-	-	-	37,146,166	37,146,166
Total real assets	-	-	-	72,613,487	72,613,487
Total assets	\$ 423,754,091	\$ 6,399,989	\$ 107,130,139	\$ 319,851,073	\$ 857,135,292

In addition to the investments carried at fair value as of June 30, 2021, the Foundation holds investment assets without readily determinable fair values of \$8,830,893, investments accounted for under the equity method of \$10,000,000, and Bitcoin digital assets accounted for as indefinite-lived intangibles of \$2,017,336, making total investments \$877,983,521.

The Foundation's investment accounted for under the equity method as of June 30, 2022 and 2021 is of 100 percent of the Class A membership interests in Thrive Creekside UW, LLC. Class B membership interests in the Thrive Creekside UW, LLC are held by the managing member and its affiliates.

June 30, 2022 and 2021

Note 4 - Investments and Fair Value Measurements (Continued)

The Foundation's investments without readily determinable fair values as of June 30, 2022 and 2021 have not incurred any downward or upward adjustments in value in either of the years then ended or cumulatively since the investments were placed, as no observable price changes for identical or similar investments of the same issuer have occurred, and no impairment indicators have become present. Accordingly, no unrealized gains or losses have been recognized on these investments without readily determinable fair values.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end where 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 fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2022	June 30, 2021		June 30, 2022	
	Net Asset Value	Net Asset Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed income:					
Investment-grade bonds (a)	\$ 84,145,877	\$ 70,440,438	\$ -	Daily	N/A
Opportunistic credit (b)	2,908,078	-	-	Quarterly	30 days
Equity - U.S. small-cap equity (c)	11,875,167	19,269,506	-	Quarterly	60-90 days
Hedge funds:					
Event driven (d)	353,457	3,438,432	-	Quarterly	65 days
Fixed income (e)	6,438,930	8,561,133	-	Varies	45-60 days
Global macro (f)	17,773,634	16,371,585	-	Varies	90 days
Long/short equity (g)	2,767,041	11,215,645	-	Monthly	30 days
Private equity: (h)					
Buyout	142,068,299	70,235,842	31,713,860	None	N/A
Private debt	6,803,177	12,066,368	2,951,345	None	N/A
Venture capital	96,679,150	35,638,637	21,443,974	None	N/A
Real assets: (i)					
Infrastructure	26,799,874	20,126,234	2,932,152	None	N/A
Natural resources	24,294,703	15,341,087	19,735,695	None	N/A
Real estate	37,675,909	37,146,166	27,852,746	None	N/A
Total	<u>\$ 460,583,296</u>	<u>\$ 319,851,073</u>	<u>\$ 106,629,772</u>		

As of June 30, 2022 and 2021, the net asset values of these investments have been provided by the underlying general partner or fund manager.

(a) The investment-grade bond class includes investments through debt in special purpose acquisition companies, which are a publicly traded companies created for the purpose of acquiring or merging with an existing company looking to go public without going through an initial public offering.

(b) The opportunistic credit fund class includes investments in privately originated and privately negotiated investments, predominantly direct lending to U.S. companies through first lien senior secured and unitranche loans and second lien, unsecured, subordinated, or mezzanine loans and structured credit, as well as broadly syndicated loans and other debt and equity securities. The opportunistic credit fund class may also invest in publicly traded securities of large corporate issuers.

(c) The U.S. small-cap equity class includes 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 the U.S. and non-U.S. markets.

June 30, 2022 and 2021

Note 4 - Investments and Fair Value Measurements (Continued)

(d) The event-driven hedge funds class includes investments in hedge funds that focus on a range of events. These events include activist, distressed - noncontrol, long-short credit, long-short equity, and merger (risk) arbitrage. These funds have limited transparency to underlying securities. The fair values of the investments in this class have been estimated using net asset value per share of the investments. The term for these investments ranges from 60 to 90 days.

(e) The fixed-income hedge fund class includes 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. The fair values of the investments in this class have been estimated using net asset value per share of the investments. The term for these investments ranges from 60 to 90 days.

(f) The global macro hedge fund class includes 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 fair values of the investments in this class have been estimated using net asset value per share of the investments. The term of these investments ranges from 30 to 90 days.

(g) The long/short equity hedge fund class 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 stocks, 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 class have been estimated using net asset value per share of the investments. As of June 30, 2022, 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.

(h) The private equity funds class includes several private equity funds that employ buyout, private distressed debt, or venture capital strategies. These investments are not readily redeemable, but a secondary market does exist to provide the potential for early liquidation. The nature of these investments is that distributions are anticipated to be received through liquidation of the underlying assets of the fund and final distributions to the investors. The terms of these investments are 5 to 12 years. The fair values of the investments in this class have been estimated using net asset value of the Foundation's ownership interest in partners' capital.

(i) The real assets funds class includes several funds that focus on infrastructure, natural resources, and real estate that invest primarily in assets in the U.S. These investments are not readily redeemable, but a secondary market does exist to provide the potential for early liquidation. The nature of these investments is that distributions are anticipated to be received through liquidation of the underlying assets of the fund and final distributions to the investors. The terms of these investments are 5 to 12 years. The fair values of the investments in this class have been estimated using net asset value of the Foundation's ownership interest in partners' capital.

Note 5 - Contributions Receivable

Contributions receivable represent promises to give that have been made by donors but have not yet been received by the Foundation. Contributions that will not be received in 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.

June 30, 2022 and 2021

Note 5 - Contributions Receivable (Continued)

Total contributions receivable as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Gross promises to give before unamortized discount	\$ 8,457,446	\$ 15,555,551
Less allowance for uncollectible contributions	(187,130)	(1,683,247)
Less allowance for net present value discount	<u>(245,628)</u>	<u>(321,196)</u>
Net contributions receivable	<u>\$ 8,024,688</u>	<u>\$ 13,551,108</u>
Amounts due in:		
Less than one year	\$ 4,680,454	\$ 11,594,310
One to five years	3,776,992	3,931,241
More than five years	<u>-</u>	<u>30,000</u>
Total	<u>\$ 8,457,446</u>	<u>\$ 15,555,551</u>

As of June 30, 2022, one donor's pledges amounted to approximately 41 percent of contributions receivable.

Included in contributions receivable as of June 30, 2021 was a board-designated contribution that was used to pay down the High Altitude Performance Center line of credit. The line was paid off during the year ended June 30, 2022, as described in Note 10.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	<u>2022</u>	<u>2021</u>
Buildings - Marian H. Rochelle Gateway Center	\$ 30,070,184	\$ 30,070,184
Furniture, fixtures, and other	4,881,481	5,051,669
Computers, equipment, and software	936,807	1,154,203
Digital asset mining equipment	1,045,571	-
Right-of-use operating lease assets	<u>141,502</u>	<u>-</u>
Total cost	37,075,545	36,276,056
Accumulated depreciation	<u>(10,851,285)</u>	<u>(10,157,363)</u>
Net property and equipment	<u>\$ 26,224,260</u>	<u>\$ 26,118,693</u>

Depreciation expense for 2022 and 2021 was \$1,079,004 and \$1,121,037, respectively.

June 30, 2022 and 2021

Note 7 - 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. These amounts are immaterial to both 2022 and 2021.

Note 8 - Amounts Held for Others

The Foundation acts as an investment manager for certain assets for the University of Wyoming, the Cowboy Joe Club, and various departments of the University of Wyoming. The investments held on the behalf of others are as follows:

	2022	2021
Cowboy Joe Club	\$ 1,459,353	\$ 1,202,301
UW - State match	163,817,478	182,001,239
UW - Endowments	128,081,016	140,162,853
Total	\$ 293,357,847	\$ 323,366,393

Subsequent to the end of the fiscal year, the University of Wyoming board of trustees approved an additional sum to be invested with the Foundation, including \$16,500,000 to create four additional quasi-endowment funds and approximately \$2,000,000 in immediately expendible funds.

	Cowboy Joe Club	UW - State Match	UW - Endowments	Total
Activity for the year ended June 30, 2021				
July 1, 2020 balance	\$ 793,723	\$ 133,681,937	\$ 106,174,107	\$ 240,649,767
Additions	128,955	3,723,591	586,312	4,438,858
Transfers to UW	(38,660)	(3,669,275)	(3,519,265)	(7,227,200)
Investment return	318,509	48,268,422	36,923,115	85,510,046
Fees	(226)	(3,436)	(1,416)	(5,078)
June 30, 2021 balance	1,202,301	182,001,239	140,162,853	323,366,393
Activity for the year ended June 30, 2022				
July 1, 2021 balance	1,202,301	182,001,239	140,162,853	323,366,393
Additions	382,552	985,051	2,304,569	3,672,172
Transfers to UW	(24,879)	(4,721,434)	(2,619,513)	(7,365,826)
Investment return	(100,679)	(14,447,377)	(11,766,894)	(26,314,950)
Fees	58	-	-	58
June 30, 2022 balance	1,459,353	163,817,479	128,081,015	293,357,847

Note 9 - Split-interest Agreements

The Foundation is party to split-interest agreements with certain donors. These agreements include contracts entered into with certain donors from which the Foundation benefits. Under the agreements the donor has contributed funds to be held in trust, with the Foundation as the charitable beneficiary.

Under charitable remainder trusts, as a condition of the trust, the Foundation is required to pay an amount determined as a percentage of the market value of the trust assets each year to the donor(s) or another designated beneficiary until their death. Under charitable gift annuity arrangements, the Foundation is required to pay a fixed distribution of trust assets each year to the donor or another designated beneficiary until their death.

Note 9 - Split-interest Agreements (Continued)

Obligations under the split-interest agreements represent the present value of future payments required be paid to the donors or other beneficiaries under the agreements. These obligations total \$4,970,243 and \$5,885,179 at June 30, 2022 and 2021, respectively.

Upon the death of the beneficiaries, the remaining funds become the property of the Foundation. The fair values of the assets related to these agreements total \$8,982,774 and \$11,414,649 at June 30, 2022 and 2021, respectively, and are included in investments.

Note 10 - Notes Payable and Lines of Credit

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 was administered by one bank. The maximum draw down amount was \$8,700,000. This line of credit was due in March 2022 and had a fixed rate of interest of 5.5 percent. The line of credit was paid in full as of March 2, 2022.

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 Sheaffer Place, LLC, with an interest rate of 3 percent to be paid in 240 equal principal and interest payments beginning on August 1, 2020 until July 1, 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. In the meantime, the Foundation is renting the property to generate returns on the investment.

On August 27, 2020, the Foundation entered into a construction line of credit agreement for the College of Business Student Success Center with a group of Wyoming banks. The loan is being administered by one bank. The maximum draw down amount is \$2,800,000. This line of credit is due in August 2025 and has a variable rate of interest, which is based on *The Wall Street Journal* prime rate less 0.25 percent. The rate at June 30, 2022 was 5.0 percent, and the Foundation made a draw of \$679,173 on this line of credit during the year ended June 20, 2022. Subsequent to the end of the fiscal year, the line of credit was paid off.

These obligations are scheduled to mature as follows:

Years Ending	Amount
2023	\$ 219,795
2024	226,480
2025	233,368
2026	919,639
2027	247,781
Thereafter	<u>4,028,808</u>
Total	<u>\$ 5,875,871</u>

June 30, 2022 and 2021

Note 11 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2022	2021
Board-designated net assets:		
Endowment (Note 12)	\$ 25,204,592	\$ 17,336,213
Invested in property and equipment - Net of debt	25,037,188	21,392,870
Total board-designated net assets	50,241,780	38,729,083
Undesignated net assets	34,416,876	37,148,268
Total unrestricted net assets	<u>\$ 84,658,656</u>	<u>\$ 75,877,351</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2022	2021
Subject to expenditures for specified purposes to benefit the University	\$ 38,453,931	\$ 59,633,567
Subject to the Foundation's spending policy and appropriation from the endowment (Note 12)	412,809,456	445,479,078
Total	<u>\$ 451,263,387</u>	<u>\$ 505,112,645</u>

Note 12 - Donor-restricted and Board-designated Endowments

Total managed endowments at the Foundation were \$713,602,865 and \$768,910,192 at June 30, 2022 and 2021, respectively. Included in these totals were custodial endowments totaling \$275,588,817 and \$306,094,901 at June 30, 2022 and 2021, respectively.

The managed endowments at June 30, 2022 and 2021 consisted of 1,690 and 1,646 funds, respectively, established for a variety of purposes. The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation is subject to the State of Wyoming's 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 board of directors 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 board of directors 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 the 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

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

- The purpose 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, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 25,204,592	\$ -	\$ 25,204,592
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	295,358,076	295,358,076
Accumulated investment gains	-	117,451,380	117,451,380
Total	\$ 25,204,592	\$ 412,809,456	\$ 438,014,048

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 17,336,213	\$ 445,479,078	\$ 462,815,291
Investment return:			
Investment loss	(1,207,796)	(31,733,741)	(32,941,537)
Manager and administrative fees	(405,274)	(7,912,114)	(8,317,388)
Total investment return	(1,613,070)	(39,645,855)	(41,258,925)
Contributions	9,540,298	20,150,696	29,690,994
Appropriation of endowment assets for expenditure	(58,849)	(13,174,463)	(13,233,312)
Endowment net assets - End of year	\$ 25,204,592	\$ 412,809,456	\$ 438,014,048

Endowment Net Asset Composition by Type of Fund as of June 30, 2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 17,336,213	\$ -	\$ 17,336,213
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	276,550,629	276,550,629
Accumulated investment gains	-	168,928,449	168,928,449
Total	\$ 17,336,213	\$ 445,479,078	\$ 462,815,291

June 30, 2022 and 2021

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 12,530,664	\$ 313,027,792	\$ 325,558,456
Investment return:			
Investment income	4,974,443	127,059,260	132,033,703
Manager and administrative fees	(194,757)	(5,318,935)	(5,513,692)
Total investment return	4,779,686	121,740,325	126,520,011
Contributions	502,756	22,421,510	22,924,266
Appropriation of endowment assets for expenditure	(476,893)	(11,710,549)	(12,187,442)
Endowment net assets - End of year	<u>\$ 17,336,213</u>	<u>\$ 445,479,078</u>	<u>\$ 462,815,291</u>

Underwater Endowment Funds

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. Deficiencies of this nature exist in 94 donor-restricted endowment funds, which together have an original gift value of \$15,866,305, a current fair value of \$14,627,767, and a deficiency of \$1,238,537 as of June 30, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the board of directors.

As of June 30, 2021, there were no funds with deficiencies.

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 a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 7 percent, net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

June 30, 2022 and 2021

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Payout Policy and How the Investment Objectives Relate to Payout Policy

The Foundation's board has adopted a payout policy that makes funds available for appropriation based on a calculation that uses 40 percent based on a 3.5 percent spending rate of the December market value and 60 percent based on the prior year distribution, with an inflation adjustment increase of 2 percent. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Foundation expects the current payout policy to allow its endowment to grow.

In accordance with the Foundation's investment policy, endowment assets are appropriated for expenditure when they are transferred from the Foundation to the University for expenditure from the accumulated funds available for appropriation, as determined by the payout policy formula discussed above.

The Foundation's investment policy permits spending from underwater endowment funds in accordance with State of Wyoming UPMIFA unless otherwise precluded by donor intent. During 2022 and 2021, the governing board appropriated for expenditure from underwater endowments, as allowed in the Foundation's investment policy.

Note 13 - 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. Transactions with the University and other related parties controlled by the University include all transactions related to amounts held for others (see Note 8) and all program services expenses shown on the statement of activities and changes in net assets.

Note 14 - Prior Period Adjustments

The accompanying financial statements for 2021 have been restated to correct an error related to the recognition of revenue, gains and losses, and expenses on amounts held for others accounted for as agency transactions made in the prior years. The effect of the restatement had no effect on net assets at the beginning of 2021 or the change in net assets for 2021.

The following table identifies the financial statement totals followed by specific line items for fiscal year 2021 which were affected by the change:

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021**

	As Computed Under Old Method	As Reported Under New Method	Effect of Change
Total revenue, gains, and other support	\$ 271,800,981	\$ 181,857,155	\$ (89,943,826)
Contributions and state match	32,489,417	32,489,417	-
Less contributions to accounts held for others	-	(4,438,858)	(4,438,858)
Net investment income	231,504,974	231,504,974	-
Less net investment income on amounts held for others	-	(85,510,046)	(85,510,046)
Other revenue	3,693,220	3,693,220	-
Plus fees on amounts held for others	-	5,078	5,078
Total expenses	125,044,057	35,100,231	(89,943,826)
Program services - Distributions to University of Wyoming	31,582,708	31,582,708	-
Distributions made from accounts held for others	-	(7,227,200)	(7,227,200)
Program services - University of Wyoming gift and investment allocation	82,716,626	-	(82,716,626)

June 30, 2022 and 2021

Note 14 - Prior Period Adjustments (Continued)

This correction of an error also affected the allocation of these activities between those without donor restrictions and with donor restrictions, with an offsetting change to the amount reported as net assets released from restrictions, decreasing that balance by \$89,943,826; however, there was no impact on the beginning or ending net asset classifications.

As a result of the prior period adjustment, total operating, investing, and financing cash flows for 2021 remained consistent, but certain individual line items within those categories were adjusted based on the changes noted earlier. Adjustments to reconcile the increase in net assets to net cash and cash equivalents from operating activities include a decrease in the amount reported as net investment return by \$85,510,046 and changes in operating assets and liabilities that provided cash and cash equivalents related to amounts held for others of \$85,510,046.