



Financial Statements
June 30, 2023 and 2022
(With Independent Auditor's Report Thereon)

University of Central Arkansas Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
University of Central Arkansas Foundation, Inc.
Conway, Arkansas

Opinion

We have audited the financial statements of the University of Central Arkansas Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

The Board of Directors
University of Central

Financial Statements

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Statements of Activities Years Ended June 30, 2023 and 2022

| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
|-------------------------------------------------------------------|------------------------------|---------------------------|---------------|------------------------------|---------------------------|--------------|
| SUPPORT, REVENUE, GAINS(LOSSES), AND RECLASSIFICATIONS | | | | | | |
| Contributions and grants | \$ 3,233,274 | \$ 11,426,898 | \$ 14,660,172 | \$ 3,677,293 | \$ 5,326,327 | \$ 9,003,620 |
| Contributions of nonfinancial | | | | | | |

See accompanying notes to financial statements.

University of Central Arkansas Foundation, Inc.

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

Program Management

Program Management

See accompanying notes to financial statements.

University of Central Arkansas Foundation, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

NOTE 1: NATURE OF ACTIVITIES

The University of Central Arkansas Foundation, Inc. (the Foundation) is an Arkansas non profit

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

The Foundation recognizes contributed nonfinancial assets within support, which typically consist of contributed services from the University as well as members of the community, and

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University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The new guidance requires lessees to record a right of use asset and a corresponding liability equal to the present value of future rental payments on their statement of financial position for all leases with a term greater than one year. The new guidance also requires enhanced disclosures for both lessees and lessors and is effective for the Foundation on July 1, 2022. The Foundation elected the relief package of practical expedients of which there is no requirement to reassess the existence of leases, their classification and initial direct costs. As of June 30, 2023, implementation of this standard did not have a significant impact on the Foundation's financial statements.

NOTE 3: INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
 - If the asset or liability has a specified (contractual)

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University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 3: INVESTMENTS (Continued)

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------|
| Investments (Continued) | | | | |
| Equity securities | | | | |
| Consumer discretionary | \$ 772,406 | \$ 772,406 | \$ | \$ |
| Consumer staples | 333,870 | 333,870 | \$ | \$ |
| Energy | 596,908 | 596,908 | \$ | \$ |
| Financial services | 2,359,374 | 2,359,374 | \$ | \$ |
| Health care | 1,455,520 | 1,455,520 | \$ | \$ |
| Industrials | 846,507 | 846,507 | \$ | \$ |
| Information technology | 1,975,799 | 1,975,799 | \$ | \$ |
| Materials | 111,139 | 111,139 | \$ | \$ |
| Real estate | 363,080 | 363,080 | \$ | \$ |
| Restaurants | 138,993 | 138,993 | \$ | \$ |
| Telecommunication services | 557,457 | 557,457 | \$ | \$ |
| Utilities | 75,034 | 75,034 | \$ | \$ |
| Total equity securities | <u>9,586,087</u> | <u>9,586,087</u> | \$ | \$ |
| U.S. Treasury obligations | 15,225,975 | \$ | 15,225,975 | \$ |
| U.S. Government bonds | 111,949 | \$ | 111,949 | \$ |
| Government sponsored entity obligations | 1,818,465 | \$ | 1,818,465 | \$ |
| Municipal bond | 343,959 | \$ | 343,959 | \$ |
| Corporate bonds | 910,278 | \$ | 910,278 | \$ |
| | <u>\$ 71,582,545</u> | <u>\$ 53,171,919</u> | <u>\$ 18,410,626</u> | <u>\$</u> |

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Notes to Financial Statements June 30, 2023 and 2022

NOTE 4: CONTRIBUTIONS RECEIVABLE, NET (Continued)

Contributions receivable at June 30 are expected to be collected as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------|---------------------|---------------------|
| Amounts due in: | | |
| Less than one year | \$ 5,176,105 | \$ 4,224,072 |
| One to five years | 2,596,792 | 5,285,396 |
| Thereafter | 23,214 | 209,714 |
| | <u>\$ 7,796,111</u> | <u>\$ 9,719,182</u> |

Contributions receivable which are scheduled to be received after one year are reported at the present value of estimated future cash flows using a discount rate of five percent.

NOTE 5: PROPERTY AND

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NOTE 6: LONG TERM DEBT (Continued)

Debt issuance costs totaling approximately \$8,700 is amortized over the life of the related obligation using the straight line method, which approximates the effective ap5190Te

University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 8: ENDOWMENTS (Continued)

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the donor restricted endowment, the original value of subsequent gifts to the donor restricted endowment and accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that will be released from restriction remains in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various the expofthedonorrestrictedendowment

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NOTE 8:

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NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.