

**THE UNIVERSITY OF RHODE ISLAND
FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island)
AND AFFILIATE**

Consolidating Financial Statements

Year Ended June 30, 2025

(With Independent Auditors' Report Thereon)

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island) AND AFFILIATE**

CONSOLIDATING FINANCIAL STATEMENTS

Year Ended June 30, 2025

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATING FINANCIAL STATEMENTS:	
Consolidating Statements of Financial Position (With Comparative Totals at June 30, 2024*)	4
Consolidating Statements of Activities (With Comparative Totals for the Year Ended June 30, 2024*)	5
Consolidating Statements of Cash Flows (With Comparative Totals for the Year Ended June 30, 2024*)	6
Consolidating Statements of Functional Expenses (With Comparative Totals for the Year Ended June 30, 2024*)	7
Notes to the Consolidating Financial Statements	8
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATING FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	28

*Comparative totals at and for the year ended June 30, 2024 consist solely of balances and activity for The University of Rhode Island Foundation & Alumni Engagement.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The University of Rhode Island Foundation & Alumni Engagement and Affiliate:

Opinion

We have audited the accompanying consolidating financial statements of The University of Rhode Island Foundation & Alumni Engagement (a not-for-profit organization) (a component unit of the University of Rhode Island) (the Foundation) and Affiliate (collectively, the Organization), which comprise the consolidating statements of financial position as of June 30, 2025, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the individual and consolidated financial positions of The University of Rhode Island Foundation & Alumni Engagement and Affiliate as of June 30, 2025, and the changes in their net assets 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidating financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 Organization'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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kahn, Litwin, Renya & Co, Ltd.

September 25, 2025

THE UNIVERSITY OF RHODE ISLAND FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island) AND AFFILIATE
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
June 30, 2025



(With Comparative Totals for The University of Rhode Island Foundation & Alumni Engagement at June 30, 2024)

	2025			2024	
	The University of Rhode Island Foundation and Alumni Engagement	42 Upper College Road, LLC	Eliminations	Consolidated Total	Total
Assets					
Cash and cash equivalents	\$ 24,968,490	\$ -	\$ -	\$ 24,968,490	\$ 24,156,857
Accounts receivable	395,975	3,425	-	399,400	488,185
Prepaid expenses and other assets	399,348	46,250	-	445,598	268,370
Pledges receivable, net (Note 4)	71,254,802	-	-	71,254,802	10,765,865
Due from 42 Upper College Road, LLC	682,094	-	(682,094)	-	-
Investments, at fair value	314,394,911	-	-	314,394,911	282,622,782
Restricted cash	-	634,306	-	634,306	-
Building, equipment, furniture and fixtures, net	1,562,265	-	-	1,562,265	1,628,796
Intangible assets, net	55,455	-	-	55,455	78,401
Total Assets	\$ 413,713,340	\$ 683,981	\$ (682,094)	\$ 413,715,227	\$ 320,009,256
Liabilities and Net Assets (Accumulated Deficit)					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,066,611	\$ 2,639	\$ -	\$ 1,069,250	\$ 1,478,965
Due to URIFAE	-	682,094	(682,094)	-	-
Due to URI	5,202,031	-	-	5,202,031	2,829,296
Gift annuity payable	1,640,627	-	-	1,640,627	1,489,352
Due to URI Research Foundation	1,032,005	-	-	1,032,005	956,181
Total liabilities	8,941,274	684,733	(682,094)	8,943,913	6,753,794
Net Assets (Accumulated Deficit):					
Without donor restrictions:					
Available for operations	9,362,453	(752)	-	9,361,701	7,346,956
Board designated for endowments	5,209,450	-	-	5,209,450	5,209,305
Appreciation on board designated endowments	1,495,921	-	-	1,495,921	1,011,291
Total net assets (accumulated deficit) without donor restrictions	16,067,824	(752)	-	16,067,072	13,567,552
With donor restrictions:					
Restricted by purpose:					
Available for University support	50,216,780	-	-	50,216,780	48,100,985
Funds acting as endowments	58,769,261	-	-	58,769,261	57,869,633
Appreciation on endowments	73,369,781	-	-	73,369,781	54,591,769
Total net assets with donor restrictions by purpose	182,355,822	-	-	182,355,822	160,562,387
Restricted in perpetuity	206,348,420	-	-	206,348,420	139,125,523
Total net assets with donor restrictions	388,704,242	-	-	388,704,242	299,687,910
Total net assets (accumulated deficit)	404,772,066	(752)	-	404,771,314	313,255,462
Total Liabilities and Net Assets (Accumulated Deficit)	\$ 413,713,340	\$ 683,981	\$ (682,094)	\$ 413,715,227	\$ 320,009,256

THE UNIVERSITY OF RHODE ISLAND FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island) AND AFFILIATE
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended June 30, 2025



(With Comparative Totals for The University of Rhode Island Foundation & Alumni Engagement for the Year Ended June 30, 2024)

	2025			2024	
	The University of Rhode Island Foundation and Alumni Engagement	42 Upper College Road, LLC	Eliminations	Consolidated Total	Total
Change in Net Assets Without Donor Restrictions					
Support and Revenue:					
Support:					
Contributions	\$ 580,755	\$ -	\$ -	\$ 580,755	\$ 653,949
Miscellaneous receipts	653,861	-	-	653,861	443,862
URI development reimbursements	7,103,000	-	-	7,103,000	7,085,813
Contributed nonfinancial assets	480,031	-	-	480,031	568,182
Net assets released from restrictions	21,670,421	-	-	21,670,421	20,522,902
Total support	30,488,068	-	-	30,488,068	29,274,708
Revenue:					
Net gain on non-endowed investments	3,041,258	-	-	3,041,258	2,620,547
Net gain on endowment investments	484,630	-	-	484,630	404,913
Total revenue	3,525,888	-	-	3,525,888	3,025,460
Total support and revenue	34,013,956	-	-	34,013,956	32,300,168
Expenses:					
Program:					
Contributions to University of Rhode Island	18,711,547	-	-	18,711,547	17,758,493
Total program expenses	18,711,547	-	-	18,711,547	17,758,493
Other expenses and transfer:					
Foundation management expenses	2,786,090	-	-	2,786,090	2,750,169
Alumni engagement expenses	1,542,662	-	-	1,542,662	1,894,645
Fundraising expenses	8,251,124	-	-	8,251,124	8,112,050
Depreciation and amortization expense	146,438	-	-	146,438	138,678
Transfer to URI Research Foundation	75,823	-	-	75,823	62,519
42 Upper College Road management expenses	-	752	-	752	-
Total other expenses	12,802,137	752	-	12,802,889	12,958,061
Total expenses	31,513,684	752	-	31,514,436	30,716,554
Change in net assets without donor restrictions	2,500,272	(752)	-	2,499,520	1,583,614
Change in Net Assets With Donor Restrictions					
Support and Revenue:					
Support:					
Contributions	80,723,346	-	-	80,723,346	23,232,243
Miscellaneous receipts	648,886	-	-	648,886	632,251
Net assets released from restrictions	(21,670,421)	-	-	(21,670,421)	(20,522,902)
Total support	59,701,811	-	-	59,701,811	3,341,592
Revenue:					
Net gain on endowment investments	29,329,437	-	-	29,329,437	25,276,221
Net change in annuity investments	(14,916)	-	-	(14,916)	(145,289)
Gain on charitable remainder unitrusts	-	-	-	-	6,041
Total revenue	29,314,521	-	-	29,314,521	25,136,973
Total support and revenue	89,016,332	-	-	89,016,332	28,478,565
Change in net assets with donor restrictions	89,016,332	-	-	89,016,332	28,478,565
Change in Net Assets	91,516,604	(752)	-	91,515,852	30,062,179
Net Assets, beginning of year	313,255,462	-	-	313,255,462	283,193,283
Net Assets (Accumulated Deficit), end of year	\$ 404,772,066	\$ (752)	\$ -	\$ 404,771,314	\$ 313,255,462

THE UNIVERSITY OF RHODE ISLAND FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island) AND AFFILIATE
CONSOLIDATING STATEMENTS OF CASH FLOWS



Year Ended June 30, 2025

(With Comparative Totals for The University of Rhode Island Foundation & Alumni Engagement for the Year Ended June 30, 2024)

	2025			2024	
	The University of Rhode Island Foundation and Alumni Engagement	42 Upper College Road, LLC	Eliminations	Consolidated Total	Total
Cash Flows from Operating Activities:					
Change in net assets	\$ 91,516,604	\$ (752)	\$ -	\$ 91,515,852	\$ 30,062,179
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation and amortization expense	146,438	-	-	146,438	138,678
Net realized and unrealized gain on investments	(30,615,235)	-	-	(30,615,235)	(25,955,862)
Net realized and unrealized gain on charitable remainder unitrusts	-	-	-	-	(6,041)
Contributions received from charitable remainder unitrusts	-	-	-	-	190,813
Contributions restricted by donor in perpetuity	(67,222,897)	-	-	(67,222,897)	(6,347,191)
Changes in operating assets and liabilities:					
Accounts receivable	92,210	(3,425)	-	88,785	29,528
Prepaid expenses and other assets	(130,978)	(46,250)	-	(177,228)	24,872
Pledges receivable restricted by donor with purpose	1,214,938	-	-	1,214,938	92,060
Due from 42 Upper College Road, LLC	(682,094)	-	682,094	-	-
Accounts payable and accrued expenses	(412,354)	2,639	-	(409,715)	317,335
Due to URIFAE	-	682,094	(682,094)	-	-
Due to URI	2,372,735	-	-	2,372,735	(2,553,953)
Gift annuity payable	151,275	-	-	151,275	245,731
Due to URI Research Foundation	75,824	-	-	75,824	62,518
Net cash provided (used) by operating activities	(3,493,534)	634,306	-	(2,859,228)	(3,699,333)
Cash Flows from Investing Activities:					
Purchases of property, equipment, furniture and fixtures	(56,961)	(616,874)	-	(673,835)	-
Proceeds from sale of property	-	616,874	-	616,874	-
Proceeds from investments sold	26,979,779	-	-	26,979,779	25,711,086
Purchases of investments	(28,136,673)	-	-	(28,136,673)	(27,354,312)
Net cash used by investing activities	(1,213,855)	-	-	(1,213,855)	(1,643,226)
Cash Flows from Financing Activities:					
Contributions restricted by donor in perpetuity	67,222,897	-	-	67,222,897	6,347,191
Change in pledges receivable restricted by donor in perpetuity	(61,703,875)	-	-	(61,703,875)	1,075,376
Net cash provided by financing activities	5,519,022	-	-	5,519,022	7,422,567
Net Increase in Cash and Cash Equivalents and Restricted Cash	811,633	634,306	-	1,445,939	2,080,008
Cash and Cash Equivalents and Restricted Cash, beginning of year	24,156,857	-	-	24,156,857	22,076,849
Cash and Cash Equivalents and Restricted Cash, end of year	\$ 24,968,490	\$ 634,306	\$ -	\$ 25,602,796	\$ 24,156,857
Supplemental Cash Flow Information:					
Purchases of equipment, furniture and fixtures included in accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 49,915

THE UNIVERSITY OF RHODE ISLAND FOUNDATION & ALUMNI ENGAGEMENT
(A Component Unit of the University of Rhode Island) AND AFFILIATE
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025



(With Comparative Totals for The University of Rhode Island Foundation & Alumni Engagement for the Year Ended June 30, 2024)

	2025						2024	
	The University of Rhode Island Foundation & Alumni Engagement				42 Upper		Consolidated	
	Program	Foundation	Alumni	Fundraising	College Road,	Eliminations	Total	Total
	Expenses	Management	Engagement		LLC			
Contributions to University of Rhode Island	\$ 18,711,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,711,547	\$ 17,758,493
Payroll and benefits	-	1,793,802	1,117,640	6,901,462	-	-	9,812,904	9,589,037
Donor cultivation activities	-	23,703	228,229	482,369	-	-	734,301	746,698
Building occupancy and maintenance	-	115,526	82,000	37,135	-	-	234,661	295,134
Professional services	-	625,241	14,501	407,439	68	-	1,047,249	1,236,062
Office expenses	-	162,337	79,794	92,364	684	-	335,179	329,834
Dues and subscriptions	-	41,915	19,556	320,295	-	-	381,766	398,488
Sponsorship and event support	-	23,566	942	10,060	-	-	34,568	161,611
Total Expenses, exclusive of depreciation, amortization and transfer to URI Research Foundation	\$ 18,711,547	\$ 2,786,090	\$ 1,542,662	\$ 8,251,124	\$ 752	\$ -	\$ 31,292,175	\$ 30,515,357

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

1. Nature of Operations

The University of Rhode Island Foundation (the Foundation) was created in 1957 to serve as an independent charitable corporation for the purpose of soliciting support from private sources through fundraising activities for the University of Rhode Island (URI or the University) and is responsible for managing and administering assets donated to the URI Foundation for the use and benefit of the University.

Effective July 1, 2019, the URI Foundation merged with the University of Rhode Island Alumni Association (the Alumni Association). The University of Rhode Island Foundation, the surviving entity of the merger, changed its name to The University of Rhode Island Foundation & Alumni Engagement (URIFAE) (the Foundation), to better reflect the combined activities of the new organization.

Effective August 30, 2024, the Foundation filed articles of organization with the Rhode Island Secretary of State's Office to establish 42 Upper College Road, LLC (the LLC). The purpose of the LLC is to acquire real estate on behalf of the University.

The Foundation and the LLC, while legally distinct entities, are collectively referred to as "the Organization" throughout these consolidating financial statements for the purpose of clarity and consistency. The Organization's consolidating financial statements are included in the financial statements of the University.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's consolidating financial statements. The consolidating financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the consolidating financial statements.

Principles of Consolidation

In accordance with GAAP, these consolidating financial statements include the accounts of the Foundation and the LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization prepares its consolidating financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



Net Assets without Donor Restrictions (Notes 9 & 10)

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets with Donor Restrictions (Notes 9 & 10)

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Other imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidating statements of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of funds which are designated to purchase property through the LLC.

Accounts Receivable

The Organization carries its accounts receivable at net realizable value. Accounts receivable are stated at the amount management expects to collect from outstanding balances. At June 30, 2025, principally all of the Foundation's accounts receivable consists of a loan to URI Athletics (see Note 13). Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. As of June 30, 2025, no allowance for credit losses was reported against the Organization's accounts receivable as the Organization determined it to be nominal in amount. The Organization does not accrue interest on past-due or long-term receivables.

Pledges Receivable

Unconditional promises to give (pledges receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The Foundation uses the allowance method to reflect uncollectible promises to give. The allowance is based on prior years' collection experience and management's analysis of the specific promises to give at the end of the year. As of June 30, 2025, the Foundation had an allowance for doubtful accounts of approximately \$3,373,000 for unconditional promises to give.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidating statements of financial position.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Interest and dividends, net of investment consulting and management fees, are reported as investment income.

Building, Equipment, Furniture and Fixtures

Building and improvements, equipment, furniture, and fixtures are recorded at cost except for donated property and equipment, which is capitalized at its fair value at the date of donation. Renewals and betterments in excess of \$5,000 that materially extend the life of the assets are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Building and building improvements	39 years
Furniture and fixtures	7-10 years
Equipment	5-7 years

Intangible Assets

Intangible assets consist of website development costs. The Foundation capitalizes certain website development costs in connection with developing the interface. These costs include contracted fees paid to a third party for the development. Capitalized website development costs are amortized on a straight-line basis over five years, based on the estimated useful life of the interface.

Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are considered to be available for general operating purposes unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value on the date of the gift. Contributions of equity securities are converted to cash in a timely manner, in order to avoid any market fluctuations.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



Miscellaneous receipts are recorded when received.

URI development reimbursements are recognized in accordance with the service agreement between the Foundation and the University of Rhode Island, which outlines support for development-related activities.

Contributed nonfinancial assets are recorded at their fair values in the period received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit and market risk are cash and cash equivalents, receivables and investments. The Foundation maintains its cash accounts in several financial institutions. The LLC maintains its cash account in one financial institution. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation's and the LLC's cash balances exceed this limit at June 30, 2025. Cash balances in excess of \$250,000 are generally uninsured. Management is aware of this potential loss exposure and has adopted a practice of depositing funds only with highly capitalized financial institutions and utilizing guaranteed U.S. treasury-backed sweep accounts for additional protection.

Concentration of credit risk with respect to pledges receivable is generally limited due to the large number of donors comprising the Foundation's donor base and their dispersion across different geographic areas. However, as of June 30, 2025, approximately 82% of the Foundation's pledges receivable was the result of a large bequest (Note 4).

Investments in securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the consolidating financial statements. At year end, management does not believe that significant concentrations of market risk exist as the Foundation's investment portfolio is highly diversified (Note 5).

Income Tax Status

The Foundation is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Foundation operates in a manner consistent with its tax-exempt status at both the state and federal levels.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The Foundation annually files IRS Form 990, *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. The Foundation also annually files IRS Form 990-T, *Exempt Organization Business Income Tax Return*, for all of its foreign investment disclosure requirements.

For federal income tax purposes, the LLC is a disregarded entity, and the results of its operations are reported in the Form 990 of the Foundation, its sole member. For Rhode Island corporate income tax purposes, the LLC files a corporate income tax return and is subject to the annual Rhode Island minimum corporate franchise tax.

These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. There are no tax examinations in progress for either entity.

Estimates and Assumptions

The preparation of consolidating financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the consolidating statements of activities. Accordingly, certain costs have been allocated in a systematic and rational manner among the programs and supporting services benefited based on management's estimates. Expenses are categorized as program services and management and general on a direct identification basis where practical and on a percentage allocation basis based on management's judgment.

Summarized Financial Information

The accompanying consolidating financial statements include certain prior year summarized comparative information in total for the Foundation but not by net asset classification and without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements and related notes to the financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

3. Liquidity and Availability

Financial assets available for program and general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidating statements of financial position date, comprise the following:

Financial assets:

Cash and cash equivalents	\$ 24,968,490
Accounts receivable	399,400
Pledges receivable, net	71,254,802
Investments	<u>314,394,911</u>
Financial assets at June 30, 2025	<u>411,017,603</u>

Less those unavailable for general expenditure within one year, due to:

Time restrictions (Note 13)	345,912
Available for University support	50,216,780
Investments in board designated endowments and accumulated appreciation	6,705,371
Funds acting as endowments	58,769,261
Appreciation on endowments	73,369,781
Restricted in perpetuity	<u>206,348,420</u>
	<u>395,755,525</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 15,262,078

In addition, the Organization manages its liquidity through a robust cash and investment process that serves to provide sufficient funds for program and general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is monitored monthly and adjustments are made as needed to ensure adequate liquidity.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

4. Pledges Receivable

Promised contributions are due as follows:

Within one year	\$ 68,528,672
One to five years	6,407,941
Five to seven years	<u>500,000</u>
	75,436,613
Less: allowance for uncollectible pledges	3,373,457
Less: present value component	<u>808,354</u>
 Pledges receivable, net	 <u><u>\$ 71,254,802</u></u>

The present value of pledges receivable has been calculated using an interest rate of 3.98%, which approximates the Federal Reserve seven-year Treasury bill rate.

Promised contributions as of June 30, 2025 have been restricted for the following purposes:

Donor restricted by purpose	\$ 7,505,772
Donor restricted in perpetuity	<u>63,749,030</u>
 Total pledges receivable, net	 <u><u>\$ 71,254,802</u></u>

Pledges receivable due within one year includes approximately \$61,631,800 resulting from a large bequest for the University which will be remitted to the Foundation.

5. Investments and Fair Value Measurements

Authoritative guidance relating to fair value establishes a framework for measuring fair value and a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable and significant to the fair value measurement. The unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The Foundation reports investments at fair value on a recurring basis. These investments are classified as levels 1 and 2, respectively, within the fair value hierarchy, as follows:

Level 1 investments owned by the Foundation and listed on a national securities exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Level 2 investment values are determined by obtaining non-binding market prices from the Foundation's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded. Certain level 2 investments are redeemable at the net asset value (NAV) reported by the portfolio managers; therefore, NAV was employed to estimate fair value.

The Foundation's interests in alternative investment funds are generally reported at net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. As of June 30, 2025, the Foundation had no plans or intentions to sell investments at amounts that differ from NAV.

The Foundation reports the investments' net realized and unrealized gains and losses, net of related expenses, at each reporting date in the Foundation's consolidating statements of activities in the appropriate net asset category. Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The following table summarizes the Foundation's investments as of June 30, 2025, aggregated by the fair value hierarchy level (if applicable) within which those measurements were made:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Total assets in the fair value hierarchy	\$ 15,696,627	\$ 102,563,642	\$ 118,260,269
Measured at NAV			196,134,642
Total investments at fair value			<u>\$ 314,394,911</u>

The cost and fair values of investments at June 30, 2025 consist of the following:

	Cost	Fair Value	Gross Unrealized Gains (Losses)
<u>Level 1</u>			
Common stock:			
U.S. Holdings	\$ 1,315,629	\$ 2,119,568	\$ 803,939
U.S. Equity Securities	2,802,791	3,098,253	295,462
Foreign Equity Securities	8,742,524	10,478,806	1,736,282
	11,545,315	13,577,059	2,031,744
Total level 1	12,860,944	15,696,627	2,835,683
<u>Level 2</u>			
Fixed Income:			
U.S. Treasuries	32,288,272	31,573,791	(714,481)
U.S. Corporate	23,095,486	22,999,453	(96,033)
Foreign	5,312,338	5,255,723	(56,615)
Multi-Strategy/Other	13,356,843	11,973,269	(1,383,574)
	74,052,939	71,802,236	(2,250,703)

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



Level 2 (continued)

Equity Securities:

Domestic Equity Funds	7,298,506	11,340,293	4,041,787
Foreign Equity Funds	15,211,001	19,319,025	4,108,024
	<u>22,509,507</u>	<u>30,659,318</u>	<u>8,149,811</u>

Real Assets	<u>101,726</u>	<u>102,088</u>	<u>362</u>
-------------	----------------	----------------	------------

Total level 2	<u>96,664,172</u>	<u>102,563,642</u>	<u>5,899,470</u>
---------------	-------------------	--------------------	------------------

Total in fair value hierarchy	<u>109,525,116</u>	<u>118,260,269</u>	<u>8,735,153</u>
-------------------------------	--------------------	--------------------	------------------

Measured at NAV

Domestic Equity Funds	34,590,006	74,444,111	39,854,105
Foreign Equity Funds	22,130,934	32,092,360	9,961,426
Private Equity/Venture Capital Funds	25,263,729	31,751,077	6,487,348
Hedge Funds	<u>38,601,700</u>	<u>57,847,094</u>	<u>19,245,394</u>

Total measured at NAV	<u>120,586,369</u>	<u>196,134,642</u>	<u>75,584,273</u>
-----------------------	--------------------	--------------------	-------------------

Total investments	<u>\$ 230,111,485</u>	<u>\$ 314,394,911</u>	<u>\$ 84,283,426</u>
-------------------	-----------------------	-----------------------	----------------------

Authoritative guidance requires that any NAV-measured investment excluded from the fair value hierarchy table be summarized as an adjustment to the table so that total investments can be reconciled to the consolidating statements of financial position.

Total net investment income for the year ended June 30, 2025 consisted of:

Interest and dividends	\$ 5,063,106
Net gain on sale of investments	16,555,646
Net unrealized gain on investments	14,059,589
Annuity payments	(405,480)
Investment consulting and management fees	<u>(2,432,452)</u>
Total net investment income	<u>\$ 32,840,409</u>

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The Foundation's investment portfolio is managed pursuant to investment guidelines established and approved by the Foundation's investment committee. Cambridge Associates provides investment advisory services to the Foundation in collaboration with the investment committee, supporting the oversight and strategic management of the investment portfolio. The investment portfolio includes alternative investments, which consist of interest in various funds that are managed externally by individual domestic and offshore investment managers who trade and invest in various assets, including equities, bonds, options, swaps and equity derivatives, real estate, commodities and distressed debt. These funds invest globally in companies that may or may not be publicly traded.

As of June 30, 2025, the estimated value of certain alternative investments is based on unaudited information provided by the external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Certain alternative investments have limited liquidity with lock-up periods allowing withdrawals daily, monthly, quarterly, or semi-annually with 0 to 95 days prior notice required, as defined in the agreements. Certain managers of the Foundation's investment reserve rights to alter lock-up periods with notice to the Foundation. If the Foundation were to initiate a redemption of certain investments within each investment strategy, the investment advisor reserves the right to temporarily delay withdrawal from the fund in order to ensure that securities liquidations will be carried out in an orderly business manner.

A summary of the significant categories of investments utilizing the NAV practical expedient and their attributes at June 30, 2025 is as follows:

<u>Asset Class</u>	<u>Investment</u>	<u>Fair Value Determined Using NAV</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Domestic Equities	U.S. Equity Funds	\$ 74,444,111	Bi-monthly - Annually	1-60 Days
Foreign Equities	Foreign Equity Funds	32,092,360	Bi-monthly - Annually	1-60 Days
Private Equity	Venture Capital and Growth-Related Private Equity Funds	31,751,077	None	None
Hedge Funds	Hedge Funds	<u>57,847,094</u>	Monthly - 3 Years	5-95 Days
Total		<u><u>\$ 196,134,642</u></u>		

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

Descriptions follow for each of the investments set forth in the table above:

U.S. Equity Funds

The Foundation's investments include interests in two commingled funds. These funds hold positions of publicly traded United States based common equities.

Foreign Equity Funds

The Foundation's investments include interests in three commingled funds that hold stock in publicly traded foreign market equities.

Private Equity/Venture Capital Funds

The Foundation's investments include interests in twenty-eight venture capital and growth-related private equity funds, direct investments into start-up and development stage companies, and all activity related thereto. These investments require an initial capital commitment but are funded over time with ongoing capital calls (unfixed intervals) that typically take several years to fulfill. Unfunded commitments as of June 30, 2025 are approximately \$24,754,200.

Hedge Funds

The Foundation's investments include interests in thirteen hedge funds which invest in a variety of assets with complex portfolio construction.

6. Building, Equipment, Furniture and Fixtures

Building, equipment, furniture and fixtures consisted of the following:

Building and building improvements	\$ 3,000,703
Equipment, furniture and fixtures	468,881
	3,469,584
Less accumulated depreciation	1,907,319
	1,562,265
Building, equipment, furniture and fixtures, net	<u><u>\$ 1,562,265</u></u>

Depreciation expense for the year ended June 30, 2025 was approximately \$123,500.

7. Intangible Assets

Intangible assets consisted of the following:

Website development costs	\$ 114,732
Less accumulated amortization	59,277
	55,455
Intangible assets, net	<u><u>\$ 55,455</u></u>

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



Amortization expense for the year ended June 30, 2025 was approximately \$22,900.

8. Funds Held in Annuities

Included in investments are annuities with a fair value of approximately \$3,480,700, of which the University is the beneficiary. The earnings on these annuities are distributed to the annuitants in accordance with the respective annuities' payment terms, as stated in the agreements. The gift annuity payable is approximately \$1,640,600 at June 30, 2025, which will be disbursed over the annuitants' and/or designated beneficiaries' lifetimes.

9. Net Assets with Donor Restrictions by Purpose

Net assets with donor restrictions by purpose consist of funds for general program needs and restricted endowments, which include appreciation and inflation (Note 10). These assets are held by the Foundation on behalf of the University with the following donor-imposed restrictions:

	Available for University Support	Funds Acting as Endowments	Appreciation on Endowments	Total
Academic support	\$ 12,325,075	\$ 47,639,829	\$ 16,430,085	\$ 76,394,989
Administrative and other purposes	1,228,315	-	1,014,549	2,242,864
Athletics	3,135,318	-	1,514,518	4,649,836
Buildings and equipment	16,462,489	1,135,750	1,288,489	18,886,728
Faculty chairs	2,210,904	-	9,390,361	11,601,265
Library	2,423,631	-	2,174,465	4,598,096
Outreach programs	2,231,765	12,399	2,167,229	4,411,393
Research support	3,964,628	713,887	946,941	5,625,456
Scholarships, fellowships and awards	5,933,032	9,262,821	37,729,564	52,925,417
Visiting lecturers	301,623	4,575	713,580	1,019,778
Total donor restricted by purpose	<u>\$ 50,216,780</u>	<u>\$ 58,769,261</u>	<u>\$ 73,369,781</u>	<u>\$ 182,355,822</u>

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

10. Endowment

The endowments primarily include donor-restricted endowment funds, but also include a portion of funds designated by the Foundation's Board to function as an endowment.

Rhode Island UPMIFA requires prudent management of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The net assets are classified with donor restrictions; restricted in perpetuity a) the original value of gifts donated to the permanent endowments, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the Board and/or applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions; restricted in perpetuity is classified within net assets with donor restrictions by purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence by Rhode Island UPMIFA.

In accordance with Rhode Island 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 Endowment Fund,
- The purposes of the Foundation and the Endowment Fund,
- General economic conditions,
- The possible effect of inflation or deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Foundation, and
- The investment policy of the Foundation.

The endowment of the Foundation is composed of four separately held and invested components: a General Endowment Fund, an endowment for the College of Pharmacy and two donor-restricted funds. The two donor-restricted endowment funds are to provide STEM scholarships through the University's Enrollment Services and to benefit the Osher Lifelong Learning Institute at the University.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**



The General Endowment Fund (GEF) is made up of over 1,200 individually named endowment funds pooled together for investment purposes. The mechanics of the GEF are similar to those of mutual funds. Each individual named endowment purchases and owns units in the pool based on the gift value and the unit value on the date the gift is received. As each month ends, the market value of the GEF determines the new unit value. The GEF holds the vast majority of gifts received by the Foundation through the years with a historic dollar value and fair value at June 30, 2025 of approximately \$186,976,200 and \$258,621,700, respectively.

The endowment for the College of Pharmacy was established by the General Assembly of the State of Rhode Island at its January session in 1958 and approved on May 9, 1958 with a historic dollar value and fair value at June 30, 2025 of approximately \$149,100 and \$1,363,600, respectively.

At June 30, 2025, the two donor-restricted endowment funds held in separate financial institutions have historic dollar values of approximately \$6,400,000 and \$1,688,300 and fair values of approximately \$7,363,200 and \$3,098,300, respectively.

The Foundation adopted an investment policy for endowments with a long-term investment objective to maintain and grow its purchasing power through earnings, net of fees, with average annual compound returns equal to or greater than the spending rate plus inflation of the endowment assets.

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 Rhode Island UPMIFA requires the Foundation to retain as a fund of perpetual donation (underwater endowments). The Foundation has interpreted Rhode Island UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies at June 30, 2025.

The Foundation's spending rate for the fiscal year ended June 30, 2025 was 5.05%, calculated on a prior 12-quarter rolling average market value of the investment portfolio. The spending rate will be 5.05% for the fiscal year ending June 30, 2026. These rates incorporate both the University distribution and the Foundation's advancement fee.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

Endowment Net Asset Composition by Type of Fund as of June 30, 2025

	Without Donor Restrictions, Including Appreciation	Donor Restricted by Purpose*	Restricted in Perpetuity	Total
Scholarships, fellowships and prizes	\$ -	\$ 46,992,385	\$ 149,238,568	\$ 196,230,953
Academic support	-	64,069,914	21,252,143	85,322,057
Board designated	6,705,371	-	-	6,705,371
Research support	-	1,660,828	740,490	2,401,318
Faculty chairs	-	9,390,361	20,187,973	29,578,334
Library	-	2,174,465	3,249,751	5,424,216
Buildings and equipment	-	2,424,239	1,181,306	3,605,545
Outreach programs	-	2,179,628	4,705,795	6,885,423
Athletics	-	1,514,518	2,638,143	4,152,661
Administrative	-	649,131	1,135,863	1,784,994
Visiting lecturers	-	718,155	1,370,613	2,088,768
Other	-	365,418	647,775	1,013,193
Total	<u>\$ 6,705,371</u>	<u>\$ 132,139,042</u>	<u>\$ 206,348,420</u>	<u>\$ 345,192,833</u>

*Funds acting as endowments, including appreciation

Changes in Endowment Net Assets for the Year Ended June 30, 2025

	Without Donor Restrictions	Donor Restricted by Purpose	Restricted in Perpetuity	Total
Endowment net assets, July 1, 2024	\$ 6,220,596	\$ 112,461,402	\$ 139,125,523	\$ 257,807,521
Investment return:				
Net appreciation	484,645	29,329,006	-	29,813,651
Contributions	130	975,452	68,562,322	69,537,904
Appropriations	-	(10,626,818)	(1,339,425)	(11,966,243)
Endowment net assets, June 30, 2025	<u>\$ 6,705,371</u>	<u>\$ 132,139,042</u>	<u>\$ 206,348,420</u>	<u>\$ 345,192,833</u>

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

11. Miscellaneous Receipts

Miscellaneous receipts for the year ended June 30, 2025 consisted of funds received for activities across University departments totaling approximately \$1,302,700.

12. Retirement Plans

The Foundation maintains The University of Rhode Island Foundation and Alumni Engagement Defined Contribution Retirement Plan under Section 403(b) of the Internal Revenue Code. The Plan requires contributions of 5% of eligible employees' compensation with matching contributions of 9% by the Organization. Total contributions by the Foundation under the Plan were approximately \$622,200 for the year ended June 30, 2025, which is included in foundation management expenses in the accompanying consolidating statements of activities.

Effective January 1, 2019, the Foundation adopted the University of Rhode Island Foundation 457(b) Plan under Section 457(b) of the Internal Revenue Code of 1986. The approximate amount of employee deferrals for the year ended June 30, 2025 was \$4,600. The Foundation contributed approximately \$4,100 during the year ended June 30, 2025.

13. Commitments and Contingencies

Operating Leases

The Foundation leases two copy machines under operating leases expiring through December 2025. Total approximate minimum operating lease payments for the year ending June 30, 2026 total \$800. Since the lease payments are not considered material, authoritative guidance relating to lease accounting has not been applied.

URI Research Foundation

The Foundation has served as the designated agent on behalf of the RI Board of Governors for Higher Education (RI BOG) (now referred to as the Council on Postsecondary Education) since January 21, 1982, to manage all patents and intellectual property for the University of Rhode Island. During the 2007 legislative session, the General Assembly for the State of Rhode Island enacted RI general laws § 16-32.1-1 and established the University of Rhode Island Research Foundation (URI Research Foundation) as a separate and distinct public corporation for the purposes of serving as the sole and exclusive agent of the RI BOG in managing all patents and intellectual property made available to the University of Rhode Island. The RI BOG subsequently confirmed this agency designation by adopting a formal resolution on January 28, 2008. During 2017, the Foundation and the URI Research Foundation met to determine the ownership and presentation of these assets.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

As a result, it has been determined that all funds currently held by the Foundation on behalf of the URI Research Foundation are the assets of the URI Research Foundation. The recognition of this obligation is reflected in the accompanying consolidating financial statements as a liability in the amount of approximately \$1,032,000. The Foundation continues to hold and invest the funds on behalf of the URI Research Foundation while remaining under obligation to make the funds available upon request. In addition, the Foundation entered into a Securities Account Control Agreement dated August 4, 2021 by and among the Organization, the URI Research Foundation and Bank Rhode Island in which the Foundation agreed to serve as a “Securities Intermediary” (as custodian of these funds) in the event of a default as part of a debt security interest granted by the URI Research Foundation to Bank Rhode Island.

Legal Proceedings

The Organization is from time to time subject to legal proceedings and claims that arise in the course of carrying out the Organization’s mission. In the opinion of management, the amount of ultimate liability with respect to actions outstanding as of June 30, 2025 will not have a material adverse effect on the Organization’s financial position or its results of operations.

Bridge Loan

On January 27, 2022, the Foundation’s Executive Committee voted to approve a \$500,000 bridge loan to assist URI Athletics in completing renovations for a new basketball training facility; the funds were disbursed in May 2023. The purpose of the loan is to expedite renovations by providing immediate cash flow in anticipation of future (new and existing) documented pledge payments which are expected to continue until June 30, 2026. At June 30, 2025, the total remaining balance of the bridge loan of \$345,912 is included in accounts receivable on the accompanying consolidating statements of financial position.

14. Related Party Agreements

Contributions to University of Rhode Island

The Foundation, at the direction of its donors, makes payments on behalf of or directly to the University. Such amounts are classified as Contributions to University of Rhode Island on the consolidating statements of activities. The primary sources of Foundation funds available to the University for immediate expenditure include charitable gifts, charitable grants and spending allocations from the accumulated investment earnings of individual endowment funds. The Foundation disbursed \$18,711,547 in support of the University in accordance with the donated purpose for the year ended June 30, 2025. Fluctuations in spending from year to year are driven by the current needs of the University. The Foundation has recorded a liability to the University of approximately \$5,202,000 for amounts due related to these contributions.

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

Lease Agreement

The Foundation has a ground lease agreement with the University for the land on which its facility is located. In January 2022, the University amended the lease, extending the term for an additional 10 years. The lease provides for annual payments of \$1 for 10 years ending February 2032. In addition, the University agrees to use its best efforts to grant the Foundation additional 10-year option periods. Upon termination of the lease, the University will retain all of its rights, title, interest and ownership of the facility. Due to the immaterial effect on the consolidating financial statements, the Foundation has not applied authoritative guidance related to lease accounting to this operating lease.

The Foundation rents additional office and storage space from the University under operating leases on a tenant-at-will basis. Approximately \$37,100 in lease expense for the space has been recorded in the accompanying consolidating statements of activities for the year ended June 30, 2025.

University Support

The University provides various services and other items to the Foundation, which are reported as contributed nonfinancial assets in the accompanying consolidating statements of activities with a corresponding expense. Such contributed nonfinancial assets are recorded at their estimated fair value, based on the values determined by the University on the date of donation.

A summary of amounts received from the University is as follows:

Personnel	\$ 197,772
Rent	82,000
Student help	70,382
Events	63,760
Computer supplies	36,643
Postage	12,580
Printing costs	7,792
Telephone	5,360
Office supplies and equipment	2,310
Repairs and maintenance	1,432
Total contributed nonfinancial assets	<u>\$ 480,031</u>

**THE UNIVERSITY OF RHODE ISLAND FOUNDATION &
ALUMNI ENGAGEMENT AND AFFILIATE
(A Component Unit of the University of Rhode Island)
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2025**

15. Subsequent Events

On July 30, 2025, the LLC acquired real estate located near the University's Kingston, RI campus for \$725,000. In addition, a Purchase and Sales Agreement was executed on April 2, 2025 to purchase a separate property for \$360,000 and the transaction is expected to close by September 30, 2025. During the year ended June 30, 2025, deposits of \$36,250 and \$10,000, respectively, were placed in escrow for the properties. The deposits are included in prepaid expenses and other assets in the accompanying consolidating statements of financial position.

During July 2025, the Foundation entered into five-year contractual agreements with Salesforce and Affinaquest to implement a new customer relationship management ("CRM") system, with the terms for both contracts ending July 30, 2030. The new CRM system is intended to replace the existing platform and enhance donor and alumni engagement capabilities. Subscription costs associated with these agreements will be recognized as material expenses beginning in the year ending June 30, 2026 and in subsequent years over the duration of the contracts.

Management has evaluated subsequent events through September 25, 2025, which is the date these consolidating financial statements were available to be issued.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
The University of Rhode Island Foundation & Alumni Engagement and Affiliate:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidating financial statements of The University of Rhode Island Foundation & Alumni Engagement (a component unit of the University of Rhode Island) and Affiliate (collectively, the Organization), which comprise the consolidating statements of financial position as of June 30, 2025, and the related consolidating statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated September 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidating financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (Continued)***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kahn, Litwin, Renya & Co, Ltd.

September 25, 2025