Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Portland State University Foundation

June 30, 2026, with Summarized
Comparative Information for 2025

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Table of Contents

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Statement of Financial Position	27

Report of Independent Auditors

The Board of Trustees
Portland State University Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Portland State University Foundation and its Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Portland State University Foundation and its Subsidiaries as of June 30, 2026, and the changes in their net assets and their 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 Portland State University Foundation and its Subsidiaries and to meet our other 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Portland State University Foundation and its Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Portland State University Foundation and its Subsidiaries' 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.

Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited Portland State University Foundation and its Subsidiaries' fiscal 2025 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Baker Tilly US, LLP

Portland, Oregon
October 29, 2026

Consolidated Financial Statements

Portland State University Foundation
Consolidated Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
ASSETS		
Cash and cash equivalents	$ 3,800,794	$ 7,329,104
Pledges, grants, and estates receivable, net	19,252,418	23,661,356
Rent and other receivables	74,891	45,100
Prepaid and other assets	792,217	672,836
Investments and split interest agreements	202,302,017	178,513,035
Property and equipment, net	13,137	30,107
Assets held-for-sale	1,895,282	1,743,871
Total assets	$ 228,130,756	$ 211,995,409
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,171,201	$ 1,769,905
Payable to Portland State University	1,705,664	1,962,491
Note payable	1,415,160	1,493,074
Obligations to beneficiaries of split-interest agreements	2,544,521	2,537,452
Endowments held for Portland State University	3,151,989	2,820,949
Total liabilities	9,988,535	10,583,871
NET ASSETS		
Without donor restrictions	15,928,743	15,606,034
With donor restrictions	202,213,478	185,805,504
Total net assets	218,142,221	201,411,538
Total liabilities and net assets	$ 228,130,756	$ 211,995,409

See accompanying notes.

Portland State University Foundation
Consolidated Statements of Activities
Year Ended June 30, 2026, with Summarized Comparative Information for 2025

	2026					
	Without Donor Restrictions					
	Foundation Operations	Real Estate Activities	Total	With Donor Restrictions	Total	2025
REVENUES						
Contributions and grants	$ 1,418,089	$ -	$ 1,418,089	$ 17,579,050	$ 18,997,139	$ 22,011,436
Special events	-	-	-	443,241	443,241	340,710
Portland State University contract revenue	6,522,763	-	6,522,763	-	6,522,763	6,502,936
Net investment return	2,353,034	-	2,353,034	20,184,291	22,537,325	14,813,107
Rental income	-	-	-	-	-	107,343
Adjustments and other income	1,875	-	1,875	309,963	311,838	(465,643)
Total operating revenues and gains	10,295,761	-	10,295,761	38,516,545	48,812,306	43,309,889
Net assets released from restrictions for operating purposes and other transfers	22,108,571	-	22,108,571	(22,108,571)	-	-
Total revenues, gains, and other transfers	32,404,332	-	32,404,332	16,407,974	48,812,306	43,309,889
UNIVERSITY SUPPORT AND EXPENSES						
Program services						
Scholarships and fellowships	6,054,042	-	6,054,042	-	6,054,042	4,337,337
Capital projects	3,177,540	-	3,177,540	-	3,177,540	3,376,322
Academic program support	10,690,207	-	10,690,207	-	10,690,207	10,509,005
Other university support	1,360,542	-	1,360,542	-	1,360,542	1,088,118
Corbett property operations	-	278,467	278,467	-	278,467	342,859
Total program services	21,282,331	278,467	21,560,798	-	21,560,798	19,653,641
SUPPORTING SERVICES						
Foundation fund-raising	6,571,305	-	6,571,305	-	6,571,305	6,163,214
Foundation administration	3,799,039	-	3,799,039	-	3,799,039	4,030,980
Special events services	150,481	-	150,481	-	150,481	149,768
Total supporting services	10,520,825	-	10,520,825	-	10,520,825	10,343,962
Total university support and other expenses	31,803,156	278,467	32,081,623	-	32,081,623	29,997,603
Change in net assets	601,176	(278,467)	322,709	16,407,974	16,730,683	13,312,286
Net assets at beginning of year	15,362,202	243,832	15,606,034	185,805,504	201,411,538	188,099,252
Net assets at end of year	$ 15,963,378	$ (34,635)	$ 15,928,743	$ 202,213,478	$ 218,142,221	$ 201,411,538

See accompanying notes.

Portland State University Foundation
Consolidated Statements of Functional Expenses
Year Ended June 30, 2026, with Summarized Comparative Information for 2025

	2026						
	Support Provided to Portland State University		Foundation Operations				
	Foundation Operations	Real Estate Activities	Fundraising	General and Administrative	Special Events	Total	2025
Scholarships and fellowships	$ 6,054,042	$ -	$ -	$ -	$ -	$ 6,054,042	$ 4,337,337
Capital projects	3,177,540	-	-	-	-	3,177,540	3,376,322
Academic program support	10,690,207	-	-	-	-	10,690,207	10,509,005
University administrative support	416,559	-	-	-	-	416,559	286,317
Corbett property operations	-	278,467	-	-	-	278,467	236,620
Wages and benefits	761,853	-	5,047,944	2,967,628	-	8,777,425	8,705,329
Professional, legal, and other fees	288	-	313,841	314,271	-	628,400	766,505
Events	-	-	73,327	111	150,481	223,919	231,118
Cultivation and marketing	162,113	-	507,746	101,313	-	771,172	384,041
Travel and professional development	8,139	-	93,256	71,176	-	172,571	216,998
Occupancy and technology	11,590	-	522,863	337,000	-	871,453	798,034
Depreciation and amortization	-	-	12,328	7,540	-	19,868	149,977
Total functional expenses	$ 21,282,331	$ 278,467	$ 6,571,305	$ 3,799,039	$ 150,481	$ 32,081,623	$ 29,997,603

See accompanying notes.

Portland State University Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,730,683	$ 13,312,286
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments	(22,823,769)	(14,877,223)
Contributions restricted for long-term investment	(4,511,927)	(4,669,699)
Change in contribution allowances and discounts	(34,023)	(1,091,209)
Noncash contributions	(1,392,595)	(1,971,869)
Proceeds from sale of non-cash contributions	1,376,950	1,947,661
Change in value of split-interest agreements	(177,474)	(1,200,344)
Change in beneficial interest in assets held by others	(41,200)	(28,946)
Depreciation and amortization	19,868	149,977
Change in cash due to changes in assets and liabilities:		
Pledges, grants and estates receivable	4,442,961	4,965,753
Rent and other receivables	(29,791)	42,051
Prepaid and other assets	(119,381)	436,681
Accounts payable and accrued liabilities	(855,531)	128,682
Endowments held for Portland State University	331,040	118,034
Net cash used in operating activities	(7,084,189)	(2,738,165)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities/sales of investments	32,346,505	27,940,060
Purchases of investments	(32,841,505)	(26,868,086)
Purchase of property, plant, and equipment	(154,309)	(18,179)
Net cash (used in) provided by investing activities	(649,309)	1,053,795
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	4,511,927	4,669,699
Additions to split-interest agreements	75,000	1,114,535
Payments on split-interest agreements	(77,914)	(314,213)
Payment of debt principal/capital lease obligations	(303,825)	(74,760)
Net cash provided by financing activities	4,205,188	5,395,262
Net change from cash and cash equivalents	(3,528,310)	3,710,892
CASH AND CASH EQUIVALENTS, beginning of year	7,329,104	3,618,212
CASH AND CASH EQUIVALENTS, end of year	$ 3,800,794	$ 7,329,104
SUPPLEMENTAL DISCLOSURES OF CASH		
Interest paid	$ 59,378	$ 62,533
Prepaid taxes	$ 2,250	$ 1,250

See accompanying notes.

Note 1 – Organization

Portland State University Foundation (the Foundation) is a nonprofit corporation organized in accordance with the laws of the state of Oregon and managed by an independent volunteer Board of Trustees. Created in 1963, the Foundation is responsible for raising and managing private resources to support the mission and priorities of Portland State University (the University) and contributes to institutional excellence.

The Foundation's fundraising efforts include: capital campaigns, endowments, scholarship funds, planned gifts, corporate and foundation partnerships, annual giving programs, academic research, campus development, and access and outreach for promising students with limited resources. In addition to fundraising efforts for the University, the Foundation provides donor stewardship, donor receipting and reporting, endowment and investment management, and maintenance of donor and accounting records. Contributions received by the Foundation may be in cash, marketable securities, real property, tangible personal property, gifts-in-kind, life insurance policies, and various deferred giving vehicles. Contributions received in forms other than cash, except gifts-in-kind and life insurance policies, are generally liquidated. The proceeds, together with cash gifts, are placed in investment pools or other investments consistent with the purpose of the gift or the requirements of the trust agreement. The Foundation employs investment professionals to manage the investment portfolio for the benefit of the University.

Note 2 – Subsidiaries

The Foundation is the direct controlling entity of three single member limited liability companies (LLCs). During the year ended June 30, 2005, the Foundation organized 2828 Corbett, Inc. (Corbett) for the purpose of holding title to certain property and remitting the net income to the Foundation. During the year ended June 30, 2003, Broadway Housing, LLC was organized for the purpose of holding title to certain property and is not currently in use. During the year ended June 30, 2020, the Foundation organized PSU Impact Ventures, LLC for the purpose of holding and investing funds to generate long-term capital appreciation. The LLCs are disregarded entities for tax purposes.

See Notes 8 and 12 for additional information regarding Corbett.

Note 3 – Summary of Significant Accounting Policies

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of consolidation – The accompanying consolidated financial statements include all accounts and activities of the Foundation and its wholly owned entities described in Note 2 over which the Foundation has control and economic interest. All significant intra-organizational investments, accounts, and transactions have been eliminated upon consolidation. All references herein to Foundation include these entities

Net assets – Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions represent resources which are not subject to donor-restrictions and over which the Trustees of the Foundation retain control to use the funds in order to achieve the Foundation's purpose and enhance University operations.

Net assets with donor restrictions – Net assets with donor restrictions represent resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, those that are restricted by the donor for a particular purpose or other events specified by the donor.

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. This consists predominantly of endowment funds and charitable trusts. Donor-restricted endowment funds represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity.

Also included are trust funds that represent donor contributions of irrevocable trusts and other instruments wherein the Foundation has a remainder interest in the trust assets upon the death of the last surviving income beneficiary.

Use of estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Contributions and grants – Contributions and grants are recognized as revenues in the period received. Unconditional promises to give (pledges) are recognized as revenues when the commitment is communicated to the Foundation. Conditional pledges are not recognized until they become unconditional, that is, when the barrier to entitlement and right of return/release are met. Bequests are recorded as revenue at the time the Foundation has an established right to the bequest and the proceeds are measurable.

Contributions of assets other than cash are recorded at their estimated fair value. Pledges for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Special events – The University conducts special fundraising events through the Foundation in which a portion of the gross proceeds paid by the participants represents payment for the fair value of the benefits received by participants at the event and a portion is a charitable contribution.

Cash and cash equivalents – The Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents, except for cash equivalents included in the investment portfolio. Cash equivalents included in the investment portfolio are excluded from the consolidated statements of cash flows.

Investments – The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Board of Trustees' Investment Committee. The Foundation's investment objective is to prudently invest its assets in order to achieve a long-term rate of return sufficient to maintain and grow the assets for the current and future benefit of the University. Investments in marketable debt and equity securities are carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quoted market prices.

The fair value of alternative investments is generally based on information provided by the respective external investment manager at the most recent valuation date. Alternative investments in private equity are not readily marketable and involve assumptions and methods that are reviewed by management. A portion of the investments made by certain hedge funds is also not readily marketable; additionally, hedge fund managers may not provide the detail of their underlying marketable securities. The Foundation reviews and evaluates the values provided by the investment managers or other sources and estimates the fair value. Those estimated fair values may differ significantly from the values that would have been used had a ready market for those investments existed.

As described below, the Foundation utilized the net asset value per share for certain investments in alternative structures as a practical expedient for the estimation of the fair value of these investments.

Net investment return consists of the realized gains or losses, the unrealized appreciation (depreciation) of those investments, and investment income, which is accrued as earned, and is shown in the consolidated statements of activities, net of investment advisory fees. Security transactions are recorded on a trade-date basis.

The Foundation has significant exposure to a number of risks including interest, market, and credit risks for both marketable and nonmarketable securities. Due to the level of risk exposure, it is possible that near term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the consolidated financial statements.

Fair value measurements – The Foundation applies Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for fair value measurement of financial assets and financial liabilities and for fair value measurement of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Topic 820 establishes 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 measurements) and the lowest priority to measurement involving significant unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices in active markets for identical securities. Level 1 category includes the Foundation's investments in cash equivalents, equity securities, and investments in mutual funds.

Level 2 – Valuations based on inputs other than quoted prices included within Level 1 that are observable in the market for the asset or liability, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable for an asset or liability.

Investments valued utilizing net asset value as a practical expedient are excluded from the hierarchy.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and equipment, net – Property and equipment are valued at cost when purchased, and at fair value at the date of donation when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 20 to 50 years for buildings and 3 to 5 years for computers, equipment, and software.

Property and equipment are capitalized if the cost exceeds $2,500 and it has a useful life of more than one year when acquired; expenditures for repairs and maintenance are expensed when incurred.

The Foundation reviews the carrying amount of its capital assets whenever events or circumstances provide evidence that suggests that the carrying amount may not be recoverable. As of June 30, 2026 and 2025, the Foundation does not believe there is any indication that the carrying value of its capital assets has been impaired.

Rental income – Rental income is recognized at the time performance obligations have been met over the rental period.

Outstanding legacies – The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Beneficial interest in trusts and other split-interest agreements – The Foundation receives contributions in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by either a trustee or the Foundation, and distributions are made to the beneficiaries during the term of the agreement. These funds are generally invested in fixed income and equity securities, and the Foundation records its interest in these trusts at fair value based on estimated future cash flows. Initial recognition and subsequent adjustments to the assets' carrying value are reported as a change in the actuarial value of split-interest agreements in the accompanying consolidated statements of activities (included in other revenues) and are classified as with donor restrictions or without donor restrictions dependent upon the existence of donor-imposed purpose or time restrictions, if any. The Foundation serves as trustee for substantially all charitable remainder trusts.

Obligations to beneficiaries of split-interest agreements – Obligations to beneficiaries of split-interest agreements, including charitable remainder trusts and charitable gift annuities, are recorded when incurred at the present value of the distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates and expected lives that are actuarially determined. Obligations to beneficiaries of charitable trusts are revalued annually at June 30 to reflect actual experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements (included in other revenues).

Beneficial interest in perpetual trusts – The Foundation is the irrevocable beneficiary of a perpetual trust. The assets of the trust are held and managed by a third-party administrator (a bank). The beneficial interest in the trust is reported at fair value, which is the estimated fair value of the underlying trust assets. Distributions of income from the trust assets are restricted for use in accordance with the donors' wishes. The value of the beneficial interest in the perpetual trust is adjusted annually for the change in its estimated value. Those changes are reported as increases in net assets with donor restrictions because the trust assets will never be distributed to the Foundation. The Foundation is not the trustee of these assets. At June 30, 2026 and 2025, the Foundation's beneficial interest in the trust is $631,982 and $590,782, respectively, and is included in investments in the accompanying consolidated statements of financial position.

Functional allocation of expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. University program support generally pertains to activities initiated and conducted by schools, departments, and affiliates of the University in whole or in part. The consolidated statement of functional expenses presents expenses by both natural classification and functional classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include wages and benefits, which are allocated on the basis of time spent on fundraising or general and administrative tasks. Occupancy and depreciation are allocated based on full-time employee (FTE) count for fundraising and general and administrative staff. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Portland State University contract revenue – University support is allocated annually through a Memorandum of Understanding between the Foundation and the University. University support is recorded as revenue by the Foundation when approved and unconditional.

Endowment funds and interpretation of relevant law – Effective January 1, 2008, the state of Oregon adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs Oregon charitable institutions with respect to the management, investment, and expenditure of donor-restricted endowment funds.

The Board has interpreted Oregon's adoption of UPMIFA as requiring the Foundation to adopt investment and spending policies that preserve the fair value of the original gift as of the date of the gift, absent explicit donor stipulations to the contrary. Although the Foundation has a long-term fiduciary duty to the donor (and/or to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's historic dollar value may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the Foundation classified the following amounts as net assets with donor restrictions in the accompanying consolidated financial statements:

- The fair value of the gifts donated to the donor-restricted endowment
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund
- The remaining portion of the donor-restricted endowment funds which are not required to be held in perpetuity consisting of accumulated net earnings (realized and unrealized) on the investment of endowment assets are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donors' stipulations.

In accordance with UPMIFA, the Board of Trustees has adopted investment and spending policies for endowment assets with the intent of providing a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Spending policy – The Foundation has a policy of annually appropriating for distribution between 1.0% and 4.0% of its endowment fund's average fair value over the prior 12 quarters through March 31 of the current fiscal year for the years ended June 30, 2026 and 2025. During the fiscal years ended June 30, 2026 and 2025, the Foundation's Board of Trustees appropriated endowment assets totaling $3,807,929 and $3,476,065, respectively. From time to time, the fair value of endowment funds associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration, underwater endowments. As of June 30, 2026, no endowed funds were underwater. As of June 30, 2025, endowed funds with total historical gift value of $171,273 and fair value of $167,978 resulted in an amount of $3,295 underwater.

Income taxes – The Foundation is exempt from federal and state income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code and comparable state law. Corbett, a title-holding corporation, is exempt from federal and state income taxes under Section 501(a) as an organization described in Section 501(c)(2) of the Internal Revenue Code and comparable state law. The Foundation is subject to unrelated business income tax (UBIT) on any unrelated business income, and management believes any UBIT would be immaterial to the financials. The Foundation does not have any uncertain tax positions.

Financial instruments with concentrations of credit risk – Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, receivables (Note 5), and investments (Note 6). On occasion, the Foundation maintains cash balances that may exceed amounts insured by the Federal Deposit Insurance Corporation.

Certain receivables may also, from time to time, subject the Foundation to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, Foundation management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for credit losses.

Comparative totals – The consolidated financial statements and footnotes include certain prior-year summarized comparative financial 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 consolidated financial statements for the year ended June 30, 2025, from which the information was derived.

Note 4 – Liquidity and Availability

The Foundation exists to benefit the University and as such receives significant contributions to be used in accordance with donor restrictions for the benefit of the University. The majority of the financial assets recorded and managed by the Foundation are not available to support the Foundation's operating needs. Annually, the Foundation receives support from the University, interest income not subject to donor restrictions, contributions without donor restrictions, as well as gift and fund management fees appropriated in accordance with Foundation policies to support the operating activities of the Foundation.

The Foundation regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. The Foundation's budget for fiscal year 2027 includes approximately $6,522,763 in University support and $3,389,061 in gift and fund management fees. These amounts are available to be used for general expenditures and fundraising activities and could readily be made available.

In addition, the following assets could readily be made available within one year of the date of the consolidated statements of financial position to meet general expenditures as of June 30, 2026 and 2025:

	2026	2025
Financial assets at year-end		
Cash and cash equivalents	$ 3,800,794	$ 7,329,104
Pledges, grants, and estates receivable, net	19,252,418	23,661,356
Rent and other receivables	74,891	45,100
Cash value of donated insurance policies	338,999	333,432
Investments	202,302,017	178,513,035
Total	225,769,119	209,882,027
Less those unavailable for general expenditure within one year		
Contributions receivable for gifts with donor restrictions, net	(19,229,288)	(23,641,856)
Endowment assets and accumulated earnings subject to donor restrictions	(143,330,886)	(120,833,266)
Investments held in trusts subject to donor restrictions	(1,906,774)	(1,730,530)
Other investments subject to donor restrictions	(43,531,545)	(45,413,856)
Board-designated fund, primarily for long-term investing	(6,378,615)	(5,528,644)
Board-designated special projects fund	(3,337,066)	(3,377,066)
Total	(217,714,174)	(200,525,218)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,054,945	$ 9,356,809

The Foundation's Board of Trustees has designated a portion of its unrestricted resources for endowment and other purposes. Those amounts are identified as board designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

Note 5 – Pledges, Grants, and Estates Receivable

Pledges, grants, and estates receivable, net are summarized as follows at June 30, 2026 and 2025:

	2026	2025
Unconditional promises to be collected in		
Less than one year	$ 7,731,792	$ 12,602,273
One year to five years	12,278,779	10,813,759
Greater than five years	1,043,700	2,081,200
	21,054,271	25,497,232
Less		
Allowance for doubtful accounts	(243,833)	(315,409)
Present value discount	(1,558,020)	(1,520,467)
	(1,801,853)	(1,835,876)
Pledges, grants, and estates receivable, net	$ 19,252,418	$ 23,661,356

Unconditional promises to give, due in greater than one year, are reflected at the present value of estimated future cash flows using discount rates in a range that were 3.68%-10% for fiscal years 2026 and 2025. As of June 30, 2026 and 2025, 32% of all pledges receivable were from one donor, and 39% of all pledges receivable were from two donors, respectively. One donor made 11% of all contributions in 2025. There was no concentration of contributions in 2025. Changes to the allowance for doubtful accounts and present value discount are reported as an adjustment to income.

The Foundation has received one conditional promise of $10,000 for academic support. This conditional promise to give will be recognized as revenue when the conditions are met.

Gross pledges, grants, and estates receivable at June 30, 2026 and 2025, carry the following restrictions:

	2026	2025
Academic support and programs	$ 8,113,774	$ 10,011,834
Building construction	9,552,000	9,447,566
Endowment for university departments and programs	2,673,110	5,134,704
Endowment for scholarships	692,400	872,628
Unrestricted	22,987	30,500
	$ 21,054,271	$ 25,497,232

Note 6 – Investments

At June 30, 2026 and 2025, the following financial assets are measured at fair value as defined in Note 3, on a recurring basis:

	June 30, 2026				
	Level 1	Level 2	Level 3	Investments valued at NAV	Total
General investments					
Cash equivalents	$ 1,154,222	$ -	$ -	$ -	$ 1,154,222
Certificates of deposit	-	6,000,000	-	-	6,000,000
Fixed income					
U.S. government and municipal bonds	-	16,321,408	-	-	16,321,408
Corporate bonds	-	27,393,471	-	-	27,393,471
Equities					
Domestic	86,258,271	2,862,355	-	-	89,120,626
International	40,115,640	-	-	-	40,115,640
Alternatives					
Interval fund and pooled investments	-	-	-	4,010,862	4,010,862
Private equity	-	-	-	12,369,791	12,369,791
Total general investments	127,528,133	52,577,234	-	16,380,653	196,486,020
Split-interest assets	5,136,178	-	-	-	5,136,178
Perpetual trusts and other	-	-	679,819	-	679,819
Total investments	$ 132,664,311	$ 52,577,234	$ 679,819	$ 16,380,653	$ 202,302,017

	June 30, 2025				
	Level 1	Level 2	Level 3	Investments valued at NAV	Total
General investments					
Cash equivalents	$ 2,028,179	$ -	$ -	$ -	$ 2,028,179
Certificates of deposit	-	3,000,000	-	-	3,000,000
Fixed income					
U.S. government and municipal bonds	-	14,027,716	-	-	14,027,716
Corporate bonds	-	28,466,907	-	-	28,466,907
Equities					
Domestic	76,576,062	2,958,041	-	-	79,534,103
International	33,067,491	-	-	-	33,067,491
Alternatives					
Interval fund and pooled investments	-	-	-	3,401,918	3,401,918
Private equity	-	-	-	9,625,292	9,625,292
Total general investments	111,671,732	48,452,664	-	13,027,210	173,151,606
Split-interest assets	4,722,810	-	-	-	4,722,810
Perpetual trusts and other	-	-	638,619	-	638,619
Total investments	$ 116,394,542	$ 48,452,664	$ 638,619	$ 13,027,210	$ 178,513,035

The change in valuation of Level 3 assets using significant unobservable inputs is as follows for the years ended June 30, 2026 and 2025:

	2026	2025
Fair value at beginning of year	$ 638,619	$ 609,673
Net change in value of assets held by third party	41,200	28,946
Total	$ 679,819	$ 638,619

In general, investments are reported at fair value, based primarily on market quotes. Investments in hedge funds and private investments are carried at estimated fair value using net asset value (NAV) as a practical expedient as determined by the external investment manager. The estimated values are reviewed and evaluated by the Foundation.

The majority of the Foundation's investments have daily liquidity with one to three business days' notice. The Foundation is invested in an interval investment fund measure at fair value which has quarterly liquidity and certain funds have redemption restrictions at June 30, 2026 and 2025. The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2026 and 2025, respectively, and their redemption restrictions:

	Redemption		Fair Value	
Category of Investment	Notice Period	Liquidity	2026	2025
Pooled investment fund – other	10 day notice	Monthly liquidity	$ 4,010,862	$ 3,401,918
			$ 4,010,862	$ 3,401,918

At June 30, 2026 and 2025, the Foundation held $16,380,653 and $13,027,210, respectively, in investments with underlying assets that are not readily marketable, measured at fair value using the NAV practical expedient. These investments, referred to as alternative investments, include private equity, distressed and private debt, buyout, and venture funds, and represented approximately 8.1% and 7.3% of total investments, respectively.

Within this category, private equity limited partnerships totaled $12,369,791 and $9,625,292 at June 30, 2026 and 2025, respectively. These partnerships do not allow periodic redemptions and are liquidated upon the termination dates specified in their partnership agreements, which range from current to 2037. Unfunded commitments related to private equity investments were $8,540,815 at June 30, 2026.

These alternative investments are subject to both credit and market risks, including limited liquidity, lack of diversification, minimal regulatory oversight, reliance on key individuals, and limited portfolio transparency. Because they are not readily marketable, their estimated fair values are inherently uncertain and may differ materially from values that would be realized in an active market.

Note 7 – Property and Equipment, Net

A summary of property and equipment, net at June 30, 2026 and 2025, is as follows:

	2026	2025
Operating assets:		
Leasehold improvements	$ 346,702	$ 346,702
Computers, software, furniture, and office equipment	1,409,896	1,455,576
	1,756,598	1,802,278
Less accumulated depreciation	(1,743,461)	(1,772,171)
Total property and equipment, net	$ 13,137	$ 30,107
Non-operating assets:		
Land and structures held for sale	$ 1,895,282	$ 1,743,871
Total assets held for sale	$ 1,895,282	$ 1,743,871

The Foundation's property includes institutional real estate held by Corbett, a title-holding corporation established by the Foundation to hold its interest in the land and building located at 2828 Corbett Avenue in Portland, Oregon. The property was originally funded through a combination of endowment portfolio cash and debt financing, as discussed in Note 8. The property was historically held for long-term investment purposes and used primarily to house the University's Business Accelerator program. When the University made the decision to relocate its Business Accelerator program by December 31, 2024, it was determined that the property was no longer needed by the Foundation. On April 10, 2024, the building was listed for sale.

In accordance with ASC 360, the property is classified as held for sale and is reported at the lower of its carrying amount or fair value less costs to sell. The property is evaluated annually to determine whether an adjustment to its carrying amount is necessary. Depreciation ceased upon reclassification as held for sale. The Foundation expects the sale to be completed within the next 12 months.

Note 8 – Notes Payable

Commercial loan – At the request of the University, the Foundation holds a promissory note with Washington Trust Bank for the real property held by 2828 Corbett, Inc. entered into on December 11, 2019, for $1,900,000. Terms of the note require monthly payments of principal and interest totaling $11,572, with interest calculated at 4.00%. The note with Washington Trust Bank matures on December 5, 2029, and a balloon payment estimated at $1,159,711 is due at that time. The note is secured by the underlying property.

Aggregate maturities of note principal for the years subsequent to June 30, 2026, are as follows:

Year Ending June 30,	
2027	$ 83,518
2028	86,921
2029	90,462
2030	1,159,711
Less amortization of loan origin fee	(5,452)
	$ 1,415,160

Interest expense associated with the above note totaled $59,157 for the year ended June 30, 2026 and $66,700 for the year ended June 30, 2025.

Note 9 – Obligations to Beneficiaries of Split-Interest Agreements

At June 30, 2026 and 2025, the Foundation reported the following obligations to beneficiaries of split-interest agreements:

	2026	2025
Charitable gift annuities	$ 1,894,980	$ 1,979,273
Charitable remainder unitrusts	649,541	558,179
	$ 2,544,521	$ 2,537,452

As of June 30, 2026 and 2025, the Foundation had entered into 39 and 43 charitable gift annuity agreements, respectively, whereby the Foundation has agreed, in return for the gifted assets, to make payments to gift beneficiaries for the balance of their lives. The liability represents the actuarially determined present value of the estimated future payments to be made to the beneficiaries using discount rates, which range from 4.1% to 9.3%. Upon the death of the beneficiary (and, in certain cases, the beneficiary's spouse), the Foundation will receive the balance of the remaining assets.

State law requires, among other things, that the issuer of charitable gift annuities maintain certain minimum reserves calculated in accordance with rules promulgated in Chapter 731.038 of the Oregon Revised Statutes. These rules also mandate that the reserves be held in separate investment accounts. The minimum reserves required by law at June 30, 2026 and 2025, totaled $2,024,252 and $2,113,318, respectively. At June 30, 2026 and 2025, the Foundation held $3,909,221 and $3,630,898 in assets associated with these gift annuities, which is included in investments in the consolidated statements of financial position.

At both June 30, 2026 and 2025, the Foundation is the trustee and the remainderman of three charitable remainder unitrusts. The terms of the various trust agreements require that the income earned by the trusts' assets be paid annually to the trusts' current beneficiaries in amounts ranging from 5% to 6% of the fair market value of each trust. Upon the death of the current beneficiaries (and, in certain cases, the beneficiary's spouse), the remaining assets will revert to the Foundation. At June 30, 2026 and 2025, the Foundation held $1,226,956 and $1,091,912, respectively, in assets associated with these unitrusts, which is included in investments in the consolidated statements of financial position. The liability presented above represents the present value of the future payments to be made to current beneficiaries using a discount rate of 5%.

Note 10 – Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions – Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2026	2025
Endowments		
Donor-restricted endowments subject to spending policy and appropriation, to support the following purposes (including net accumulated earnings)		
Scholarships and student report	$ 70,142,668	$ 61,147,771
Faculty and research	32,849,348	27,738,383
Academic support	18,129,728	15,242,624
Subject to expenditure for specified purposes (including net accumulated earnings)		
Scholarships and student support	9,419,496	8,415,092
Faculty and research	1,667,358	1,492,243
Academic support	9,182,729	7,033,419
Subject to passage of time, net	2,282,273	3,786,545
Perpetual trusts and split-interest agreements	2,607,739	2,201,441
Subject to expenditure for specified purposes		
Scholarships and student support	15,582,926	14,735,153
Faculty and research	5,494,965	5,396,775
Academic support	16,363,872	16,440,406
Capital projects	1,515,381	2,300,840
Subject to passage of time, net	16,974,995	19,874,812
	$ 202,213,478	$ 185,805,504

Changes in endowment net assets – The following tables summarize the Foundation's endowment-related activities for the years ended June 30, 2026 and 2025:

	Year Ended June 30, 2026		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2025	$ 5,528,644	$ 126,132,524	$ 131,661,168
Contributions and bequests	-	3,413,257	3,413,257
Investment return, net	849,971	18,382,499	19,232,470
Appropriation of endowment assets for expenditure	-	(3,807,929)	(3,807,929)
Change in the actuarial value of split-interests agreements	-	146,558	146,558
Other adjustments	-	765,999	765,999
Endowment net assets, June 30, 2026	$ 6,378,615	$ 145,032,908	$ 151,411,523

	Year Ended June 30, 2025		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2024	$ 5,069,901	$ 115,426,940	$ 120,496,841
Contributions and bequests	-	5,200,038	5,200,038
Investment return, net	458,743	9,858,553	10,317,296
Appropriation of endowment assets for expenditure	-	(3,476,065)	(3,476,065)
Change in the actuarial value of split-interests agreements	-	80,594	80,594
Other adjustments	-	(957,536)	(957,536)
Endowment net assets, June 30, 2025	$ 5,528,644	$ 126,132,524	$ 131,661,168

Note 11 – Net Assets Released from Restrictions and Other Transfers

The Foundation released net assets from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2026 and 2025:

	2026	2025
Satisfaction of donor restrictions as to purpose		
Scholarships and fellowships	$ 6,053,792	$ 4,337,338
Capital projects	3,177,540	3,376,322
Academic and university administrative support	10,828,459	10,658,774
Expiration of time restrictions	13,500	-
Endowment fees appropriated	1,687,455	1,477,749
Other transfers and adjustments	347,825	(347,147)
	$ 22,108,571	$ 19,503,036

Note 12 – Transactions of the Subsidiary

In order to help meet the University's growing classrooms and academic facilities, the Foundation organized 2828 Corbett, Inc., to acquire property for this purpose. The University housed its Business Accelerator program at this facility until December 31, 2024. See Note 2.

During the fiscal year ended June 30, 2025, the University amended its lease agreement with Corbett to establish a monthly base rent of $13,250 from April 1, 2022 through December 31, 2024, and $50,975 from January 1, 2025 through March 31, 2025. The University exercised its early termination option, concluding the lease as of December 31, 2024. The Corbett facility has since been listed for sale.

Note 13 – Administrative Assessments

The Foundation makes assessments on income-producing assets held for the benefit of the University to support the administration of philanthropic funds, to sustain fundraising activities, and to provide certain University support as follows:

Endowment assets – An assessment of 1.5% annually of the fair value of endowments.

Other income-producing assets – In lieu of fees, the Foundation collects the income earned on the investment of all other income-producing assets.

Gifts and other revenue – A one-time assessment of 5.0% on all realized gifts and other revenue.

Note 14 – Retirement Plans

The Foundation has a defined contribution retirement plan covering all employees. Employees are eligible to make voluntary contributions to the plan once they have completed six months of service and are age 21 or over. Employees are eligible to receive employer contributions after working a minimum of 1,000 hours and upon completion of one year of service. To continue to retain eligibility for employer contributions, employees must work a minimum of 1,000 hours annually. Employer contributions of 3% vest immediately and additional employer contributions are fully vested upon completion of five years of service. During the years ended June 30, 2026 and 2025, the Foundation contributed at the rate of 9% of each eligible employee's total compensation, and matched employee contributions 1:1, up to 3% of an eligible employee's total compensation. The rate of contribution is adjusted periodically at the direction of the Foundation's Board of Trustees. During the years ended June 30, 2026 and 2025, the Foundation made contributions to the plan totaling $620,416 and $610,578, respectively.

Note 15 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statements of financial position date but before consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statements of financial position, including any estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the consolidated statements of financial position date and before consolidated financial statements were available to be issued.

The Foundation has evaluated subsequent events from the consolidated statements of financial position date through October 29, 2026, the date at which the consolidated financial statements were available to be issued.

Supplementary Information

Portland State University Foundation
Consolidating Statement of Financial Position
Year Ended June 30, 2026

	Portland State University Foundation	2828 Corbett, Inc.	Broadway Housing, LLC	PSU Impact Ventures, LLC	Eliminations	Consolidated
CURRENT ASSETS						
Cash and cash equivalents	$ 3,800,794	$ -	$ -	$ -	$ -	$ 3,800,794
Pledges, grants, and estates receivable, net	19,252,418	-	-	-	-	19,252,418
Rent and other receivables	74,891	-	-	-	-	74,891
Prepaid and other assets	(24,801)	649,800	-	167,218	-	792,217
Investments and split interest agreements	203,453,111	-	-	-	(1,151,094)	202,302,017
Property and equipment, net	13,137	-	-	-	-	13,137
Assets held-for-sale	-	1,895,282	-	-	-	1,895,282
Total current assets	$ 226,569,550	$ 2,545,082	$ -	$ 167,218	$ (1,151,094)	$ 228,130,756
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	$ 1,159,387	$ 11,814	$ -	$ -	$ -	$ 1,171,201
Payable to Portland State University	1,705,664	-	-	-	-	1,705,664
Note payable	-	2,566,254	-	-	(1,151,094)	1,415,160
Obligations to beneficiaries of split-interest agreements	2,544,521	-	-	-	-	2,544,521
Endowments held for Portland State University	3,151,989	-	-	-	-	3,151,989
Total current liabilities	8,561,561	2,578,068	-	-	(1,151,094)	9,988,535
NET ASSETS						
Without donor restrictions	15,961,729	(32,986)	-	-	-	15,928,743
With donor restrictions	202,046,260	-	-	167,218	-	202,213,478
Total net assets	218,007,989	(32,986)	-	167,218	-	218,142,221
Total liabilities and net assets	$ 226,569,550	$ 2,545,082	$ -	$ 167,218	$ (1,151,094)	$ 228,130,756

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