

# ELLIN & TUCKER

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FINANCIAL STATEMENTS  
Towson University Foundation, Inc.  
June 30, 2025 and 2024



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**Towson University Foundation, Inc.**  
**June 30, 2025 and 2024**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Towson University Foundation, Inc.

**OPINION**

We audited the accompanying financial statements of Towson University Foundation, Inc. (Foundation), which comprise the Statements of Financial Position as of June 30, 2025 and 2024, the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**BASIS FOR OPINION**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we 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 these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL STATEMENTS**

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

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



ELLIN & TUCKER  
Certified Public Accountants

Baltimore, Maryland  
October 13, 2025

**STATEMENTS OF FINANCIAL POSITION****Towson University Foundation, Inc.****June 30, 2025 and 2024****ASSETS**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 7,937,868	\$ 3,885,781
Accrued Interest Receivable	319,082	212,566
Investments (Note 5)	120,988,364	113,703,363
Contributions Receivable (Note 6)	5,119,736	4,176,098
Other Assets	220,346	123,294
Equipment	-	837
Charitable Trusts (Note 7)	<u>123,185</u>	<u>123,482</u>
 Total Assets	 <u>\$ 134,708,581</u>	 <u>\$ 122,225,421</u>

**LIABILITIES AND NET ASSETS**

	<b>2025</b>	<b>2024</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 1,536,558	\$ 1,457,315
Scholarships Payable	<u>1,451,907</u>	<u>1,193,203</u>
 Total Liabilities	 <u>2,988,465</u>	 <u>2,650,518</u>
<b>NET ASSETS</b>		
Without Donor Restrictions (Note 11)	6,582,229	5,268,091
With Donor Restrictions (Note 12)	<u>125,137,887</u>	<u>114,306,812</u>
 Total Net Assets	 <u>131,720,116</u>	 <u>119,574,903</u>
 Total Liabilities and Net Assets	 <u>\$ 134,708,581</u>	 <u>\$ 122,225,421</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENTS OF ACTIVITIES**  
**Towson University Foundation, Inc.**  
**For the Year Ended June 30, 2025 (With Comparative Totals for 2024)**

	<b>2025</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2024</b>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 789,645	\$ 8,757,414	\$ 9,547,059	\$ 6,710,393
Special Programs	-	234,081	234,081	777,614
Investment Return, Net	1,601,273	10,648,101	12,249,374	11,735,918
Change in Value of Annuities	-	7,754	7,754	9,164
Sales	-	61,253	61,253	57,151
Miscellaneous	2,520	63,367	65,887	481,554
Special Fundraising	611	579,895	580,506	506,724
Interfund Charges and Transfers	936,463	(936,463)	-	-
Net Assets Released From Restrictions	<u>8,584,327</u>	<u>(8,584,327)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b><u>11,914,839</u></b>	<b><u>10,831,075</u></b>	<b><u>22,745,914</u></b>	<b><u>20,278,518</u></b>
<b>FUNCTIONAL EXPENSES</b>				
University Programs, Support, and Scholarships	8,943,349	-	8,943,349	8,055,525
Management and General	1,116,626	-	1,116,626	916,745
Fundraising	540,726	-	540,726	474,564
<b>Total Functional Expenses</b>	<b><u>10,600,701</u></b>	<b><u>-</u></b>	<b><u>10,600,701</u></b>	<b><u>9,446,834</u></b>
Change in Net Assets	1,314,138	10,831,075	12,145,213	10,831,684
<b>NET ASSETS – BEGINNING OF YEAR</b>	<b><u>5,268,091</u></b>	<b><u>114,306,812</u></b>	<b><u>119,574,903</u></b>	<b><u>108,743,219</u></b>
<b>NET ASSETS – END OF YEAR</b>	<b><u>\$ 6,582,229</u></b>	<b><u>\$ 125,137,887</u></b>	<b><u>\$ 131,720,116</u></b>	<b><u>\$ 119,574,903</u></b>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENT OF ACTIVITIES**  
**Towson University Foundation, Inc.**  
**For the Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 457,509	\$ 6,252,884	\$ 6,710,393
Special Programs	-	777,614	777,614
Investment Return, Net	1,418,490	10,317,428	11,735,918
Change in Value of Annuities	-	9,164	9,164
Sales	-	57,151	57,151
Miscellaneous	17,717	463,837	481,554
Special Fundraising	-	506,724	506,724
Interfund Charges and Transfers	686,441	(686,441)	-
Net Assets Released From Restrictions	<u>7,971,300</u>	<u>(7,971,300)</u>	<u>-</u>
Total Support and Revenue	<u>10,551,457</u>	<u>9,727,061</u>	<u>20,278,518</u>
<b>FUNCTIONAL EXPENSES</b>			
University Programs, Support, and Scholarships	8,055,525	-	8,055,525
Management and General	916,745	-	916,745
Fundraising	<u>474,564</u>	<u>-</u>	<u>474,564</u>
Total Functional Expenses	<u>9,446,834</u>	<u>-</u>	<u>9,446,834</u>
Change in Net Assets	1,104,623	9,727,061	10,831,684
<b>NET ASSETS – BEGINNING OF YEAR</b>	<u>4,163,468</u>	<u>104,579,751</u>	<u>108,743,219</u>
<b>NET ASSETS – END OF YEAR</b>	<u><u>\$ 5,268,091</u></u>	<u><u>\$ 114,306,812</u></u>	<u><u>\$ 119,574,903</u></u>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Towson University Foundation, Inc.**  
**For the Year Ended June 30, 2025**

	<b>University Programs, Support, and Scholarships</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 25,723	\$ -	\$ -	\$ 25,723
Bank Fees	11,568	24,497	81,867	117,932
Building	345,445	-	-	345,445
Conferences	32,727	6,335	150	39,212
Consultants	537,048	4,465	3,684	545,197
Contractual Services	179,055	2,794	11,950	193,799
Depreciation	-	837	-	837
Dues and Memberships	14,079	7,901	5,360	27,340
Educational Programs	256,237	65	6,883	263,185
Equipment	1,259,970	123,110	53,355	1,436,435
Financial Support to Towson University	1,044,074	232,115	48,449	1,324,638
Insurance	8,850	21,838	-	30,688
Legal and Professional	1,990	61,573	-	63,563
Miscellaneous	98,188	41,667	39,870	179,725
Office	12,473	4,036	420	16,929
Personnel	-	576,662	-	576,662
Postage	4,894	1,043	2,342	8,279
Printing	96,645	727	1,448	98,820
Public Relations and Promotions	925,555	3,184	249,556	1,178,295
Scholarships and Awards	3,069,040	-	-	3,069,040
Transfer of Equipment to Towson University	74,267	-	-	74,267
Travel	945,521	3,777	35,392	984,690
 Total Functional Expenses	 \$ 8,943,349	 \$ 1,116,626	 \$ 540,726	 \$ 10,600,701

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Towson University Foundation, Inc.**  
**For the Year Ended June 30, 2024**

	<b>University</b>					
	<b>Programs, Support, and Scholarships</b>	<b>Management and General</b>		<b>Fundraising</b>		<b>Total</b>
Advertising	\$ 17,999	\$ -		\$ 800	\$ 18,799	
Bank Fees	59,546	23,061		74,334	156,941	
Building	3,101	-		-	3,101	
Conferences	30,165	-		210	30,375	
Consultants	703,334	11,175		30,345	744,854	
Contractual Services	45,715	1,155		7,262	54,132	
Depreciation	-	1,433		-	1,433	
Dues and Memberships	52,418	4,575		5,570	62,563	
Educational Programs	228,250	-		3,416	231,666	
Equipment	799,415	73,363		14,263	887,041	
Financial Support to Towson University	1,790,543	125,187		21,900	1,937,630	
Insurance	8,084	15,138		551	23,773	
Legal and Professional	-	56,246		-	56,246	
Miscellaneous	111,862	48,623		27,903	188,388	
Office	19,186	5,513		698	25,397	
Personnel	-	548,024		-	548,024	
Postage	1,137	142		3,669	4,948	
Printing	110,915	836		54,476	166,227	
Public Relations and Promotions	751,732	2,267		214,744	968,743	
Scholarships and Awards	2,697,780	-		-	2,697,780	
Telephone	1,544	-		-	1,544	
Transfer of Equipment to Towson University	3,707	-		3,309	7,016	
Travel	619,092	7		11,114	630,213	
<b>Total Functional Expenses</b>	<b>\$ 8,055,525</b>	<b>\$ 916,745</b>		<b>\$ 474,564</b>	<b>\$ 9,446,834</b>	

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENTS OF CASH FLOWS**  
**Towson University Foundation, Inc.**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 12,145,213	\$ 10,831,684
<b>Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided by Operating Activities:</b>		
Depreciation	837	1,433
Increase (Decrease) in Allowance for Uncollectable Pledges	775,274	(208,167)
Increase (Decrease) in Discount on Contributions Receivable	5,662	(67,548)
Restricted Contributions for Endowment	(2,445,063)	(2,779,160)
Realized (Gain) Loss on Sale of Investments	(2,213,752)	371,570
Unrealized Gain on Investments	(6,699,804)	(9,344,968)
<b>Net Changes in:</b>		
Receivables	(1,928,142)	2,525,485
Charitable Trusts	297	(9,164)
Accounts Payable, Accrued Expenses, and Scholarships		
Payable	<u>337,947</u>	<u>(625,663)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(21,531)</u>	<u>695,502</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Investments	(40,132,212)	(35,669,152)
Sale of Investments	<u>41,760,767</u>	<u>31,488,000</u>
Net Cash Provided by (Used in) Investing Activities	<u>1,628,555</u>	<u>(4,181,152)</u>
<b>FINANCING ACTIVITIES</b>		
Restricted Contributions for Endowment	<u>2,445,063</u>	<u>2,779,160</u>
Net Change in Cash and Cash Equivalents	4,052,087	(706,490)
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	<u>3,885,781</u>	<u>4,592,271</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 7,937,868</u>	<u>\$ 3,885,781</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Foundation***

Towson University Foundation, Inc. (Foundation), a non-profit corporation formed in 1970, manages funds received for the benefit of Towson University (University). The Foundation is organized to receive, hold, invest, manage, use, dispose of, and administer property of all kinds whether given absolutely, in trust, or by way of agency or otherwise for the benefit and promotion of the University or for all the education and support activities that may be conducted by the University.

In fulfilling its mission, the Foundation maintains three separate and distinct account types:

**1. Endowment Accounts**

Accounts established where the principal is retained in perpetuity and carried as net assets with donor restrictions. Income generated from the invested principal is used to fulfill the donor's intent, allow for associated fees, and continue the growth of the endowment in order to maintain its value over time. A scholarship endowment requires a \$25,000 minimum gift that may be accumulated over a three-year period. Non-scholarship endowments require a \$10,000 minimum gift and also may be accumulated over a three-year period. Amounts available for spending against the endowment are calculated annually as of June 30, subject to policies and procedures of the Foundation.

**2. Scholarship/Award Accounts**

Accounts established to accept gifts restricted by the donor for the presentation of scholarships and awards and whose gift amount does not qualify as an endowment or was not intended to be an endowment by the donor. The net assets are reported with donor restrictions until expended.

**3. University Programs and Support Accounts**

Accounts used for current activities and operations to support the University. These accounts result from gifts and fundraising events sponsored by various University departments and affiliated on-campus activity groups. Expenditures are reflected as University and/or department program services within the financial statements. The net assets are reported with or without donor restrictions until expended.

***Accounting Standards Codification***

All references in the financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by

*(See Independent Auditors' Report)*

the Financial Accounting Standards Board (FASB). The Codification is the single source of authoritative GAAP in the United States.

***Basis of Accounting and Presentation***

The financial statements were prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned, and expenses are recorded when incurred. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are comprised of operating funds (resources available for support of operations) and Board-designated funds (resources to be spent only for purposes approved by the Board). Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

***Use of Estimates***

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

***Revenue Recognition***

Contributions, which include unconditional promises to give, are recorded as revenue in the period the promise is received and as contributions receivable in the Statements of Financial Position if receipt is expected within five years. Unconditional promises to give that are expected to be received after five years are not recorded as income until receipt is expected within five years and collection is not in doubt. Conditional promises to give are recorded as revenue when conditions of receipt are met, and the receivable is due within five years.

***Cash Equivalents***

For purposes of the Statements of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

***Cash and Investments***

As of June 30, 2025 and 2024, the Foundation had cash and investments, which are held by local banks and an investment management organization, in excess of statutory or private deposit insurance. The Foundation believes it is not exposed to any significant credit risk on cash.

*(See Independent Auditors' Report)*

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Investments are reported at fair value in the Statements of Financial Position. Realized and unrealized gains and losses are included in the Statements of Activities. See Note 5 for a discussion of fair value measurements.

***Contributions***

In accordance with the Not-for-Profit Entities Revenue Recognition Topic of the Codification, contributions received are recorded as support within net assets with donor restrictions or net assets without donor restrictions. All donor-restricted support is reported as an increase in support in net assets with donor restrictions, depending on the nature of the restriction.

***Equipment***

Furnishings and equipment above \$1,000 are recorded at cost if purchased or fair value at the date of the donation if received by gift. Lesser amounts are expensed. Furnishings and equipment (except for general ledger software and equipment used by the Foundation) are gifted to the University and expensed by the Foundation as acquired. Software and equipment are depreciated over their estimated useful lives ranging from three to five years using the straight-line method.

***Charitable Trusts***

Charitable trusts represent the estimated net present value of charitable remainder trusts that name the Foundation as the beneficiary.

***Collections***

The Foundation's collections consist of art objects and antiques held for educational, research, scientific, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying its existence and assessing its condition are performed periodically. The Foundation estimates the value of the collections at approximately \$2,253,000. The collections, which were acquired through contributions since the Foundation's inception, are not recognized as assets in the Statements of Financial Position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as decreases in net assets with donor restrictions if the net assets used to purchase the items are restricted by donors. Contributions of collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are used to acquire, preserve, or manage artifacts in the collection.

***Risk and Uncertainties***

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated

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with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect amounts reported in the financial statements.

***Reclassifications***

Certain prior year amounts were reclassified to conform with the current year presentation.

***Subsequent Events***

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 13, 2025, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation's financial assets available to meet cash needs for general expenditures within one year of the Statements of Financial Position date were as follows:

	<b>2025</b>	<b>2024</b>
Cash and Cash Equivalents	\$ 7,937,868	\$ 3,885,781
Accrued Interest Receivable	319,082	212,566
Investments	120,988,364	113,703,363
Contributions Receivable	5,119,736	4,176,098
Other Assets	113,822	40,318
Charitable Trusts	<u>123,185</u>	<u>123,482</u>
 Total Financial Assets	 134,602,057	 122,141,608
 <b>Financial Assets to Be Collected in More Than One Year:</b>		
Charitable Trusts	(123,185)	(123,482)
Other Assets	(33,913)	(40,315)
 <b>Contractual or Donor-Imposed Restrictions:</b>		
Endowment Funds	(59,453,359)	(56,942,663)
Donor Contributions Restricted to Specific Purposes	<u>(65,684,528)</u>	<u>(57,364,149)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 9,307,072	 7,670,999
Board-Designated Operating Reserves	<u>(373,616)</u>	<u>(464,201)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year After Board Designations	 <u>\$ 8,933,456</u>	 <u>\$ 7,206,798</u>

*(See Independent Auditors' Report)*

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 3 INCOME TAXES**

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Internal Revenue Service determined the Foundation is not a private foundation within the meaning of Section 509(a) of the IRC.

The Foundation follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the Foundation's evaluation of tax positions, which includes maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it took any tax positions that would not meet this threshold.

**NOTE 4 AFFILIATIONS**

The Foundation is a state university-affiliated foundation organized and operated for the benefit of, and to carry out the purpose of, the University, a constituent institution of the University System of Maryland, Inc.

The president of the University serves as an ex-officio member of the Foundation's Board.

**NOTE 5 VALUATION OF INVESTMENTS**

Investments at June 30, 2025 and 2024 consisted of the following:

	2025		2024	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 1,339,095	\$ 1,346,765	\$ 827,978	\$ 832,838
Bond Mutual Funds	15,219,499	15,047,620	17,255,415	16,635,093
Stock Mutual Funds	36,114,623	66,138,337	36,697,900	61,638,315
University System of Maryland Foundation, Inc. Fund	7,891,512	15,122,981	7,781,586	14,042,547
Corporate Bonds and U.S. Treasury and Government Agency Securities	21,531,042	21,600,778	20,302,368	20,191,071
Private Investment Funds	1,350,000	1,350,000	-	-
Common Stocks	163,803	381,883	159,137	363,499
	<u>\$ 83,609,574</u>	<u>\$ 120,988,364</u>	<u>\$ 83,024,384</u>	<u>\$ 113,703,363</u>

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS**  
**Towson University Foundation, Inc.**

Investment income for the years ended June 30, 2025 and 2024 consisted of the following:

	<b>2025</b>	<b>2024</b>
Interest and Dividends	\$ 3,599,021	\$ 3,007,241
Realized Losses on Sale of Investments	(159,451)	(468,658)
Realized Gains on Sale of Investments	2,373,203	97,088
Unrealized Losses on Investments	(478,715)	(227,867)
Unrealized Gains on Investments	<u>7,178,519</u>	<u>9,572,835</u>
	12,512,577	11,980,639
Less: Investment Fees	<u>263,203</u>	<u>244,721</u>
<b>Total</b>	<b><u>\$ 12,249,374</u></b>	<b><u>\$ 11,735,918</u></b>

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

- Level 1      Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities and listed derivatives. As required by the Codification, the Foundation does not adjust the quoted price for these investments, even in situations where it holds a large position and a sale could reasonably impact the quoted price.
- Level 2      Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Generally, investments in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.
- Level 3      Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Generally, investments in this category include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations, and collateralized debt obligations.

*(See Independent Auditors' Report)*

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Below are descriptions of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used at June 30, 2025 and 2024.

**Mutual Funds and Common Stocks:** Valued at quoted prices in an active market.

**Corporate Bonds and U.S. Treasury and Government Agency Securities:** Certain bonds and government securities are valued at the closing price reported in the market in which they are traded. Other bonds and government securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

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

The Foundation follows Accounting Standards Update (ASU) 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share. ASU 2015-07 removes the requirement to categorize investments for which fair value is measured using the net asset value (NAV) of the investment as a practical expedient within the fair value hierarchy. ASU 2015-07 also removes the requirement to make certain disclosures for investments that are eligible to be measured at fair value using the NAV practical expedient.

The Foundation's investments in University System of Maryland Foundation, Inc. Commingled Fund and private investment funds are measured at fair value using the NAV as a practical expedient and are not categorized within the fair value hierarchy.

Investments are subject to various withdrawal and redemption restrictions. Private equity funds generally make distributions only after sales of underlying investments.

**University System of Maryland Foundation, Inc. Commingled Fund (USMF Fund):** The Foundation holds an interest in the USMF Fund. The University System of Maryland Foundation, Inc. has discretionary investment authority over the Foundation's interest and provides periodic value assessments of the USMF Fund, which are incorporated in the Foundation's financial statements. The USMF Fund's investments consist of equity and debt

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**NOTES TO FINANCIAL STATEMENTS**  
**Towson University Foundation, Inc.**

securities, private capital investment entities, off-shore investment vehicles, and other partnership investments. There are no redemption restrictions for withdrawing Foundation investments from the USMF Fund.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2025 and 2024:

	<b>2025</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Certificates of Deposit	\$ 1,346,765	\$ -	\$ 1,346,765
<b>Mutual Funds:</b>			
Emerging Market	3,454,402	-	3,454,402
Foreign Value	6,811,680	-	6,811,680
Bond	15,047,620	-	15,047,620
Exchange Traded	22,433,273	-	22,433,273
Blend	33,438,982	-	33,438,982
	<hr/> 81,185,957	<hr/> -	<hr/> 81,185,957
<b>Common Stocks:</b>			
Basic Materials	10,301	-	10,301
Consumer Goods	41,290	-	41,290
Energy	12,778	-	12,778
Financial	51,194	-	51,194
Healthcare	61,921	-	61,921
Industrial Goods	14,583	-	14,583
Real Estate	7,358	-	7,358
Services	69,307	-	69,307
Technology	106,897	-	106,897
Utilities	6,254	-	6,254
	<hr/> 381,883	<hr/> -	<hr/> 381,883
<b>Fixed Income:</b>			
Corporate Bonds	-	8,451,176	8,451,176
Treasury Bonds	555,397	5,021,255	5,576,652
Agency Bonds	-	7,572,950	7,572,950
	<hr/> 555,397	<hr/> 21,045,381	<hr/> 21,600,778

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS**  
**Towson University Foundation, Inc.**

<b>2025 (Continued)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Private Equity :</b>			
Investment Funds	-	-	-
Total Investments at Fair Value	<u>\$ 83,470,002</u>	<u>\$ 21,045,381</u>	104,515,383
USMF Fund			15,122,981
Private Investment Funds			<u>1,350,000</u>
Total Investments			<u>\$ 120,988,364</u>
<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Certificates of Deposit	<u>\$ 832,838</u>	<u>\$ -</u>	\$ 832,838
<b>Mutual Funds:</b>			
Emerging Market	3,196,570	-	3,196,570
Foreign Value	6,091,069	-	6,091,069
Bond	16,635,093	-	16,635,093
Exchange Traded	19,957,889	-	19,957,889
Blend	<u>32,392,787</u>	<u>-</u>	<u>32,392,787</u>
	<u>78,273,408</u>	<u>-</u>	<u>78,273,408</u>
<b>Common Stocks:</b>			
Basic Materials	8,953	-	8,953
Consumer Goods	36,516	-	36,516
Energy	12,579	-	12,579
Financial	38,196	-	38,196
Healthcare	76,451	-	76,451
Industrial Goods	14,507	-	14,507
Real Estate	7,862	-	7,862
Services	61,373	-	61,373
Technology	101,749	-	101,749
Utilities	<u>5,313</u>	<u>-</u>	<u>5,313</u>
	<u>363,499</u>	<u>-</u>	<u>363,499</u>

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS**  
**Towson University Foundation, Inc.**

	<b>2024 (Continued)</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Fixed Income:</b>			
Corporate Bonds	-	7,842,496	7,842,496
Treasury Bonds	2,615,675	2,313,294	4,928,969
Agency Bonds	-	7,419,606	7,419,606
	<u>2,615,675</u>	<u>17,575,396</u>	<u>20,191,071</u>
Total Investments at Fair Value	<u><u>\$ 82,085,420</u></u>	<u><u>\$ 17,575,396</u></u>	<u><u>99,660,816</u></u>
USMF Fund			<u><u>14,042,547</u></u>
Total Investments			<u><u>\$ 113,703,363</u></u>

**NOTE 6 CONTRIBUTIONS RECEIVABLE**

The Foundation enters into agreements with donors involving future nonreciprocal transfers of cash. Such agreements are recorded as contribution revenue and receivables (pledges and planned gifts) if the agreement is, in substance, an unconditional promise to give. Management's estimate of any allowance is based on historical collection experience and a review of the current status of pledges receivable.

Contributions receivable at June 30, 2025 and 2024 were as follows:

	<b>2025</b>	<b>2024</b>
Contributions Receivable	\$ 6,363,036	\$ 4,638,464
Less: Allowance for Uncollectable Pledges	(1,203,435)	(428,163)
Less: Discount to Present Value	(39,865)	(34,203)
Net Contributions Receivable	<u><u>\$ 5,119,736</u></u>	<u><u>\$ 4,176,098</u></u>

Contributions are due as follows:

Year Ending June 30, 2026	\$ 2,760,652
2027	1,624,987
2028	991,463
2029	658,567
2030	327,367
	<u><u>\$ 6,363,036</u></u>

*(See Independent Auditors' Report)*

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the one-year Treasury Bill rate of 3.97% and 5.11% for the years ended June 30, 2025 and 2024, respectively. Amortization of the discounts is included in contribution revenue.

**NOTE 7 CHARITABLE TRUSTS**

The Foundation is the beneficiary of certain charitable remainder trusts with estimated values of \$123,185 and \$123,482 at June 30, 2025 and 2024, respectively.

**NOTE 8 ENDOWMENT FUNDS**

The Foundation's endowment consists of various donor-restricted funds established to provide a source of income for ongoing donor-advised program expenses. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Board of Directors interprets the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) 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 as net assets with donor restriction. Additionally, any accumulation of donor-restricted endowment funds that are not required to be maintained in perpetuity is classified as restricted net assets until those amounts are appropriated for expenditure by the Foundation subject to the Board-approved spending policy. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) Duration and preservation of the fund
- (2) Purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) Possible effect of inflation and deflation
- (5) Expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) Investment policies of the Foundation

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS**  
**Towson University Foundation, Inc.**

***Endowment Fund Composition by Type of Fund as of June 30, 2025 and 2024:***

	<b>With Donor Restrictions</b>	
	<b>2025</b>	<b>2024</b>
<b>Donor-Restricted Endowment Funds:</b>		
Original Donor-Restricted Gift Amount and		
Amounts Required to Be Maintained in		
Perpetuity by Donor	\$ 58,354,018	\$ 56,299,275
Accumulated Investment Gains	<u>44,153,154</u>	<u>37,222,037</u>
	<u><u>\$ 102,507,172</u></u>	<u><u>\$ 93,521,312</u></u>

***Changes in Endowment Funds for the Years Ended June 30, 2025 and 2024:***

	<b>With Donor Restrictions</b>
Endowment Funds, July 1, 2023	<u><u>\$ 83,010,151</u></u>
Investment Return, Net	10,275,281
Contributions	3,257,178
Other	421,666
Appropriation of Endowments for Expenditure	<u>(3,442,964)</u>
Endowment Funds, June 30, 2024	93,521,312
Investment Return, Net	10,592,318
Contributions	1,997,507
Other	57,236
Appropriation of Endowments for Expenditure	<u>(3,661,201)</u>
Endowment Funds, June 30, 2025	<u><u>\$ 102,507,172</u></u>

***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. No such deficiencies existed at June 30, 2025 and 2024.

*(See Independent Auditors' Report)*

### ***Return Objectives and Risk Parameters***

The Foundation established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the portfolio's custom index, as defined by the indices represented by the portfolio's asset allocation, while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return approximating the spending rate plus the Consumer Price Index annually. Actual returns in any given year may vary from this amount.

### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Foundation has a Board-approved endowment spending policy that targets an amount not to exceed 7% (which is inclusive of spending for programmatic, administrative, and University support expenses) of its endowment fund's average fair market value over the prior 20 quarters through the fiscal year ending 12 months before the start of the fiscal year in which distribution is planned. In establishing this policy, the Foundation considers the long-term expected return on its endowment. Annually, the spending policy committee debates the prudence of the spending percentage, keeping in mind the seven prudence guidelines for appropriation as outlined in UPMIFA. Over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate of return approximating the spending rate plus the Consumer Price Index. This spending policy is consistent with the objective to maintain the purchasing power of the endowment assets in perpetuity or for a donor-specified term as well as to provide additional real growth through new gifts and investment return.

#### **NOTE 9      GIFTS IN KIND**

No amounts were reflected in the financial statements for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers donate significant amounts of time to the Foundation's program services, fundraising campaigns, and general administration.

*(See Independent Auditors' Report)*

Additionally, the Foundation utilizes facilities and equipment of the University under a contractual agreement renewed annually each July 1. The Foundation records gifts in kind for office space based on fair market rent specified in the agreement. This contractual agreement recognizes that the support provided by the Foundation to the University exceeds the value of the benefit received.

**NOTE 10 RETIREMENT PLANS**

The Foundation has a tax-deferred annuity (TDA) plan, pursuant to the requirements of IRC Section 403(b). The TDA plan allows eligible employees to tax defer a portion of their compensation.

The Foundation also has a defined-contribution retirement plan, pursuant to the requirements of IRC Section 403(b). The Foundation makes contributions to this plan equal to 7.25% of compensation. The Foundation made contributions totaling \$32,571 and \$31,405 during the years ended June 30, 2025 and 2024, respectively.

**NOTE 11 NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions at June 30, 2025 and 2024 were as follows:

	<b>2025</b>	<b>2024</b>
Board-Designated Scholarships	\$ 148,690	\$ 150,000
Board-Designated Grant Program	224,926	224,926
University Programs	-	89,275
Undesignated	<u>6,208,613</u>	<u>4,803,890</u>
	<u><u>\$ 6,582,229</u></u>	<u><u>\$ 5,268,091</u></u>

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2025 and 2024 were restricted for the following purposes:

	<b>2025</b>	<b>2024</b>
<b>Subject to Expenditure for Specified Purposes:</b>		
Scholarships and Other Student Support	\$ 2,622,182	\$ 3,082,106
University Program Support	18,680,132	16,927,049
<b>Subject to Foundation's Spending Policy and Appropriation:</b>		
Scholarships	23,188,865	19,382,650
University Program Support	21,193,349	17,972,344
Investment at Historical Value	<u>59,453,359</u>	<u>56,942,663</u>
	<u><u>\$ 125,137,887</u></u>	<u><u>\$ 114,306,812</u></u>

*(See Independent Auditors' Report)*