

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Financial Statements
(With Independent Auditor's Report Thereon)

Year Ended December 31, 2024

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Financial Statements
(With Independent Auditor's Report Thereon)

Year Ended December 31, 2024

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

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Independent Auditor's Report

Members of the Board of Directors
University of the Arctic Foundation (US)
Fairbanks, Alaska

Opinion

We have audited the accompanying financial statements of University of the Arctic Foundation (US) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 University of the Arctic Foundation (US) as of December 31, 2024, and the changes in its net assets and its 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. 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 University of the Arctic Foundation (US) 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 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 University of the Arctic Foundation (US)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 University of the Arctic Foundation (US)'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 University of the Arctic Foundation (US)'s ability to continue as a going concern for a reasonable period of time.

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

Altman, Rogers & Co.

Anchorage, Alaska
September 12, 2025

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Statement of Financial Position

December 31, 2024

Assets

Current assets:

Cash and cash equivalents	\$	353,927
Current portion of contribution receivable		<u>379,987</u>
Total current assets		<u>733,914</u>

Noncurrent assets:

Contribution receivable, net of discount of \$24,744		<u>341,930</u>
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Total assets	\$	<u>1,075,844</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable		634
Accrued expenses		<u>32,195</u>
Total current liabilities		<u>32,829</u>

Net assets:

Without donor restrictions		<u>1,043,015</u>
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Total liabilities and net assets	\$	<u>1,075,844</u>
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See accompanying notes to financial statements.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Statement of Activities

Year End December 31, 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS

Support and revenue:	
Contributions and pledges	\$ 1,374,498
Contributed nonfinancial assets - rent	9,750
Interest income	29,163
Total support and revenue	<u>1,413,411</u>
Expenses:	
Program services	1,175,298
Supporting services:	
Management and general	145,940
Fundraising	243,450
Total expenses	<u>1,564,688</u>
CHANGE IN NET ASSETS	(151,277)
NET ASSETS, beginning of year	<u>1,194,292</u>
NET ASSETS, end of year	<u>\$ 1,043,015</u>

See accompanying notes to financial statements.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Statement of Functional Expense

Year Ended December 31, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Expenses:				
Awards and grants to others	\$ 1,160,000	-	-	1,160,000
Salaries and benefits	15,298	90,230	200,913	306,441
Professional services	-	13,161	-	13,161
Advertising	-	-	6,045	6,045
Office expenses	-	4,439	201	4,640
Contributed rent	-	9,750	-	9,750
Meals & entertainment	-	-	7,915	7,915
Travel	-	25,160	28,268	53,428
Insurance	-	2,463	-	2,463
Interest	-	58	-	58
Other	-	679	108	787
Total expenses	\$ <u>1,175,298</u>	<u>145,940</u>	<u>243,450</u>	<u>1,564,688</u>

See accompanying notes to financial statements.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Statement of Cash Flows

Year End December 31, 2024

Cash flows provided (used) by operating activities:	
Change in net assets	\$ (151,277)
Adjustments to reconcile change in net assets to net cash from operating activities:	
(Increase) decrease in current assets:	
Promise to give	254,327
Increase (decrease) in current liabilities:	
Accounts payable	(3,070)
Accrued payroll and payroll liabilities	4,462
Net cash flows provided (used) by operating activities	<u>104,442</u>
Net change in cash and cash equivalents	104,442
Cash and cash equivalents, beginning of year	<u>249,485</u>
Cash and cash equivalents, end of year	\$ <u><u>353,927</u></u>
Supplemental cash flow disclosures:	
Non-cash contributed rent	\$ <u><u>9,750</u></u>

See accompanying notes to financial statements.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Notes to Financial Statements

December 31, 2024

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Operations

University of the Arctic Foundation (US) (The Foundation) is a 501(c)(3) nonprofit corporation incorporated in 2023 in the State of Alaska and is considered a private foundation as described in section 509(a) of the internal revenue code. The Foundation is organized exclusively for the charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation: to support Arctic higher education efforts of the University of the Arctic, also known as UArctic, a cooperative forum of universities, colleges, research institutes and other organizations in matters regarding northern regions, organized and headquartered in Rovaniemi, Finland, including participation by US higher education institutions and their students, faculty and staff, in activities of the University of the Arctic.

Gifts to The Foundation are primarily received from private sources. Contributions to The Foundation are tax deductible under Section 170 of the Internal Revenue Code.

Basis of Accounting

The Foundation's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this method of accounting, revenues are recognized when earned. Liabilities and expenses are recorded when incurred.

GAAP requires that financial statements provide certain basic information that focuses on the entity as a whole and meets the common needs of external users of those statements. Under GAAP, contributions are recorded in the period received in the appropriate class of net assets based upon any donor-imposed stipulations.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board, and is presented in accordance with GAAP. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Notes to Financial Statements, Continued

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Donated Services and Materials

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, and included in revenue if:

- a) the services performed create or enhance nonfinancial assets; or
- b) the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donations of professional fees are objectively determinable and these contributions are recorded and reported in the financial statements at the fair market value of the professionals' services.

In-kind contributions for space, supplies and professional services are recorded in the Statement of Activities at market value and recognized as revenue and expenses in the period they are received except for donated equipment, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid expenses.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Expenses for maintenance and repairs are charged to expense as incurred, and expenses for major renovations are capitalized. All expenses for equipment over \$5,000 are capitalized. Depreciation is provided over the estimated useful lives of the assets (5 years for equipment – 20 years for buildings) on a straight-line basis. The organization has no capital assets as of December 31, 2024

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. The expenses that allocated are salaries and benefit expenses based on time and effort. All other expenses are directly charged to the corresponding function.

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Notes to Financial Statements, Continued

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Foundation annually reviews its tax return and positions taken in accordance with the recognition standards. The Foundation believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions is reclassified to net assets without donor restrictions and reported in the Statements of Activities.

Accrued leave

Accrued leave is accrued as earned by employees and recorded as an expense in the period earned.

Use of Estimates

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

Fair Value of Financial Instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in principal, or most advantageous, market at the measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) promise to give, (3) accounts payable, and (4) other current liabilities. The carrying amounts reported in the Statements of Financial Position for the above financial statements closely approximate their fair value due to the short-term nature of these assets and liabilities

UNIVERSITY OF THE ARCTIC FOUNDATION (US)

Notes to Financial Statements, Continued

(2) **CASH AND CASH EQUIVALENTS**

Bank balances were covered by federal depository insurance through the Federal Deposit Insurance Company (FDIC) up to \$250,000. At December 31, 2024, \$103,927 was uninsured and uncollateralized.

(3) **EMPLOYEE BENEFIT PLAN**

The Foundation maintains a defined contribution pension plan for qualifying employees. Employees who are 21 years of age or older that have completed three months of service are eligible to participate. The Foundation contributes up to 8% of the employee's salary through matching contributions. Contributions of \$25,158 were made to the plan during the year ended December 31, 2024.

(4) **ADVERTISING COSTS**

Advertising costs are expensed as incurred. Advertising expense for the period ending December 31, 2024 was \$6,045.

(5) **CONTINGENCIES**

The Foundation from time to time could be involved in claims, lawsuits, personnel matters, etc., made against it relating to the conduct of its business. In the opinion of management, the outcome of any pending claims will not have a material effect on The Foundation's financial statements. Additionally, The Foundation is subject to various commitments and contingencies that arise during the normal course of business. Management does not believe these commitments or contingencies will have a significant negative impact on The Foundation's financial position, results of operations, or liquidity.

(6) **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2024:

Cash and cash equivalents	\$	353,927
Promises to give, current portion		<u>379,987</u>
	\$	<u>733,914</u>

As part of their liquidity management plan, The Foundation maintains sufficient cash balances to meet short-term obligations and operational needs.

(8) FUNCTIONAL EXPENSES

Program Activities:

UArctic benefits students, public and private sectors, and sustainable development of the northern regions by creating strong international collaboration among its members that:

- Creates shared knowledge, competences and resources
- Develops shared education and research initiatives
- Connects traditional and indigenous knowledge systems with modern academia
- Partners with northern communities and indigenous populations to respond to their educational aspirations and other requirements
- Partners with other education, science, research and policy-based organizations who share in the UArctic vision and mission
- Bridges dialogue across different sectors and regions of the North, and with the world
- Increases collaboration opportunities for member faculty, staff and students including publishing activities
- Promotes the collective views of its members and broadens the influence of the North in the world

Supporting Services:

- Management and General – Includes the functions necessary to maintain an adequate working environment, provide coordination of the Foundation's program, secure proper administrative function of the Foundation, and manage the financial and budgetary responsibilities of the Foundation.
- Fundraising – Includes activities of the Foundation to raise revenues and contributions for the Foundation's activities.

(9) CONTRIBUTED RENT

On July 1, 2023 UArctic Foundation (US) entered into an memorandum of understanding (MOU) with the University of Alaska for space rent. The MOU's duration is from July 1, 2023 through June 30, 2025. The office space is provided as a contributed non-financial asset by the University of Alaska and the value of the contribution as outlined in the MOU is \$9,750 per year. The full amount of the in-kind rent was charged to the management and general function.

(10) RELATED PARTIES / CONTRIBUTION RECEIVABLE

In 2023 Ferring Pharmaceuticals made a promise to give UArctic Foundation (US) \$350,000 per year for four years totaling \$1,400,000. The Foundation's Board President is Chairman Emeritus of the Ferring Group. The contribution receivable was recorded with a discount rate of 5%. As of December 31, 2024 Ferring Pharmaceuticals owed the Foundation \$700,000 of undiscounted payments: \$350,000 in 2025 and \$350,000 in 2026. On the Statement of Net assets the receivable is recorded net of a discount of \$24,744 at December 31, 2024.

(11) **ECONOMIC DEPENDENCY**

The Foundation is primarily funded by private contributors. This support, in the form of cash and noncash contributions, represents 97% of the funding for its activities for the years ended December 31, 2024. A significant decrease in private sources' ability to contribute to The Foundation could have a negative effect on operations.

(12) **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 12, 2025, the date which the financial statements were available for use, and no events require disclosure.