

**METROPOLITAN STATE UNIVERSITY OF DENVER
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Metropolitan State University of Denver Foundation, Inc.
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Metropolitan State University of Denver Foundation, Inc., which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan State University of Denver Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan State University of Denver Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter Regarding Correction of an Error

As described in Note 13 to the financial statements, the Foundation has restated revenue and expenses for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 Metropolitan State University of Denver Foundation, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metropolitan State University of Denver Foundation, Inc.'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.



CliftonLarsonAllen LLP

Denver, Colorado
September 26, 2022

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Cash and Cash Equivalents	\$ 2,429,587	\$ 1,611,505
Cash Restricted for Distribution to University	14	42
Cash Restricted for Alumni Association	330,538	225,128
Investments	11,571,200	11,501,371
Receivable from University	4,361	3,814
Promises to Give, Net	2,563,200	1,635,910
Promises to Give - Charitable Lead Trust, Net	1,026,311	-
Prepaid Expenses and Other Assets	22,272	21,618
Property and Equipment, Net	1,303,642	1,334,802
Endowment:		
Cash Restricted for Endowment	-	26,350
Promises to Give, Net	236,348	1,271,778
Investments	19,529,084	21,877,290
Total Assets	\$ 39,016,557	\$ 39,509,608
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 216,305	\$ 183,432
Accounts Payable to University	943,680	357,229
Funds Held for Distribution to University	14	42
Funds Held for Alumni Association	330,538	225,128
Total Liabilities	1,490,537	765,831
NET ASSETS		
Without Donor Restrictions:		
Undesignated	3,832,797	5,363,314
Board-Designated	921,253	1,159,017
Invested in Property and Equipment, Net	1,303,642	1,334,802
Total Without Donor Restrictions	6,057,692	7,857,133
With Donor Restrictions	31,468,328	30,886,644
Total Net Assets	37,526,020	38,743,777
 Total Liabilities and Net Assets	 \$ 39,016,557	 \$ 39,509,608

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions of Financial Assets	\$ 188,290	\$ 9,711,646	\$ 9,899,936
Contributions of Nonfinancial Assets:			
In-Kind Contributions	-	56,511	56,511
Endowment Management Fees	414,137	-	414,137
Gross Special Events Revenue	77,630	-	77,630
Less: Cost of Direct Benefits to Donors	<u>(5,885)</u>	<u>-</u>	<u>(5,885)</u>
Net Special Events Revenue	71,745	-	71,745
Net Investment Loss	(1,910,606)	(3,905,730)	(5,816,336)
Rent and Other Income	341,632	-	341,632
Net Assets Released from Restrictions	<u>5,280,743</u>	<u>(5,280,743)</u>	<u>-</u>
Total Revenue, Support, and Gains	4,385,941	581,684	4,967,625
EXPENSES			
Program Services Expense:			
Support Provided to University	4,949,462	-	4,949,462
Alumni Relations Operating Expenses	<u>524,834</u>	<u>-</u>	<u>524,834</u>
Total Program Expenses	5,474,296	-	5,474,296
Supporting Services Expense:			
General and Administrative Costs	2,251,380	-	2,251,380
Donor Development Costs	<u>1,986,300</u>	<u>-</u>	<u>1,986,300</u>
Total Supporting Services Expenses	4,237,680	-	4,237,680
Total Expenses	<u>9,711,976</u>	<u>-</u>	<u>9,711,976</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(5,326,035)	581,684	(4,744,351)
Equity Transfer - Donated Services from Affiliate	<u>3,526,594</u>	<u>-</u>	<u>3,526,594</u>
CHANGE IN NET ASSETS	(1,799,441)	581,684	(1,217,757)
Net Assets - Beginning of Year	<u>7,857,133</u>	<u>30,886,644</u>	<u>38,743,777</u>
NET ASSETS - END OF YEAR	<u>\$ 6,057,692</u>	<u>\$ 31,468,328</u>	<u>\$ 37,526,020</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	As Restated		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE, SUPPORT, AND GAINS			
Contributions of Financial Assets	\$ 159,248	\$ 6,720,908	\$ 6,880,156
Contributions of Nonfinancial Assets:			
In-Kind Contributions	-	18,795	18,795
Endowment Management Fees	340,517	-	340,517
Net Investment Return	1,974,181	3,717,397	5,691,578
Rent and Other Income	311,188	-	311,188
Net Assets Released from Restrictions	4,975,053	(4,975,053)	-
Total Revenue, Support, and Gains (As Restated - Note 13)	<u>7,760,187</u>	<u>5,482,047</u>	<u>13,242,234</u>
EXPENSES			
Program Services Expense:			
Support Provided to University (As Restated - Note 13)	4,739,543	-	4,739,543
Alumni Relations Operating Expenses (As Restated - Note 13)	465,389	-	465,389
Total Program Expenses (As Restated - Note 13)	<u>5,204,932</u>	<u>-</u>	<u>5,204,932</u>
Supporting Services Expense:			
General and Administrative Costs (As Restated - Note 13)	1,508,441	-	1,508,441
Donor Development Costs (As Restated - Note 13)	1,639,647	-	1,639,647
Total Supporting Services Expenses (As Restated - Note 13)	<u>3,148,088</u>	<u>-</u>	<u>3,148,088</u>
Total Expenses (As Restated - Note 13)	<u>8,353,020</u>	<u>-</u>	<u>8,353,020</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(592,833)	5,482,047	4,889,214
Equity Transfer - Donated Services from Affiliate (As Restated - Note 13)	<u>2,924,503</u>	<u>-</u>	<u>2,924,503</u>
CHANGE IN NET ASSETS	2,331,670	5,482,047	7,813,717
Net Assets - Beginning of Year	<u>5,525,463</u>	<u>25,404,597</u>	<u>30,930,060</u>
NET ASSETS - END OF YEAR	<u>\$ 7,857,133</u>	<u>\$ 30,886,644</u>	<u>\$ 38,743,777</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			General and Administrative	Donor Development	Cost of Goods Sold	Total
	Support Provided to University	Alumni Relations Operating Costs	Total				
Scholarships and Other Assistance	\$ 4,949,462	\$ -	\$ 4,949,462	\$ -	\$ -	\$ -	\$ 4,949,462
Salaries, Wages, Benefits, and Taxes	-	389,066	389,066	1,369,506	1,352,520	-	3,111,092
Cost of Direct Benefits to Donors	-	-	-	-	-	5,885	5,885
Professional Services	-	135,768	135,768	391,702	633,780	-	1,161,250
Other	-	-	-	333,649	-	-	333,649
Office Expenses	-	-	-	139,601	-	-	139,601
Depreciation	-	-	-	35,400	-	-	35,400
Occupancy	-	-	-	44,373	-	-	44,373
Conferences, Conventions, and Meetings	-	-	-	24,201	-	-	24,201
Insurance	-	-	-	20,633	-	-	20,633
Total Expenses by Function	4,949,462	524,834	5,474,296	2,359,065	1,986,300	5,885	9,825,546
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	(107,685)	-	-	(107,685)
Cost of Direct Benefits to Donors	-	-	-	-	-	(5,885)	(5,885)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	<u>\$ 4,949,462</u>	<u>\$ 524,834</u>	<u>\$ 5,474,296</u>	<u>\$ 2,251,380</u>	<u>\$ 1,986,300</u>	<u>\$ -</u>	<u>\$ 9,711,976</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	As Restated						Total
	Program Services			General and Administrative	Donor Development	Cost of Goods Sold	
	Support Provided to University	Alumni Relations Operating Costs	Total				
Scholarships and Other Assistance	\$ 4,739,543	\$ -	\$ 4,739,543	\$ -	\$ -	\$ -	\$ 4,739,543
Salaries, Wages, Benefits, and Taxes (As Restated - Note 13)	-	337,841	337,841	1,063,472	1,261,766	-	2,663,079
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Professional Services (As Restated - Note 13)	-	65,518	65,518	287,115	377,881	-	730,514
Other	-	-	-	37,217	-	-	37,217
Office Expenses	-	-	-	82,370	-	-	82,370
Depreciation	-	35,400	35,400	-	-	-	35,400
Occupancy	-	26,630	26,630	8,274	-	-	34,904
Conferences, Conventions, and Meetings	-	-	-	12,106	-	-	12,106
Insurance	-	-	-	17,887	-	-	17,887
Total Expenses by Function (As Restated - Note 13)	4,739,543	465,389	5,204,932	1,508,441	1,639,647	-	8,353,020
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	-	-	-	-
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities (As Restated - Note 13)	<u>\$ 4,739,543</u>	<u>\$ 465,389</u>	<u>\$ 5,204,932</u>	<u>\$ 1,508,441</u>	<u>\$ 1,639,647</u>	<u>\$ -</u>	<u>\$ 8,353,020</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,217,757)	\$ 7,813,717
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	35,400	35,400
Realized and Unrealized (Gain) Loss on Operating Investments	2,790,139	(1,673,161)
Change in Discount on Promises to Give	161,058	(19,038)
Loss on Uncollectible Promises to Give	280,000	200,000
Gain on Paycheck Protection Program Loan Forgiveness	-	(71,700)
Contributions Restricted to Endowment	(1,578,219)	(1,776,182)
Contributed Collections to Capitalize	(4,240)	-
Endowment Net Investment Return	4,101,633	(3,937,803)
Changes in Operating Assets and Liabilities:		
Receivable from University	(547)	5,102
Promises to Give, Net	(2,298,785)	6,455
Prepaid Expenses and Other Assets	(654)	17,105
Accounts Payable and Other Liabilities	586,451	181,916
Accounts Payable and Accrued Liabilities to University	138,255	184,475
Net Cash Provided by Operating Activities	2,992,734	966,286
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(41,347,291)	(8,267,532)
Proceeds from Sales of Investments	36,733,896	6,182,460
Net Cash Used by Investing Activities	(4,613,395)	(2,085,072)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	2,517,775	1,619,007
Net Cash Provided by Financing Activities	2,517,775	1,619,007
 NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
	897,114	500,221
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,863,025	1,362,804
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR		
	\$ 2,760,139	\$ 1,863,025
 RECONCILIATION OF CASH		
Cash and Cash Equivalents	\$ 2,429,587	\$ 1,611,505
Cash Restricted for Distribution to University	14	42
Cash Restricted for Alumni Association	330,538	225,128
Cash Restricted for Endowment	-	26,350
Total Cash	\$ 2,760,139	\$ 1,863,025

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Metropolitan State University of Denver Foundation, Inc. (the Foundation) is a Colorado nonprofit organization established to promote the general welfare and development of Metropolitan State University of Denver (the University).

The Foundation is the sole member of 965 Santa Fe, LLC (the LLC), a Colorado limited liability company. The LLC owns and rents the Center for Visual Arts (the CVA) facility to the University.

The consolidated financial statements include the accounts of the Foundation and the LLC because the Foundation has both control and an economic interest in the LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Foundation."

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowment, held on behalf of others or other long-term purposes of the Foundation are excluded from this definition. The Foundation serves as a repository of funds raised through the *Colorado Rockies Foundation 50/50 Raffle* on behalf of Metropolitan State University of Denver Alumni Association, a separate Colorado nonprofit organization. Restricted cash held for University consists of receipts for Athletic Fields, the University Hospitality Center, and athletic camps hosted by the University.

	2022	2021
Cash and Cash Equivalents	\$ 2,429,587	\$ 1,611,505
Cash Restricted for Distribution to University	14	42
Cash Restricted for Alumni Association	330,538	225,128
Cash Restricted for Endowment	-	26,350
Total	\$ 2,760,139	\$ 1,863,025

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management's estimate of the allowance for uncollectible promises to give is based on historical collection rates and an analysis of the collectability of individual promises.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment additions over \$5,000 with useful lives exceeding one year are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, at present only the building at 965 Santa Fe is subject to depreciation over a 30-year useful life. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred. Property and equipment also includes works of art which are capitalized at original cost, or fair value if donated, and are not depreciated because the Foundation intends to preserve these assets in perpetuity.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- (or certain 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-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (see Note 9).

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. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Foundation records contributions in accordance with the requirements of accounting principles generally accepted in the United States of America for nonprofit entities. The Foundation recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

Promises to give are recognized initially at fair value. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated Professional Services, In-Kind Contributions, and Services Received from the University

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. Donated services received from Affiliated Organizations are recorded at the respective fair values of the services received in accordance with accounting principles generally accepted in the United States of America (see Note 12).

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Program activities are those that are conducted in accordance with the Foundation's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Foundation's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Costs that are directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. Certain other costs that benefit multiple functional areas have been allocated across program and supporting services based on management's best estimate of the functions that benefit from the expense.

Income Taxes

The Foundation is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under Section 509(a)(1). The LLC is treated as a disregarded entity for tax purposes, and is incorporated into the tax return filed by the Foundation.

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of the consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals, corporations, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Recently Implemented Accounting Standards

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Number 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about noncash contributions nonprofit organizations receive or make, known as gifts-in-kind (GIKs). Contributed nonfinancial assets are required to be reported by category within the statement of activities, and additional disclosures are required for each category, including whether nonfinancial assets were monetized or utilized during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of the fair value techniques used to arrive at a fair value measurement. The Foundation adopted the requirements of the new ASU as of July 1, 2021, utilizing the retrospective method of transition. The adoption of this ASU did not result in a material impact on the Foundation's financial statements.

Upcoming Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their statement of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of activities largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct-financing leases. The standard is effective for fiscal year 2023, and early adoption is permitted. The Foundation is evaluating the impact of ASU 2016-02 on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through September 26, 2022, the date the consolidated financial statements were available to be issued.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30:

	2022	2021
Cash and Cash Equivalents	\$ 2,429,587	\$ 1,611,505
Investments	2,194,442	3,794,150
Receivable from University	4,361	3,814
Total	\$ 4,628,390	\$ 5,409,469

The Foundation's liquidity is structured so its financial assets are available as its general expenditures, liabilities, and other obligations come due. A portion of Foundation's operations is funded by investment income without donor restrictions which is expendable as needed. To manage unanticipated liquidity needs, the Foundation will calculate, on a regular basis, assumed liquidity requirements for the Non-Endowment assets. These projections will provide a net total assumed liquidity dollar amount that the Foundation has readily available for expenditures.

The Foundation's endowment funds consist of donor-restricted and board-designated endowments. Income from earnings are distributed annually from each qualifying endowment fund to its associated expendable account to be available for fulfilling each specific fund's restricted purpose. The endowment has a spending policy statement, which uses the banded inflation method to determine endowment distributions (see Note 7).

Although no spending is intended from the board-designated endowment (other than amounts appropriated for general expenditures as part of annual endowment spending appropriation), these amounts could be made available if necessary.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and investment trusts with readily determinable fair values based on daily redemption values.

The fair value of the Foundation's investment in private equity is reported at fair value, as determined by the Foundation, utilizing the most current information provided by the investee. This is considered to be a Level 3 measurement.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units, as a practical expedient to estimate the fair value of a limited liability company, which does not have a readily determinable fair value. The investment, which is valued using NAV per share as practical expedient is not classified in the fair value hierarchy.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as identified below, at June 30:

	2022				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	\$ 52,107	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
Bonds	3,591,975	3,591,975	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	4,082,672	4,082,672	-	-	-
Small to Mid-Cap Equity	494,167	494,167	-	-	-
International Equity	1,604,466	1,604,466	-	-	-
Emerging Market	480,568	480,568	-	-	-
Hedge Funds (Equity Hedge)	866,699	866,699	-	-	-
Real Estate Investment Trusts	395,263	395,263	-	-	-
Private Equity	3,283	-	-	3,283	-
Total	<u>\$ 11,571,200</u>	<u>\$ 11,515,810</u>	<u>\$ -</u>	<u>\$ 3,283</u>	<u>\$ -</u>
Endowment Investments:					
Cash and Money Market Funds (at Cost)	\$ 99,622	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
Bonds	3,381,394	3,381,394	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	7,670,007	7,670,007	-	-	-
Small to Mid-Cap Equity	1,361,025	1,361,025	-	-	-
International Equity	4,058,419	4,058,419	-	-	-
Emerging Market	1,175,273	1,175,273	-	-	-
Hedge Funds (Equity Hedge)	917,038	917,038	-	-	-
Real Estate Investment Trusts	859,026	859,026	-	-	-
Limited Partnership	7,280	-	-	-	7,280
Total	<u>\$ 19,529,084</u>	<u>\$ 19,422,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,280</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

	2021				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	\$ 1,874,137	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	1,588,852	1,588,852	-	-	-
Bond	2,002,615	2,002,615	-	-	-
Emerging Market Funds	316,795	316,795	-	-	-
High-Yield Bond	648,018	648,018	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	2,766,779	2,766,779	-	-	-
Small to Mid-Cap Equity	1,048,031	1,048,031	-	-	-
International Equity	700,660	700,660	-	-	-
Emerging Market	435,597	435,597	-	-	-
Real Estate Investment Trusts	114,388	114,388	-	-	-
Private Equity	5,499	-	-	5,499	-
Total	<u>\$ 11,501,371</u>	<u>\$ 9,621,735</u>	<u>\$ -</u>	<u>\$ 5,499</u>	<u>\$ -</u>
Endowment Investments:					
Cash and Money Market Funds (at Cost)	\$ 72,280	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	716,245	716,245	-	-	-
Bond	5,457,931	5,457,931	-	-	-
Emerging Market Funds	800,250	800,250	-	-	-
High-Yield Bond	1,843,602	1,843,602	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	6,940,361	6,940,361	-	-	-
Small to Mid-Cap Equity	2,700,668	2,700,668	-	-	-
International Equity	1,894,804	1,894,804	-	-	-
Emerging Market	1,174,210	1,174,210	-	-	-
Real Estate Investment Trusts	256,530	256,530	-	-	-
Limited Partnership	20,409	-	-	-	20,409
Total	<u>\$ 21,877,290</u>	<u>\$ 21,784,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,409</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Below is a reconciliation of the beginning and ending balances of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2022	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	\$ -	\$ 5,499
Net Realized and Unrealized Loss	-	(2,216)
Distributions	-	-
Balance - End of Year	\$ -	\$ 3,283
Unrealized Loss Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2022	\$ -	\$ (2,216)
	2021	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	\$ -	\$ 9,210
Net Realized and Unrealized Loss	-	(3,711)
Distributions	-	-
Balance - End of Year	\$ -	\$ 5,499
Unrealized Loss Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2021	\$ -	\$ (3,711)

The Foundation has an investment in a limited liability company that calculates NAV per share, with a fair value of \$7,280 and \$20,409 at June 30, 2022 and 2021, respectively. Redemptions are permitted monthly and quarterly with a 90-day redemption notice. The Foundation has no unfunded commitments as of June 30, 2022 and 2021. The investment's objective is to provide exposure to European and U.S. subinvestment grade corporate debt while seeking to achieve total returns with modest volatility and focusing on capital preservation and risk mitigation.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 1,810,784	\$ 2,288,290
In One to Five Years	<u>2,227,288</u>	<u>674,252</u>
Total	4,038,072	2,962,542
Less: Discount to Net Present Value at Rates Ranging from 3.25% to 5.50%	(187,213)	(29,854)
Less: Allowance for Uncollectible Promises to Give	<u>(25,000)</u>	<u>(25,000)</u>
Total	<u>\$ 3,825,859</u>	<u>\$ 2,907,688</u>

Promises to give appear as follows in the consolidated statements of financial position:

	<u>2022</u>	<u>2021</u>
Promises to Give, Net	\$ 2,563,200	\$ 1,635,910
Promises to Give - Charitable Lead Trust, Net	1,026,311	-
Endowment Promises to Give, Net	<u>236,348</u>	<u>1,271,778</u>
Total	<u>\$ 3,825,859</u>	<u>\$ 2,907,688</u>

At June 30, 2022 and 2021, two and three donors accounted for 47% and 59% of total promises to give, respectively.

Charitable Lead Trust Split-Interest Agreement

During the year ended June 30, 2022, a donor established a trust with a local bank naming the Foundation as a partial beneficiary of a charitable lead annuity trust. Under terms of the split-interest agreement, the Foundation is to receive approximately \$242,000 annually until the agreement terminates in August 2026. The payments received under the agreement are to support the University's nursing program, scholarships and wraparound services for students. The receivable for the split-interest agreement is carried at fair value, which the Foundation has estimated based on the present value of its expected future cash inflows. Based on a discount rate of 4.75%, the fair value of the Foundation's interest in the trust was estimated to be approximately \$1,213,000, which was recorded in fiscal year 2022 as a contribution with donor restrictions and as promise to give—charitable lead trust. The Foundation received approximately \$98,000 from the trust in fiscal year 2022, which was recorded as a reduction in the receivable. On an annual basis, the Foundation will revalue the promise to give based on current market conditions.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Center for Visual Arts:		
Land	\$ 456,400	\$ 456,400
Building	<u>1,023,472</u>	<u>1,023,472</u>
Subtotal	<u>1,479,872</u>	<u>1,479,872</u>
Less: Accumulated Depreciation	<u>(442,420)</u>	<u>(407,020)</u>
Subtotal	<u>1,037,452</u>	<u>1,072,852</u>
Nondepreciated Artwork	<u>266,190</u>	<u>261,950</u>
Total Property and Equipment	<u><u>\$ 1,303,642</u></u>	<u><u>\$ 1,334,802</u></u>

NOTE 6 LEASES

During the year ended June 30, 2010, the LLC purchased a commercial building at 965 Santa Fe Drive to house the operations of the CVA. Effective March 1, 2010, the LLC and the University entered into a three-year noncancellable lease which has since been renewed through June 30, 2025. Under the agreement, the University paid annual rent for the years ended June 30, 2022 and 2021 in the amount of \$100,000. In addition to the annual minimum rent, the University reimburses the LLC for actual expenses incurred for the maintenance and operation of the premises, which approximated \$39,000 and \$29,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 ENDOWMENT

The Foundation's endowment (Endowment) is composed of 78 individual funds established by donors (Perpetual Endowment) and 148 purpose-restricted quasi-endowment funds (Quasi-Endowment). The funds were established by donors primarily to provide scholarships to eligible students of the University, and to support academic departments, student activities, and other purposes of the University. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors (Board-Designated Endowment). Perpetual Endowment funds are charitable funds whose principal must be preserved in perpetuity as a condition imposed by the donor. Quasi-Endowment funds are purpose-restricted gifts from donors whose principal is designated by the board and intended to be maintained in perpetuity, but which may be expended in accordance with the University's spending-rate policy, with no requirement that any such expenditure be replenished. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 ENDOWMENT (CONTINUED)

The Foundation's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair values of original Perpetual Endowment gifts, as of each gift date, absent explicit donor instructions to the contrary. At June 30, 2022 and 2021, there were no contrary donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment) and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not required to be retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered 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

The Foundation had the following endowment net asset composition by type of fund as of June 30:

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 921,253	\$ -	\$ 921,253
Purpose-Restricted Quasi-Endowment Funds	-	9,896,227	9,896,227
 Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	9,261,462	9,261,462
Accumulated Investment Losses	-	(313,510)	(313,510)
 Total	 \$ 921,253	 \$ 18,844,179	 \$ 19,765,432

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 ENDOWMENT (CONTINUED)

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,159,017	\$ -	\$ 1,159,017
Purpose-Restricted Quasi-Endowment Funds	-	11,167,907	11,167,907
 Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	8,939,632	8,939,632
Accumulated Investment Gains	-	1,908,862	1,908,862
	-	1,908,862	1,908,862
Total	\$ 1,159,017	\$ 22,016,401	\$ 23,175,418

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

At June 30, 2022, funds with original gift values of \$6,515,741, fair values of \$6,034,893, and deficiencies of \$480,848 were reported in net assets with donor restrictions. The deficiencies resulted from unfavorable market fluctuations. At June 30, 2021, there were no underwater endowment funds.

Investment and Spending Policies

The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner intended to maintain or increase the dollar value of the portfolio after annual distribution expenses and fees in order to provide the benefit intended by donors. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total-return strategy in which investment returns are achieved through both 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.

Effective January 1, 2014, the Foundation adopted a banded inflation method to determine endowment distributions based on the Higher Education Price Index (HEPI), with the resulting rate subject to a minimum of 3% and a maximum of 5%. Barring specific requirements for each individual endowment, distributions from Donor-Restricted Endowments are limited to the excess of the fair values of the Donor-Restricted Endowments over the sum of the original and subsequent gift amounts. In establishing this policy, the Foundation considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 ENDOWMENT (CONTINUED)

Investment and Spending Policies (Continued)

Changes in Endowment net assets are as follows for the years ended June 30:

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 1,159,017	\$ 22,016,401	\$ 23,175,418
Transfers, Net	-	(17,477)	(17,477)
Investment Loss, Net	(195,903)	(3,905,730)	(4,101,633)
Contributions	-	1,578,219	1,578,219
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(41,861)	(827,234)	(869,095)
Endowment Net Assets - End of Year	<u>\$ 921,253</u>	<u>\$ 18,844,179</u>	<u>\$ 19,765,432</u>
	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 979,371	\$ 17,076,779	\$ 18,056,150
Transfers, Net	-	15,913	15,913
Investment Return, Net	220,406	3,717,397	3,937,803
Contributions	-	1,776,182	1,776,182
Matching Pursuant to Donor Agreements	-	12,500	12,500
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(40,760)	(642,074)	(682,834)
Change in Donor Intent	-	59,704	59,704
Endowment Net Assets - End of Year	<u>\$ 1,159,017</u>	<u>\$ 22,016,401</u>	<u>\$ 23,175,418</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
<u>Purpose Restricted Net Assets:</u>		
Scholarships	\$ 3,112,026	\$ 3,375,264
Academic, Student, and Other Activities	7,680,599	5,320,583
University Capital Projects	1,831,524	174,396
Total	12,624,149	8,870,243
 <u>Endowments:</u>		
Purpose-Restricted Quasi-Endowments Subject to Expenditure for Specified Purpose:		
Scholarships	7,371,341	8,656,276
Academic, Student, and Other Activities	2,524,886	2,511,631
Total	9,896,227	11,167,907
Donor-Restricted Investment Earnings Subject to Appropriation and Expenditure:		
Accumulated Losses on Endowment Funds	(480,848)	-
Scholarships	95,037	1,002,800
Academic, Student, and Other Activities	72,301	906,062
Total	(313,510)	1,908,862
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:		
Scholarships	5,376,203	5,088,594
Academic, Student, and Other Activities	3,885,259	3,851,038
Total	9,261,462	8,939,632
Total Endowments	18,844,179	22,016,401
Total Net Assets with Donor Restrictions	\$ 31,468,328	\$ 30,886,644

Net assets were released 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:

	2022	2021
<u>Satisfaction of Purpose Restrictions, Including Spending-Rate Distributions:</u>		
Scholarships	\$ 2,429,288	\$ 2,324,020
Academic, Student, and Other Activities	2,714,090	2,561,883
University of Capital Projects	137,365	101,650
Extension of Donor Restrictions Under Challenge Match		
Scholarships	-	(12,500)
Total	\$ 5,280,743	\$ 4,975,053

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Endowment	<u>\$ 921,253</u>	<u>\$ 1,159,017</u>

During the year ended June 30, 2017, the Foundation's Board of Directors designated \$1,000,000 as reserve funding for the establishment of a new School within the University; this designation was changed to a board-designated endowment for a Dean position during the year ended June 30, 2019.

Management Designations

The remaining \$1,000,000 was internally designated by management for scholarships and applied to creating matching opportunities for gifts from new or lapsed donors, or stimulating increased levels of support from current donors. During the years ended June 30, 2022 and 2021, \$-0- and \$12,500, respectively, of the funds were undesignated and used to satisfy the extension of donor restrictions under the challenge match program.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Foundation has agreements with the University to use its best efforts to raise cash and in-kind contributions for the University Hospitality Center and for the University's athletic fields. The agreements are conditioned on the Foundation's ability to collect donor contributions restricted to the respective projects; as contributions are collected, the Foundation records a liability to the University, as appropriate, and a corresponding contribution expense.

NOTE 11 RELATED PARTY TRANSACTIONS

Transactions with the University consist of the following during the years ended June 30:

	<u>2022</u>	<u>As Restated 2021</u>
Funding Provided to the University	\$ 4,949,462	\$ 4,739,543
Payable to the University	943,694	357,271
Payments for Salaries and Benefits to the University	507,922	430,784
Payments for Rent to the University	8,274	8,274
Professional Services Donated by the University	3,526,594	2,924,503
Due from University	4,361	3,814
Reimbursement for CVA Operating Expenses	39,314	29,156
Reimbursement for CVA Rent Expense	100,000	100,000

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 IN-KIND CONTRIBUTIONS AND SERVICES RECEIVED FROM THE UNIVERSITY

Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statements of activities are as follows for the year ended June 30:

Nonfinancial Asset	2022 Revenue Recognized	2021 Revenue Recognized	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Management and Fundraising Staff Compensation	\$ 2,549,751	\$ 2,224,827	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Cost of Staff Salaries and Benefits
Professional Services	976,843	699,676	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Allocated Cost of Goods and Services
Materials	24,861	7,381	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Materials
Equipment	31,650	11,414	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Equipment
	<u>\$ 3,583,105</u>	<u>\$ 2,943,298</u>				

University-Contributed Nonfinancial Assets

The Foundation received in-kind contributions, and services from the University as follows during the years ended June 30:

	2022	As Restated 2021
Program Services - Alumni Relations Operating Costs		
Alumni Relations Operations Staff Compensation - University	\$ 389,066	\$ 337,841
Professional Services - University	135,768	65,518
General and Administrative:		
Administration Office Compensation - University	808,165	662,648
Professional Services - University	252,305	256,277
Donor Development:		
Development Office Compensation - University	1,352,520	1,224,338
Professional Services - University	588,770	377,881
Total	<u>\$ 3,526,594</u>	<u>\$ 2,924,503</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 RESTATEMENT

The Foundation has restated revenue and expenses for the year ended June 30, 2021 as shown below. The restatement was necessary in order to properly account for services received from an affiliate in accordance with ASC 958-720.

The effect of this restatement on the fiscal year 2021 financial statements have been summarized below.

Statement of Activities for the Year Ended June 30, 2021									
	As Originally Reported			As Restated			Effect of Change		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS									
Contributions of Financial Assets	\$ 159,248	\$ 6,720,908	\$ 6,880,156	\$ 159,248	\$ 6,720,908	\$ 6,880,156	\$ -	\$ -	\$ -
Contributions of Nonfinancial Assets:									
In-Kind Contributions	-	18,795	18,795	-	18,795	18,795	-	-	-
Endowment Management Fees	340,517	-	340,517	340,517	-	340,517	-	-	-
Net Investment Return	1,974,181	3,717,397	5,691,578	1,974,181	3,717,397	5,691,578	-	-	-
Rent and Other Income	311,188	-	311,188	311,188	-	311,188	-	-	-
Net Assets Released from Restrictions	4,975,053	(4,975,053)	-	4,975,053	(4,975,053)	-	-	-	-
Total Revenue, Support, and Gains	<u>7,760,187</u>	<u>5,482,047</u>	<u>13,242,234</u>	<u>7,760,187</u>	<u>5,482,047</u>	<u>13,242,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES									
Program Services Expense:									
Support Provided to University	4,739,543	-	4,739,543	4,739,543	-	4,739,543	-	-	-
Alumni Relations Operating Expenses	62,030	-	62,030	465,389	-	465,389	403,359	-	403,359
Total Program Expenses	<u>4,801,573</u>	<u>-</u>	<u>4,801,573</u>	<u>5,204,932</u>	<u>-</u>	<u>5,204,932</u>	<u>403,359</u>	<u>-</u>	<u>403,359</u>
Supporting Services Expense:									
General and Administrative Costs	589,516	-	589,516	1,508,441	-	1,508,441	918,925	-	918,925
Donor Development Costs	1,955,334	-	1,955,334	1,639,647	-	1,639,647	(315,687)	-	(315,687)
Total Supporting Services Expenses	<u>2,544,850</u>	<u>-</u>	<u>2,544,850</u>	<u>3,148,088</u>	<u>-</u>	<u>3,148,088</u>	<u>603,238</u>	<u>-</u>	<u>603,238</u>
Total Expenses	<u>7,346,423</u>	<u>-</u>	<u>7,346,423</u>	<u>8,353,020</u>	<u>-</u>	<u>8,353,020</u>	<u>1,006,597</u>	<u>-</u>	<u>1,006,597</u>
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER									
	413,764	5,482,047	5,895,811	(592,833)	5,482,047	4,889,214	(1,006,597)	-	(1,006,597)
Equity Transfer - Donated Services from Affiliate	1,917,906	-	1,917,906	2,924,503	-	2,924,503	1,006,597	-	1,006,597
CHANGE IN NET ASSETS	<u>2,331,670</u>	<u>5,482,047</u>	<u>7,813,717</u>	<u>2,331,670</u>	<u>5,482,047</u>	<u>7,813,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - Beginning of Year	5,525,463	25,404,597	30,930,060	5,525,463	25,404,597	30,930,060	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 7,857,133</u>	<u>\$ 30,886,644</u>	<u>\$ 38,743,777</u>	<u>\$ 7,857,133</u>	<u>\$ 30,886,644</u>	<u>\$ 38,743,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 RESTATEMENT (CONTINUED)

Statement of Functional Expenses for the Year Ended June 30, 2021							
As Originally Reported							
	Program Services			General and Administrative	Donor Development	Cost of Goods Sold	Total
	Support Provided to University	Alumni Relations Operating Costs	Total				
Scholarships and Other Assistance	\$ 4,739,543	\$ -	\$ 4,739,543	\$ -	\$ -	\$ -	\$ 4,739,543
Salaries, Wages, Benefits, and Taxes	-	-	-	400,824	1,955,334	-	2,356,158
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Professional Services	-	-	-	30,838	-	-	30,838
Other	-	-	-	37,217	-	-	37,217
Office Expenses	-	-	-	82,370	-	-	82,370
Depreciation	-	35,400	35,400	-	-	-	35,400
Occupancy	-	26,630	26,630	8,274	-	-	34,904
Conferences, Conventions, and Meetings	-	-	-	12,106	-	-	12,106
Insurance	-	-	-	17,887	-	-	17,887
Total Expenses by Function	<u>4,739,543</u>	<u>62,030</u>	<u>4,801,573</u>	<u>589,516</u>	<u>1,955,334</u>	<u>-</u>	<u>7,346,423</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	-	-	-	-
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	<u>\$ 4,739,543</u>	<u>\$ 62,030</u>	<u>\$ 4,801,573</u>	<u>\$ 589,516</u>	<u>\$ 1,955,334</u>	<u>\$ -</u>	<u>\$ 7,346,423</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 RESTATEMENT (CONTINUED)

Statement of Functional Expenses for the Year Ended June 30, 2021							
As Restated							
	Program Services			General and Administrative	Donor Development	Cost of Goods Sold	Total
	Support Provided to University	Alumni Relations Operating Costs	Total				
Scholarships and Other Assistance	\$ 4,739,543	\$ -	\$ 4,739,543	\$ -	\$ -	\$ -	\$ 4,739,543
Salaries, Wages, Benefits, and Taxes	-	337,841	337,841	1,063,472	1,261,766	-	2,663,079
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Professional Services	-	65,518	65,518	287,115	377,881	-	730,514
Other	-	-	-	37,217	-	-	37,217
Office Expenses	-	-	-	82,370	-	-	82,370
Depreciation	-	35,400	35,400	-	-	-	35,400
Occupancy	-	26,630	26,630	8,274	-	-	34,904
Conferences, Conventions, and Meetings	-	-	-	12,106	-	-	12,106
Insurance	-	-	-	17,887	-	-	17,887
Total Expenses by Function	<u>4,739,543</u>	<u>465,389</u>	<u>5,204,932</u>	<u>1,508,441</u>	<u>1,639,647</u>	<u>-</u>	<u>8,353,020</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	-	-	-	-
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	<u>\$ 4,739,543</u>	<u>\$ 465,389</u>	<u>\$ 5,204,932</u>	<u>\$ 1,508,441</u>	<u>\$ 1,639,647</u>	<u>\$ -</u>	<u>\$ 8,353,020</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 RESTATEMENT (CONTINUED)

Statement of Functional Expenses for the Year Ended June 30, 2021							
Effect of Change							
	Program Services			General and Administrative	Donor Development	Cost of Goods Sold	Total
	Support Provided to University	Alumni Relations Operating Costs	Total				
Scholarships and Other Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries, Wages, Benefits, and Taxes	-	337,841	337,841	662,648	(693,568)	-	306,921
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Professional Services	-	65,518	65,518	256,277	377,881	-	699,676
Other	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-
Conferences, Conventions, and Meetings	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Total Expenses by Function	-	403,359	403,359	918,925	(315,687)	-	1,006,597
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	-	-	-	-
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ -	\$ 403,359	\$ 403,359	\$ 918,925	\$ (315,687)	\$ -	\$ 1,006,597



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