

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



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YEARS ENDED JUNE 30, 2023 AND 2022**

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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 Consolidated 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, 2023 and 2022, 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, 2023 and 2022, 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 Consolidated 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.

Responsibilities of Management for the Consolidated 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 Consolidated 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
October 2, 2023

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,460,266	\$ 2,429,587
Cash Restricted for Distribution to University	-	14
Cash Restricted for Alumni Association	302,153	330,538
Investments	15,775,455	11,571,200
Receivable from University	6,359	4,361
Promises to Give, Net	4,218,254	2,563,200
Promises to Give - Charitable Lead Trust, Net	820,900	1,026,311
Prepaid Expenses and Other Assets	42,400	22,272
Property and Equipment, Net	1,267,642	1,303,642
Endowment:		
Cash Restricted for Endowment	100,000	-
Promises to Give, Net	2,823,189	236,348
Investments	23,613,270	19,529,084
Total Assets	<u>\$ 51,429,888</u>	<u>\$ 39,016,557</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 292,586	\$ 216,305
Accounts Payable to University	3,008,329	943,680
Funds Held for Distribution to University	-	14
Funds Held for Alumni Association	302,153	330,538
Total Liabilities	<u>3,603,068</u>	<u>1,490,537</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,852,049	3,832,797
Board-Designated	1,008,413	921,253
Invested in Property and Equipment, Net	1,267,642	1,303,642
Total Without Donor Restrictions	<u>7,128,104</u>	<u>6,057,692</u>
With Donor Restrictions	40,698,716	31,468,328
Total Net Assets	<u>47,826,820</u>	<u>37,526,020</u>
 Total Liabilities and Net Assets	 <u>\$ 51,429,888</u>	 <u>\$ 39,016,557</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions of Financial Assets	\$ 66,286	\$ 14,806,702	\$ 14,872,988
Contributions of Nonfinancial Assets:			
In-Kind Contributions	-	60,423	60,423
Endowment Management Fees	367,242	-	367,242
Gross Special Events Revenue	-	85,590	85,590
Less: Cost of Direct Benefits to Donors	-	(3,379)	(3,379)
Net Special Events Revenue	-	82,211	82,211
Net Investment Gain	1,116,051	1,960,005	3,076,056
Rent and Other Income	309,552	-	309,552
Net Assets Released from Restrictions	7,678,953	(7,678,953)	-
Total Revenue, Support, and Gains	9,538,084	9,230,388	18,768,472
EXPENSES			
Program Services Expense:			
Support Provided to University	7,543,061	-	7,543,061
Alumni Relations Operating Expenses	806,806	-	806,806
Total Program Services Expense	8,349,867	-	8,349,867
Supporting Services Expense:			
General and Administrative Costs	2,449,162	-	2,449,162
Donor Development Costs	2,051,282	-	2,051,282
Total Supporting Services Expense	4,500,444	-	4,500,444
Total Expenses	12,850,311	-	12,850,311
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	(3,312,227)	9,230,388	5,918,161
Equity Transfer - Donated Services from Affiliate	4,382,639	-	4,382,639
CHANGE IN NET ASSETS	1,070,412	9,230,388	10,300,800
Net Assets - Beginning of Year	6,057,692	31,468,328	37,526,020
NET ASSETS - END OF YEAR	\$ 7,128,104	\$ 40,698,716	\$ 47,826,820

See accompanying Notes to Consolidated Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	<u>4,385,941</u>	<u>581,684</u>	<u>4,967,625</u>
 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 Services Expense	<u>5,474,296</u>	<u>-</u>	<u>5,474,296</u>
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 Expense	<u>4,237,680</u>	<u>-</u>	<u>4,237,680</u>
Total Expenses	<u>9,711,976</u>	<u>-</u>	<u>9,711,976</u>
 CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	 <u>(5,326,035)</u>	 581,684	 <u>(4,744,351)</u>
Equity Transfer - Donated Services from Affiliate	<u>3,526,594</u>	<u>-</u>	<u>3,526,594</u>
 CHANGE IN NET ASSETS	 <u>(1,799,441)</u>	 581,684	 <u>(1,217,757)</u>
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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Total
	Support Provided to University	Alumni Relations Operating Costs	Total	General and Administrative	Donor Development	Cost of Goods Sold	
Scholarships and Other Assistance	\$ 7,543,061	\$ -	\$ 7,543,061	\$ -	\$ -	\$ -	\$ 7,543,061
Salaries, Wages, Benefits, and Taxes	-	606,168	606,168	2,067,227	1,620,439	-	4,293,834
Cost of Direct Benefits to Donors	-	-	-	-	-	3,379	3,379
Professional Services	-	200,638	200,638	159,508	430,843	-	790,989
Other	-	-	-	114,298	-	-	114,298
Office Expenses	-	-	-	58,599	-	-	58,599
Depreciation	-	-	-	36,000	-	-	36,000
Occupancy	-	-	-	31,900	-	-	31,900
Conferences, Conventions, and Meetings	-	-	-	38,208	-	-	38,208
Insurance	-	-	-	25,766	-	-	25,766
Total Expenses by Function	<u>7,543,061</u>	<u>806,806</u>	<u>8,349,867</u>	<u>2,531,506</u>	<u>2,051,282</u>	<u>3,379</u>	<u>12,936,034</u>
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Investment Management Fees	-	-	-	(82,344)	-	-	(82,344)
Cost of Direct Benefits to Donors	-	-	-	-	-	(3,379)	(3,379)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	<u>\$ 7,543,061</u>	<u>\$ 806,806</u>	<u>\$ 8,349,867</u>	<u>\$ 2,449,162</u>	<u>\$ 2,051,282</u>	<u>\$ -</u>	<u>\$ 12,850,311</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			Supporting Services			Total
	Support Provided to University	Alumni Relations Operating Costs	Total	General and Administrative	Donor Development	Cost of Goods Sold	
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	<u>4,949,462</u>	<u>524,834</u>	<u>5,474,296</u>	<u>2,359,065</u>	<u>1,986,300</u>	<u>5,885</u>	<u>9,825,546</u>
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 STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 10,300,800	\$ (1,217,757)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	36,000	35,400
Realized and Unrealized (Gain) Loss on Operating Investments	(396,140)	2,790,139
Change in Discount on Promises to Give	757,399	161,058
Loss on Uncollectible Promises to Give	42,500	280,000
Contributions Restricted to Endowment	(5,382,432)	(1,578,219)
Contributed Collections to Capitalize	-	(4,240)
Endowment Net Investment Return	(2,047,165)	4,101,633
Changes in Operating Assets and Liabilities:		
Receivable from University	(1,998)	(547)
Promises to Give, Net	(2,212,726)	(2,298,785)
Prepaid Expenses and Other Assets	(20,128)	(654)
Accounts Payable and Other Liabilities	2,064,649	586,451
Accounts Payable and Accrued Liabilities to University	47,882	138,255
Net Cash Provided by Operating Activities	3,188,641	2,992,734
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(28,613,779)	(41,347,291)
Proceeds from Sales of Investments	22,768,643	36,733,896
Net Cash Used by Investing Activities	(5,845,136)	(4,613,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	2,758,775	2,517,775
Net Cash Provided by Financing Activities	2,758,775	2,517,775
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	102,280	897,114
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,760,139	1,863,025
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 2,862,419	\$ 2,760,139
RECONCILIATION OF CASH		
Cash and Cash Equivalents	\$ 2,460,266	\$ 2,429,587
Cash Restricted for Distribution to University	-	14
Cash Restricted for Alumni Association	302,153	330,538
Cash Restricted for Endowment	100,000	-
Total Cash	\$ 2,862,419	\$ 2,760,139

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

	2023	2022
Cash and Cash Equivalents	\$ 2,460,266	\$ 2,429,587
Cash Restricted for Distribution to University	-	14
Cash Restricted for Alumni Association	302,153	330,538
Total	\$ 2,862,419	\$ 2,760,139

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, 2023 AND 2022

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, 2023 and 2022.

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).

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (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. 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.

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.

Endowment management fees consist of fees charged to manage endowment funds during the fiscal year. Fees are assessed to endowment funds on a quarterly basis in accordance with fund agreements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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.

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 Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Implemented Accounting Standard (Continued)

The Foundation adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of the standard did not have a significant impact on the assets or liabilities reported on the consolidated statements of financial position.

Subsequent Events

The Foundation has evaluated subsequent events through October 2, 2023, the date the consolidated financial statements were available to be issued.

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,460,266	\$ 2,429,587
Investments	4,737,345	2,194,442
Receivable from University	6,359	4,361
Total	<u>\$ 7,203,970</u>	<u>\$ 4,628,390</u>

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.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

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.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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:

	2023				
	Total	Fair Value Measurements at Report Date Using			Investments Measured at NAV
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments:					
Cash and Money Market Funds (at Cost)	\$ 77,294	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
Bonds	5,623,216	5,623,216	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	4,322,685	4,322,685	-	-	-
Small to Mid-Cap Equity	1,967,412	1,967,412	-	-	-
International Equity	2,180,008	2,180,008	-	-	-
Emerging Market	1,477	1,477	-	-	-
Mutual Funds	205,522	205,522	-	-	-
Hedge Funds (Equity Hedge)	485,425	485,425	-	-	-
Real Estate Investment Trusts	412,983	412,983	-	-	-
Private Equity	499,433	498,103	-	1,330	-
Total	<u>\$ 15,775,455</u>	<u>\$ 15,696,831</u>	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ -</u>
Endowment Investments:					
Cash and Money Market Funds (at Cost)	\$ 153,133	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
Bonds	4,228,072	4,228,072	-	-	-
Equity and Other Mutual Funds:					
Small to Mid-Cap Equity	10,440,496	10,440,496	-	-	-
International Equity	5,885,538	5,885,538	-	-	-
Hedge Funds (Equity Hedge)	1,801,884	980,966	-	-	820,918
Real Estate Investment Trusts	1,099,050	1,099,050	-	-	-
Limited Partnership	5,097	-	-	-	5,097
Total	<u>\$ 23,613,270</u>	<u>\$ 22,634,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,015</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

	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, 2023 AND 2022

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:

	2023	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	\$ -	\$ 3,283
Net Realized and Unrealized Loss	-	(1,953)
Distributions	-	-
Balance - End of Year	\$ -	\$ 1,330
Unrealized Loss Included in Net Investment Return in the Consolidated Statement of Activities Relating to Assets Still Held at June 30, 2023	\$ -	\$ (1,953)
	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 in the Consolidated Statement of Activities Relating to Assets Still Held at June 30, 2022	\$ -	\$ (2,216)

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2023:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Companies	1	\$ 5,097	\$ -	Monthly; Quarterly	90 days
Hedge Funds (Equity Hedge)	1	820,918	200,000	Illiquid	N/A
Total		<u>\$ 826,015</u>	<u>\$ 200,000</u>		

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2022:

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Companies	1	\$ 7,280	\$ -	Monthly; Quarterly	90 days
Total		<u>\$ 7,280</u>	<u>\$ -</u>		

NOTE 4 PROMISES TO GIVE

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

	2023	2022
Within One Year	\$ 2,807,672	\$ 1,810,784
In One to Five Years	5,058,360	2,227,288
Over Five Years	1,000,000	-
Total	<u>8,866,032</u>	<u>4,038,072</u>
Less: Discount to Net Present Value at Rates Ranging from 3.25% to 8.25%	(948,689)	(187,213)
Less: Allowance for Uncollectible Promises to Give	(55,000)	(25,000)
Total	<u>\$ 7,862,343</u>	<u>\$ 3,825,859</u>

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

	2023	2022
Promises to Give, Net	\$ 4,218,254	\$ 2,563,200
Promises to Give - Charitable Lead Trust, Net	820,900	1,026,311
Endowment Promises to Give, Net	2,823,189	236,348
Total	<u>\$ 7,862,343</u>	<u>\$ 3,825,859</u>

At June 30, 2023 and 2022, three and two donors accounted for 54% and 47% of total promises to give, respectively.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 PROMISES TO GIVE (CONTINUED)

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 \$242,000 and \$98,000 from the trust in fiscal years 2023 and 2022, respectively, which were recorded as reductions in the receivable. On an annual basis, the Foundation will revalue the promise to give based on current market conditions.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Center for Visual Arts:		
Land	\$ 456,400	\$ 456,400
Building	1,023,472	1,023,472
Subtotal	1,479,872	1,479,872
Less: Accumulated Depreciation	(477,820)	(442,420)
Subtotal	1,002,052	1,037,452
Nondepreciated Artwork	265,590	266,190
Total Property and Equipment	\$ 1,267,642	\$ 1,303,642

NOTE 6 LESSOR AGREEMENT

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, 2023 and 2022 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 \$31,000 and \$39,000 for the years ended June 30, 2023 and 2022, respectively.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT

The Foundation's endowment (Endowment) is composed of 82 individual funds established by donors (Perpetual Endowment) and 157 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.

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, 2023 and 2022, 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

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

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

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,008,413	\$ -	\$ 1,008,413
Purpose-Restricted Quasi-Endowment Funds	-	13,426,817	13,426,817
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	11,641,689	11,641,689
Accumulated Investment Gains	-	459,540	459,540
Total	\$ 1,008,413	\$ 25,528,046	\$ 26,536,459
	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

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, 2023, funds with original gift values of \$2,267,697, fair values of \$2,186,849, and deficiencies of \$80,848 were reported in net assets with donor restrictions. 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.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

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, 2023 AND 2022

NOTE 7 ENDOWMENT (CONTINUED)

Investment and Spending Policies (Continued)

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

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 921,253	\$ 18,844,179	\$ 19,765,432
Transfers, Net	-	250	250
Investment Return, Net	87,160	1,960,005	2,047,165
Contributions	-	5,382,432	5,382,432
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	-	(658,820)	(658,820)
Endowment Net Assets - End of Year	<u>\$ 1,008,413</u>	<u>\$ 25,528,046</u>	<u>\$ 26,536,459</u>
	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>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
<u>Purpose Restricted Net Assets:</u>		
Scholarships	\$ 3,357,120	\$ 3,112,026
Academic, Student, and Other Activities	7,590,654	7,680,599
University Capital Projects	4,222,896	1,831,524
Total	15,170,670	12,624,149
<u>Endowments:</u>		
Purpose-Restricted Quasi-Endowments Subject to Expenditure for Specified Purpose:		
Scholarships	8,550,435	7,371,341
Academic, Student, and Other Activities	4,876,382	2,524,886
Total	13,426,817	9,896,227
Donor-Restricted Investment Earnings Subject to Appropriation and Expenditure:		
Accumulated Losses on Endowment Funds	(80,848)	(480,848)
Scholarships	284,296	95,037
Academic, Student, and Other Activities	256,092	72,301
Total	459,540	(313,510)
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:		
Scholarships	5,741,209	5,376,203
Academic, Student, and Other Activities	5,900,480	3,885,259
Total	11,641,689	9,261,462
Total Endowments	25,528,046	18,844,179
Total Net Assets with Donor Restrictions	\$ 40,698,716	\$ 31,468,328

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:

	2023	2022
Satisfaction of Purpose Restrictions, Including Spending-Rate Distributions:		
Scholarships	\$ 3,253,183	\$ 2,429,288
Academic, Student, and Other Activities	3,897,716	2,714,090
University of Capital Projects	528,054	137,365
Total	\$ 7,678,953	\$ 5,280,743

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 BOARD-DESIGNATED NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Endowment	<u>\$ 1,008,413</u>	<u>\$ 921,253</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

An additional \$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, 2023 and 2022, none of these 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>2023</u>	<u>2022</u>
Funding Provided to the University	\$ 7,543,061	\$ 4,949,462
Payable to the University	3,008,329	943,694
Payments for Salaries and Benefits to the University	483,248	507,922
Payments for Rent to the University	6,206	8,274
Professional Services Donated by the University	4,382,639	3,526,594
Due from University	6,359	4,361
Reimbursement for CVA Operating Expenses	31,058	39,314
Reimbursement for CVA Rent Expense	100,000	100,000

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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:

<u>Nonfinancial Asset</u>	<u>2023 Revenue Recognized</u>	<u>2022 Revenue Recognized</u>	<u>Monetized or Utilized</u>	<u>Utilization in Function</u>	<u>Donor Restrictions</u>	<u>Valuation Technique</u>
Management and Fundraising Staff Compensation	\$ 3,354,767	\$ 2,549,751	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Cost of Staff Salaries and Benefits
Professional Services	1,027,872	976,843	Utilized	Program Services - Alumni Relations Operating Costs; General and Administrative; and Donor Development	No Donor Restrictions	Allocated Cost of Goods and Services
Materials	36,505	24,861	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Materials
Equipment	23,918	31,650	Utilized	Support Provided to University	Donor Restricted - Purpose	Sales Prices of Comparable Equipment
	<u>\$ 4,443,062</u>	<u>\$ 3,583,105</u>				

University-Contributed Nonfinancial Assets

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

	<u>2023</u>	<u>2022</u>
Program Services - Alumni Relations Operating Costs		
Alumni Relations Operations Staff Compensation - University	\$ 606,168	\$ 389,066
Professional Services - University	200,638	135,768
General and Administrative:		
Administration Office Compensation - University	1,128,160	808,165
Professional Services - University	399,800	252,305
Donor Development:		
Development Office Compensation - University	1,620,439	1,352,520
Professional Services - University	427,434	588,770
Total	<u>\$ 4,382,639</u>	<u>\$ 3,526,594</u>

**METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 SUBSEQUENT EVENTS

In September 2023, the Foundation entered into a purchase and sale agreement to purchase land and a building for \$4,000,000 from an unrelated third party.



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