STOCKMAN KAST RYAN + COMPANY

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

And

Independent Auditors' Report

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

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STOCKMAN KAST RYAN + COMPANY

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Colorado State University-Pueblo Foundation
Pueblo, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Colorado State University-Pueblo Foundation (a nonprofit organization) and its wholly-owned subsidiaries (collectively, the Foundation) 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 financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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. 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 the Foundation's and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

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

We are required to communicate with those charged with governance 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.

Stockman Kast Ryan + Co, LLP

October 21, 2022

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,041,601	$ 633,111
Accounts receivable	9,950	141,508
Unconditional promises to give - cash, net	2,062,653	2,461,027
Unconditional promises to give - in-kind, net		19,842,500
Prepaid expenses	41,436	55,075
Marketable securities	41,195,740	48,717,803
Miscellaneous assets	602	602
Note receivable - CSU-Pueblo Athletics	112,507	139,022
Beneficial interest in charitable trusts held by others	229,753	271,836
Investment in limited partnership	249,948	249,948
Commercial real estate projects	2,571,228	2,402,105
Thunderbowl Stadium	21,094,215	
Leasehold improvements and office equipment	34,357	34,357
Less accumulated depreciation	(635,813)	(26,173)
TOTAL ASSETS	$ 68,008,177	$ 74,922,721
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 3,049,761	$ 941,073
Other liabilities	70,832	60,633
Notes payable - Foundation	408,178	604,599
Note payable - Thunder Village I, LLC	1,073,477	1,115,926
Lease Payable, CSU Pueblo Thunderbowl, LLC	1,232,307	
TOTAL LIABILITIES	5,834,555	2,722,231
NET ASSETS		
Without donor restrictions	23,257,072	25,069,847
With donor restrictions	38,916,550	47,130,643
TOTAL NET ASSETS	62,173,622	72,200,490
TOTAL LIABILITIES AND NET ASSETS	$ 68,008,177	$ 74,922,721

See notes to consolidated financial statements.

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contribution of cash and other financial assets	$ 2,165	$ 4,027,362	$ 4,029,527
Contribution of non-financial assets	30,500	55,317	85,817
Fundraising revenue	495	434,964	435,459
Net investment return	(1,194,879)	(5,718,253)	(6,913,132)
Thunderbowl operating revenues	190,524		190,524
Miscellaneous revenue	1,702	12,850	14,552
Changes in the value of beneficial interests in assets held by others		(42,083)	(42,083)
Reclassification of net assets	(141,863)	141,863	
Net assets released from restrictions	7,126,113	(7,126,113)	
TOTAL REVENUE AND SUPPORT	6,014,757	(8,214,093)	(2,199,336)
EXPENSES			
Program expenses	5,822,348		5,822,348
Thunderbowl expenses	860,794		860,794
Management and general	521,675		521,675
Fundraising	622,715		622,715
TOTAL EXPENSES	7,827,532	—	7,827,532
CHANGES IN NET ASSETS	(1,812,775)	(8,214,093)	(10,026,868)
NET ASSETS - BEGINNING OF YEAR	25,069,847	47,130,643	72,200,490
NET ASSETS - ENDING OF YEAR	$ 23,257,072	$ 38,916,550	$ 62,173,622

See notes to consolidated financial statements.

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Expenses	Thunderbowl	Management and General	Fundraising	Total
Scholarships	$ 3,848,104				$ 3,848,104
Salaries and fringe benefits	809,669		$ 302,937	$ 324,048	1,436,654
Depreciation		$ 607,593	2,047		609,640
Construction / University invoices	563,759			39,265	603,024
Official functions, conferences	75,389	42,660		88,270	206,319
Equipment and software	134,651		47,824		182,475
Direct costs of fundraising events				150,945	150,945
Supplies	123,707	2,608	5,877	11,634	143,826
Advertising and promotional	54,359	74,164		1,146	129,669
Professional fees		12,444	65,125		77,569
Interest expense	16,420	49,495			65,915
Repairs and facilities costs	4,597	58,309	2,676		65,582
In-kind program expenses	55,318		6,500		61,818
Printing, reproduction, publications	56,575		802	2,097	59,474
Travel	35,990		7,623		43,613
Prizes and awards	26,459			2,358	28,817
In-kind office rent			24,000		24,000
Training and conferences			21,651		21,651
Dues, registrations, memberships	11,974		8,067		20,041
Bad debt expense		10,000		2,150	12,150
Insurance	2,584	2,284	8,866		13,734
Miscellaneous	1,970	1,042	7,288		10,300
Telephone	716		7,313		8,029
Postage	107	195	3,079	802	4,183
TOTAL	$ 5,822,348	$ 860,794	$ 521,675	$ 622,715	$ 7,827,532

See notes to consolidated financial statements.

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 126,789	$ 6,102,677	$ 6,229,466
In-kind contributions	19,863,700	20,459	19,884,159
Fundraising revenue	720	216,478	217,198
Net investment return	1,661,349	8,529,686	10,191,035
Miscellaneous revenue	106,256	4,769	111,025
Changes in the value of beneficial interest in assets held by others		46,779	46,779
Reclassification of net assets	44,441	(44,441)	
Net assets released from restrictions	4,985,292	(4,985,292)	
TOTAL REVENUE AND SUPPORT	26,788,547	9,891,115	36,679,662
EXPENSES			
Program expenses	3,858,497		3,858,497
Management and general	452,130		452,130
Fundraising	496,570		496,570
TOTAL EXPENSES	4,807,197	—	4,807,197
CHANGES IN NET ASSETS	21,981,350	9,891,115	31,872,465
NET ASSETS - BEGINNING OF YEAR	3,088,497	37,239,528	40,328,025
NET ASSETS - ENDING OF YEAR	$ 25,069,847	$ 47,130,643	$ 72,200,490

See notes to consolidated financial statements.

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Expenses	Management and General	Fundraising	Total
Scholarships	$ 2,793,014			$ 2,793,014
Salaries and fringe benefits	694,046	$ 275,796	$ 249,189	1,219,031
Construction projects / University expenses	167,494		982	168,476
Direct costs of fundraising events			159,495	159,495
Supplies	87,602	4,945	11,825	104,372
Professional fees		65,272		65,272
Bad debts			57,468	57,468
Repairs and facilities costs	1,473	41,053	449	42,975
Printing, reproduction, publications	32,893	1,361	814	35,068
In-kind office rent and other expenses		21,200		21,200
In-kind program expenses	20,459			20,459
Equipment and software	7,411	9,624		17,035
Interest expense	15,570			15,570
Official functions	3,653		9,917	13,570
Marketing expenses	9,759		1,838	11,597
Travel	10,726	610		11,336
Training and conferences		10,376		10,376
Insurance	644	8,396		9,040
Dues, registrations, memberships	4,489	4,291		8,780
Prizes and awards	8,681			8,681
Telephone	480	4,517		4,997
Postage	103	2,532	1,040	3,675
Miscellaneous		110	3,553	3,663
Depreciation		2,047		2,047
TOTAL	$ 3,858,497	$ 452,130	$ 496,570	$ 4,807,197

See notes to consolidated financial statements.

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS PROVIDED (USED) BY OPERATIONS		
Change in net assets	$ (10,026,868)	$ 31,872,465
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
In-kind promises to give		(19,842,500)
Depreciation	609,640	2,047
Unrealized (gain) loss on sale of marketable securities	10,188,296	(8,151,459)
Realized (gain) loss on sale of marketable securities	(29,681)	(187,035)
Collections of contributions restricted to endowments	(368,728)	(2,074,297)
Bad debt expense	12,150	57,468
Change in beneficial interest in trusts	42,083	(46,779)
PPP loan forgiven		(103,144)
Discount on note receivable	(3,485)	10,978
Changes in operating assets -		
Accounts receivable	131,558	(141,508)
Unconditional promises to give	386,224	(570,434)
Prepaid expenses	13,639	(30,515)
Accounts payable	2,108,688	(3,195,747)
Other liabilities	10,199	(9,017)
NET CASH PROVIDED (USED) BY OPERATIONS	3,073,715	(2,409,477)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Maturities and sales of marketable securities	1,863,286	4,665,786
Loan to CSU Pueblo Athletics	30,000	(150,000)
Purchase of marketable securities	(4,499,838)	(4,037,462)
Purchase of and improvements to commercial real estate projects	(188,531)	(9,858)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(2,795,083)	468,466

See notes to consolidated financial statements. (Continued)

COLORADO STATE UNIVERSITY-PUEBLO FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Payments on note payable - Foundation	(196,421)	(195,401)
Payments on note payable - Thunder Village I, LLC	(42,449)	(8,067)
Collections of contributions restricted to endowments	368,728	2,074,297
NET CASH PROVIDED BY FINANCING ACTIVITIES	129,858	1,870,829
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	408,490	(70,182)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	633,111	703,293
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,041,601	$ 633,111
Supplemental information		
Interest paid	$ 90,751	$ 63,255

See notes to consolidated financial statements. (Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado State University-Pueblo Foundation, a nonprofit organization, was established to promote and account for contributions from the general public for the benefit of the Colorado State University-Pueblo. The Foundation collects contributions and distributes them in accordance with the donor's restrictions, if any. Contributions are primarily from businesses and individuals located in Southeastern Colorado and from alumni of the Colorado State University-Pueblo.

Principles of Consolidation — The consolidated financial statements reflect all assets, liabilities, revenues and expenses of Colorado State University-Pueblo Foundation and its wholly-owned subsidiaries, Thunder Village I, LLC, Land Holdings Management and Development, LLC and its wholly owned subsidiary CSU Pueblo ThunderBowl, LLC, and Dillon Healy, LLC (collectively referred to as the Foundation). All significant intercompany accounts and transactions have been eliminated in the consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Foundation."

Basis of Accounting — The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and other assets along with payables and other liabilities.

Use of Estimates — The preparation of 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 may differ from those estimates, and those differences could be material.

Cash and Cash Equivalents — We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies — Accounts receivable consist primarily of noninterest-bearing amounts due for program services and or fundraising activities that have occurred and donors have participated in, but payment has not been received by the date of the financial statements. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2022 and 2021 all amounts were deemed collectible.

Promises to Give — We record unconditional promises to give – cash, that are expected to be collected within one year at a net realizable value. Unconditional promises to give – cash, 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 statements of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Promises to give are written off when deemed uncollectible. At June 30, 2022 and 2021, the allowance was $51,000 and $99,000, respectively.

Unconditional promises to give – in-kind – At June 30, 2021, the Foundation recorded a receivable for the CSU Pueblo ThunderBowl that was transferred to us in July 2021. It is recorded at fair value based on an appraisal.

Property and Equipment — Effective July 1, 2018, we record property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of the donation. Prior to that date, the amount was $500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue and Revenue Recognition — Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Other In-kind Contributions — Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. A number of volunteers have contributed significant amounts of their time in the Foundation’s program services and its fundraising campaigns, but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria.

Contributed Use of Facilities - During the years ended June 30, 2022 and 2021, the value of the facilities used by the Foundation on the campus of the Colorado State University-Pueblo totaled $24,000 and 20,000, respectively. These amounts are recorded in the statement of activities and statement of functional expenses under the captions “In-kind contributions” and “In-kind office rent.”

Beneficial Interest in Charitable Trusts Held by Others — We have been named as an irrevocable beneficiary of a charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, we neither have possession nor control over the assets of the trusts. At the date we receive notice of beneficial interest, a contribution with donor restrictions is recorded in the statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement.

Thereafter, beneficial interests in the trusts are reposted at the fair value in the statements of financial position, with changes in fair value recognized in the statement of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions without donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor restrictions are not released.

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

Investment Income (Loss) Allocation — We pool investments of the various net asset accounts. The income from such investments, including gains and losses, are allocated to the participating net asset accounts.

The distributable income (loss) is allocated to all income producing accounts for which the Executive Committee of the Foundation specifies allocation. Individual accounts cannot be allocated investment income that is more than 90% of the Foundation's gross yield on its investments. Any excess investment income due to this limitation is credited to the Unspecified Capital Campaign account. See Note 4 for calculation of net investment income.

In an effort to enhance the timeliness and reporting to the persons in charge of the accounts described above, we are allocating investment income each June 30 and December 31.

Net Assets — Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from assets without donor restrictions, net assets for subsequent year's expenses.

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 the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Program Expenses — Program expenses as detailed in the consolidated statement of functional expenses are primarily reimbursements paid directly to Colorado State University-Pueblo or directly to vendors who have provided a service to or goods directly to Colorado State University-Pueblo. Most of these payments are made in accordance with donor's restrictions at the time the contributions were made.

The salaries, payroll taxes and fringe benefits of the Foundation employees are allocated to the appropriate function based on what duties the employee performs.

Retirement Plan — Effective January 1, 2013, the Foundation started leasing employees through an employee leasing agency and the employees participate in a 401(k) plan. The Foundation contributes up to 4.9% for years ended June 30, 2022 and 2021 of covered salaries to the plan. Covered salaries totaled $524,924 and $452,613 for the years ended June 30, 2022 and 2021, respectively. Foundation contributions to the plans totaled $25,721 and $22,184, at June 30, 2022 and 2021, respectively.

Administrative Fee — The Foundation charges a 3% annual administrative fee to all income producing accounts. The administrative fee is calculated each time the investment income is allocated. The administrative fee is used to allow the Foundation to carry out its operations and assist where they can.

Income Taxes — The Foundation is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(a) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Taxes (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 their exempt purposes. We have filed the appropriate forms, but the forms reported a loss and therefore no tax was due. The Foundation believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Evaluation of Subsequent Events — We have evaluated subsequent events through the date of the independent auditors' report, the date that the consolidated financial statements are available to be issued, and have considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	$ 1,041,601
Accounts receivable	9,450
Unconditional promises to give, to be collected within one year	1,502,115
Investments	41,195,740
Total financial assets	43,748,906
Less those unavailable for general expenditures within one year, due to Contractual or donor-imposed restrictions:	
Net assets with donor restrictions	(38,916,550)
Financial assets and liquidity resources available within one year	$ 4,832,356

The Foundation's goal is to maintain financial assets to meet one year of general operating expenses. As part of the Foundation's liquidity plan, excess cash may be invested in short-term CD's and mutual funds that are of short-term duration. The Foundation is substantially supported by charitable contributions in addition to administrative fees earned from the management of income producing accounts with donor-imposed restrictions. As those charged with management of those accounts request expenses to be made, assets with donor restrictions can be liquidated to cover those expenses. As mentioned in Note 15, the Foundation does have a $2,500,000 operating line of credit that can be borrowed upon if needed. The line of credit expires November 13, 2023.

3. UNCONDITIONAL PROMISES TO GIVE - CASH

Unconditional promises to give - cash, consist of the following:

	2022	2021
Restricted for scholarships or other particular purposes	$ 2,153,865	$ 2,590,172
Less: Allowance for uncollectible unconditional promises to give	(51,000)	(99,000)
Gross unconditional promises to give	2,102,865	2,491,172
Less: unamortized discount	(40,212)	(30,145)
Net unconditional promises to give	$ 2,062,653	$ 2,461,027
Amounts due in:		
Less than one year	$ 1,502,115	$ 1,843,777
One to five years	560,538	617,250
Total	$ 2,062,653	$ 2,461,027

The allowance for uncollectible unconditional promises to give was arrived at by identifying specific donors that have failed to keep their promises and by applying a historical percentage of 2% to the remaining amount at June 30, 2022 and 2021.

Unamortized discount was arrived at by discounting amounts to be received in the future by the average market rate earned on investments of 2%.

4. INVESTMENTS – NET INVESTMENT RETURN

Marketable debt and equity securities are presented in the financial statements at fair market value:

	2022		2021	
	Cost	Carrying Value	Cost	Carrying Value
Registered Investment Co.	$ 40,409,932	$ 41,195,740	$ 37,352,608	$ 48,717,803

The following schedule summarizes the net investment return and its classification in the statement of activities for the year ended June 30, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Dividend income	$ 576,487	$ 2,757,342	$ 3,333,829
Interest income	63	572	635
Realized gains (losses) securities	5,093	24,588	29,681
Unrealized gains (losses)	(1,760,735)	(8,427,561)	(10,188,296)
Net rental income	5,309	26,304	31,613
Investment expenses	(21,096)	(99,498)	(120,594)
Total investment income (loss)	$ (1,194,879)	$ (5,718,253)	$ (6,913,132)

The following schedule summarizes the net investment return and its classification in the statement of activities for the year ended June 30, 2021:

	Without Donor Restriction	With Donor Restriction	Total
Dividend income	$ 316,063	$ 1,622,730	$ 1,938,793
Interest income	157	804	961
Realized gains (losses) securities	30,491	156,544	187,035
Unrealized gains (losses)	1,328,856	6,822,603	8,151,459
Net rental income	3,240	16,635	19,875
Investment expenses	(17,458)	(89,630)	(107,088)
Total investment income (loss)	$ 1,661,349	$ 8,529,686	$ 10,191,035

5. BENEFICIAL INTEREST IN CHARITABLE TRUSTS HELD BY OTHERS

We have been named as a remainder beneficiary of a charitable trust held by others. A summary follows:

Helen Jones Charitable Trust (Jones Trust) – The trust was established on December 27, 1999. The Foundation is named as one of ten remainder beneficiaries. Each February 1, the trustee is required to make certain established payments to eight individuals and all ten remainder beneficiaries. The balance of the prior year's income, if any, is then remitted to the ten remainder beneficiaries according to predetermined percentages in the trust. If any of the remainder beneficiaries cease, their percentage of income is allocated to the remaining beneficiaries. As of June 30, 2021, one of the beneficiaries has ceased operations. The trust is to stay intact until six of the eight individuals pass away. As of June 30, 2021, three of the eight have passed away. The Foundation has made the assumption that the income generated is equal to the required payments each year and therefore the balance of the trust will be intact to distribute when the day arrives.

The assets of the trust consist of marketable securities with readily determinable values. The recorded value on the books of the Foundation is equal to the fair market value of the trust assets at June 30 multiplied by the percentage (currently 32.25%) the Foundation is to receive upon termination of the trust. A summary of the values at June 30 and the change from the previous year are as follows:

	2022	2021
Foundation's share of the value of assets	$ 229,753	$ 271,836
Change in value of split-interest agreement	(42,083)	46,779

6. COMMERCIAL REAL ESTATE / OTHER ASSETS OF LLC'S

On July 1, 2002, the Foundation transferred assets and related items to Land Holdings Management and Development, LLC. During the year ended June 30, 2011, the Foundation acquired assets from an estate for the benefit of the Healy Business Institute and placed them into three separate LLC's. During the years ended June 30, 2018 and 2017, the Foundation through Thunder Village I, LLC completed construction of commercial real estate which is being treated as an investment once fully occupied. During the year ended June 30, 2021, the Foundation through Land Holdings Management and Development, LLC established CSU Pueblo ThunderBowl LLC to account for the activity of the assets to be received from the Friends of Football relating to the "ThunderBowl". The assets, liabilities, revenues and expenses of all of these LLC's are included in the consolidated financial statements of the Foundation. The following is a summary of the assets and liabilities in the LLCs at June 30:

	2022	2021
Cash in checking and savings	$ 51,849	$ 152,059
Rents receivable	7,000	13,080
Prepaid expenses	3,832	18,971
Due from foundation	230,411	
Promises to give – cash	22,534	122,534
Promises to give – in-kind		19,842,500
Accounts payable and accrued expenses	29,301	25,974
Unsecured note payable	1,073,477	1,115,926
Lease payable – CSU ThunderBowl LLC parking lot	1,232,307	—
Investments in real estate and the limited partnership carried at the lower of cost or fair value:		
Dillon Drive, Pueblo, CO real estate	$ 95,000	$ 95,000
Thunder Village I	2,476,228	2,298,227
Investment in limited partnership	249,948	249,948
Investment in activities in CSU-Pueblo ThunderBowl, LLC:		
CSU Pueblo ThunderBowl LLC costs	19,409	8,878
CSU ThunderBowl stadium	19,842,500	—
Less: accumulated depreciation	(607,593)	—
CSU ThunderBowl parking lot	1,232,307	—

Dillon Drive, Pueblo, CO - The Foundation holds a 3/16th's interest in real estate located at the southwest intersection of Eagleridge Boulevard and Dillon Drive in Pueblo, CO.

The site consists of two vacant lots, namely lots 1 and 2, Block 2, North Pueblo Commercial Park #1. The investment is carried at the lower of current fair value or fair value as of the date of receipt of the property. This lot was sold in August 2022 for $129,258.

Thunder Village – The Foundation is completing construction on a commercial facility close to the football and soccer/lacrosse complexes on the campus of the University. The facility is at full capacity at June 30, 2022.

Investment in limited partnership – The Foundation owns 425 units (approximately 6%) in W.L. Enterprises, Ltd. a New Mexico partnership. The assets of W.L. Enterprises, Ltd. consist of commercial and residential real estate parcels in the City and County of Pueblo. The investment is carried at the fair value on date of receipt less cash distributions received.

CSU Pueblo ThunderBowl LLC – this entity was established to account for the football stadium and cash to be received from Friends of Football and to account for the operation of the stadium and associated transactions. The stadium was transferred to the Foundation in July 2021 and the cash was transferred to the Foundation in August 2021.

7. RENTAL INCOME TO BE RECEIVED

The Foundation, through Thunder Village I, LLC, has entered into non-cancelable operating leases with three entities for commercial real estate located in Pueblo. The leases require monthly rental payments from $1,900 to $6,577 per month plus the entity's percentage of common area maintenance costs. The following is a summary of the future rents to be received under these leases:

Year Ending June 30:	
2023	$ 107,814
2024	59,114
2025	10,625
Total	$ 177,553

8. RENTAL PAYMENTS TO BE MADE

The Foundation, through CSU Pueblo ThunderBowl, LLC, has entered into a financing lease to purchase the parking lot adjacent to the CSU ThunderBowl stadium. Payments started July 1, 2021. The lease requires monthly payments from $3,720 to $4,854 per month plus repairs and maintenance and property taxes, if any. The Foundation can purchase the parking lot at the end of each year through then end of the 10th year, with the final purchase price being $1,213,209. A portion of the lease payments reduce the purchase price each year.

The following is a summary of the future payments to be made (including interest at 4%) under this financing lease:

Year Ending June 30:	
2023	$ 45,979
2024	47,359
2025	48,780
2026	50,243
2027	51,750
Thereafter	1,436,208
Total	$ 1,680,319

9. DESIGNATED NET ASSETS

At June 30, 2022 and 2021, the Foundation had designated unrestricted net assets for the following purposes:

	2022	2021
Operating reserve for subsequent years' expense	$ 1,968,385	$ 1,715,819
Designated operating reserve	750,000	381,931
Special projects awarded to University groups for next year expenses	83,913	95,869
University personnel discretionary funds	125,204	189,269
TOTAL	$ 2,927,502	$ 2,382,888

10. RECLASSIFICATION OF NET ASSETS

The reclassification of net assets occurs when (1) additional information becomes available or the donor will change his initial restriction, (2) there are some donor restrictions requiring that a portion of the net investment income earned to be added to their endowments, (3) amounts of temporarily restricted and permanently restricted contributions that have been determined to be uncollectible, and (4) a project that has a deficit balance is reported as with donor restrictions for internal purposes is reclassified to without donor restrictions for financial statement purposes. At June 30, 2022 and 2021 reclassification of net assets includes a deficit balance in the Rawlings Sports Complex project totaling $393,972 and $507,761, respectively. The Foundation does have a long-term pledge that will cover the deficit.

11. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specified purpose or time:		
Academic support (counseling, student services, library, athletics, etc.)	$ 6,118,692	$ 7,459,133
Instructional support	137,685	99,410
Research / public service	30,348	31,644
Scholarships	6,067,362	7,112,161
Promises to give, the proceeds from which have been restricted by donors for:		
Academic support (counseling, student services, library, athletics, etc.)	2,040,119	2,338,493
Scholarships	—	—
Total	14,394,206	17,040,841
Subject to passage of time:		
Beneficial interests in charitable trusts held by others	229,753	271,836
Endowments		
Subject to the Foundation endowment spending policy and appropriation:		
Academic support	2,503,191	3,014,032
Instructional support	2,531,216	3,004,993
Scholarships	19,258,184	23,798,941
Total Endowments	24,292,591	29,817,966
Total	$38,916,550	$47,130,643

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 and 2021:

	2022	2021
Satisfaction of purpose restrictions:		
Academic support (counseling, student services, library,) athletics, etc.)	$ 1,737,191	$ 841,730
Administrative fee expense	1,378,663	1,145,671
Instructional support	185,761	195,313
Research/public service	—	9,564
Scholarships	3,824,498	2,793,014
Total net assets with restrictions released	$ 7,126,113	$ 4,985,292

12. MAJOR NET ASSET PROJECTS/MAJOR DONORS

The following is a listing of significant Net Asset Projects (net assets projects with balances exceeding 10% of the total net assets of the Foundation):

	2022	2021
CSU Pueblo ThunderBowl LLC	$19,242,440	$19,973,912

During the year ended June 30, 2022 the Foundation had two donor(s) provide a total of $1,439,479 in cash. During the year ended June 30, 2021 the Foundation had one donor provide $1,695,346 in cash donations and one donor provide $19,842,500 in in-kind donations.

13. RISKS AND UNCERTAINTIES

Concentration of Credit Risk - In the normal course of business, the Foundation has cash balances with financial institutions and money market funds with the brokerage house of Stifel Nicolaus. The financial institutions' balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2022, all amounts are insured.

The money market funds with Stifel Nicolaus are insured by Securities Investor Protection Corp. (SIPC) for amounts up to $500,000 per account and by Travelers Casualty and Surety Company of America for the full equity of their account and unlimited cash coverage. At June 30, 2022, approximately $139,000 was not insured.

14. CONDITIONAL PROMISES TO GIVE

The Foundation has been named as the beneficiary of various trusts and life insurance policies. In accordance with accounting principles generally accepted in the United States, as events occur that make these unconditional and amounts to be received are known, they are recorded in the financial records of the Foundation. Known conditional promises to give consist of the following at June 30:

	2022	2021
Life insurance designations, restricted for as directed by the Foundation's Board	$ 50,000	$ 50,000

15. LINE OF CREDIT

The Foundation has obtained a $2,500,000 unsecured line of credit with Legacy Bank. Interest due at 3.25% is due monthly and the maturity date is November 13, 2022. No amounts were outstanding on this line at June 30, 2022 or 2021.

16. UNSECURED NOTES PAYABLE

On July 31, 2017, the Thunder Village I, LLC obtained an unsecured 130-month note payable from Legacy Bank. The proceeds were used to repay the line of credit that was outstanding at June 30, 2017 and replenish the cash that had been spent on the Thunder Village I project.

The note payable carries interest at a rate of 3.75% required interest only payments through May 2018 and then principal and interest payments of $12,411.88 starting June 10, 2018 through May 10, 2028. In February 2019, the Foundation decreased the principal outstanding by $1,200,000 to reduce the monthly payment. The new monthly principal and interest payments are $6,085 through May 10, 2028. In March 2020, the bank suspended the monthly payment requirement. Payments resumed in October 2020. The following is a summary of the principal payments due on this note payable subsequent to June 30, 2022:

Year Ended June 30:	
2023	$ 42,566
2024	43,732
2025	45,093
2026	46,413
2027	47,772
Thereafter	847,901
Total	$ 1,073,477

In May 2020, the Foundation obtained an unsecured 46-month note payable from Legacy Bank. The proceeds were used to fund additional improvements at the Rawlings Sports Complex. The note payable carries interest at a rate of 2.5% and annual payments of $211,956.

The following is a summary of the principal payments due on this note payable subsequent to June 30, 2022:

Year Ended June 30:	
2023	$ 202,177
2024	206,001
Total	$ 408,078

17. ENDOWMENT

Our endowment consists of approximately 110 individual projects established donors to provide annual funding for a variety of purposes. At June 30, 2022 and 2021 our endowment is made up of projects with donor restrictions.

Our Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gifts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of applicable gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

We consider the following factors in making a decision to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

The Foundation has established an accounting system whereby the original value of an endowment is recorded in one project and the earnings from the investment of the endowment is recorded in another project. If the terms of the endowment require a portion of the earnings to be reinvested in the corpus, that amount is transferred from the income project to the endowment project on the day income is allocated. The accounting system allows easy identification of donor-restricted endowment projects that may have fair values less than the amount to be maintained by donors or law (underwater endowments). If this situation occurs, we have chosen to cease further distributions until the balance in the income account becomes positive. At June 30 2022, 27 accounts were underwater and at June 30, 2021, no accounts were underwater.

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for the projects while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target rate of return in 7 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

We use an endowment spending-rate formula to determine the amount to spend from the endowment projects each year. The rate, currently at 3% but can be adjusted by the Board of Directors, is applied to the average fair value of the endowment projects at December 31 and June 30 of each year. In establishing this policy, we considered the long-term expected return on the endowment projects and set the rate with the objective of maintaining the purchasing power of the endowment over time.

Below is a summary of the activity in our endowment accounts:

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets			
Balance, June 30, 2020	$ —	$ 22,712,061	$ 22,712,061
Net asset reclassification	—	(200,767)	(200,767)
Investment income:			
Interest and dividend income	—	1,231,187	1,231,187
Realized and unrealized appreciation (depreciation)	—	5,238,873	5,238,873
Investment fees	—	(67,281)	(67,281)
Administrative fees	—	(787,950)	(787,950)
Contributions	—	2,080,647	2,080,647
Appropriation of endowment assets for expenditure	—	(388,805)	(388,805)
Balance, June 30, 2021	—	29,817,965	29,817,966
Net asset reclassification	—	(137,127)	(137,127)
Investment income:			
Interest and dividend income	—	3,334,464	2,106,737
Net rental income	—	20,093	20,093
Realized and unrealized appreciation (depreciation)	—	(6,418,930)	(6,418,930)
Investment fees	—	(76,005)	(76,005)
Administrative fees	—	(894,538)	(894,538)
Contributions	—	378,125	378,125
Appropriation of endowment assets for expenditure	—	(503,729)	(503,729)
Balance, June 30, 2022	$ —	$ 24,292,591	$ 24,292,591

The Foundation's investment committee, in addition to a professional investment advisor, has addressed the various types of investments to be used for the endowments. The Foundation's investments consist of mutual funds at June 30, 2022 and 2021. The objective of the mutual fund investments is both appreciation and rates of returns (dividend income).

18. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	2022	2021
ThunderBowl Stadium	$ —	$19,842,500
Grading, tree removal, and landscaping for "ART" indoor athletic training facility / other University facilities	$ 51,355	13,164
Office space	24,000	20,000
Environmental assessment for ThunderBowl Stadium	6,500	—
Fundraiser items	3,962	8,495
	$ 85,817	$19,884,159

Colorado State University Foundation recognized the above contributed nonfinancial assets within revenue in the Statement of Activities. Unless otherwise noted, all contributed nonfinancial assets did not have donor-imposed restrictions for the particular program or purpose.

The ThunderBowl Stadium was pledged to the Foundation at June 30, 2021 and received in August 2021. It was valued based on a professional appraisal.

The value of office space is recorded at estimated value compared to other commercial buildings.

The balance of the items is valued at values assigned by the donor and were restricted for a particular purpose or event.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements

We report certain assets 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 the current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumption 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 we can access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted process for similar assets in active markets, quoted process 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, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of the 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 judgement, 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 our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of beneficial interests in charitable trusts are determined by us using present value techniques and risk adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of the trust investments as reported by the trustees. This is considered to be a Level 3 measurement.

The following table presents the Foundation's fair value hierarchy for financial assets measured at fair value on a recurring basis as of June 30, 2022 and 2021:

June 30, 2022	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Marketable equity securities:				
Domestic emphasis	$ 20,097,202	$ 20,097,202	$ —	$ —
International emphasis	6,721,305	6,721,305	—	—
Marketable debt securities:				
Domestic emphasis	13,561,622	13,561,622	—	—
Cash with brokerage	815,611	815,611	—	—
Beneficial interest in charitable trusts held by others	229,753	—	—	229,753
TOTAL	$ 41,425,493	$ 41,195,740	$ —	$ 229,753

June 30, 2021	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities:				
Domestic emphasis	$ 25,476,852	$ 25,476,852	$ —	$ —
International emphasis	8,087,653	8,087,653	—	—
Marketable debt securities:				
Domestic emphasis	15,146,773	15,146,773	—	—
Cash with brokerages	6,525	6,525	—	—
Beneficial interest in charitable trusts held by others	271,836	—	—	271,836
TOTAL	$ 48,989,639	$ 48,717,803	$ —	$ 271,836

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beneficial interest in charitable trusts held by others -

Balance, June 30, 2020	$ 225,057
Change in value of beneficial interest in charitable trusts held by others	46,779
Transfers in and/or out of Level 3	—
Balance, June 30, 2021	$ 271,836
Change in value of beneficial interest in charitable trusts held by others	(42,083)
Transfers in and/or out of Level 3	—
Balance, June 30, 2022	$ 229,753