

October 20, 2023

To the Board of Trustees
Colorado State University – Pueblo Foundation

We have audited the consolidated financial statements of Colorado State University – Pueblo Foundation (the Foundation) for the year ended June 30, 2023, and have issued our report thereon dated October 20, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements.

As described in Note 1, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07), effective January 2, 2022. ASU 2020-07 requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, including disaggregating by category, the types of contributed nonfinancial assets a nonprofit entity has received. No other new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements are as follows:

- Allowance for uncollectible promises to give – estimate is based on actual accounts expected to be collected and historical experience.

- Valuation of the split interest agreement – estimate of fair value is based on current market value of the underlying assets. Management has used the assumption that income generated will be equal to distributions made and therefore the balance of the trust will be available for distribution.
- Estimated fair value of real estate and limited partnerships – estimates of the fair value of real estate and limited partnerships are based on independent appraisals and/or management's own assessment of the fair value.
- Allocation of functional expenses – expenses are allocated on a functional basis based on varying allocation methodologies determined to be reasonable for the individual expense categories.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

- A conditional contribution was reported as contribution revenue and unconditional promises to give at December 31, 2022. An adjustment was made to reduce these balances by \$1,316,895.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Foundation's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees, management and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Stockman Kast Ryan + Co. LLP