



COLORADO SCHOOL OF MINES FOUNDATION

**Financial Statements
and
Independent Auditors' Report
June 30, 2016 and 2015**

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By Justin L. Smith at 10:58 am, Nov 02, 2016

COLORADO SCHOOL OF MINES FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Executive Committee of the Board of Governors
Colorado School of Mines Foundation
Golden, Colorado

We have audited the accompanying financial statements of Colorado School of Mines Foundation (a non-profit corporation), which are comprised of the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Executive Committee of the Board of Governors
Colorado School of Mines Foundation
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado School of Mines Foundation as of June 30, 2016 and 2015, 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.

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September 27, 2016
Denver, Colorado

COLORADO SCHOOL OF MINES FOUNDATION

Statements of Financial Position

	June 30.	
	2016	2015
Assets		
Assets		
Cash and cash equivalents	\$ 11,502,679	\$ 9,302,938
Restricted cash	59,000	63,500
Intermediate-term investments	162,101	159,226
Contributions receivable, net	27,594,250	29,208,000
Colorado School of Mines receivables - direct student loans	1,631,241	1,660,784
Contributions receivable from trusts held by others	4,868,005	5,012,209
Assets held under split-interest agreements	11,753,075	12,145,393
Assets held under gift annuity agreements	4,032,019	4,667,670
Beneficial interest in endowments held by others	9,215,004	9,742,396
Beneficial interest in long-term trusts held by others	1,468,761	1,474,914
Long-term investments	255,620,112	280,710,224
Equipment and furniture, net of accumulated depreciation of \$0 (2016) and \$205,684 (2015)	-	3,625
Other assets	283,659	234,123
Restricted net assets held by CSMF Property Management Corp.	370,130	391,543
Investment in Colorado School of Mines technology	97,110	83,058
	<u>\$ 328,657,146</u>	<u>\$ 354,859,603</u>
Total assets	<u>\$ 328,657,146</u>	<u>\$ 354,859,603</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 3,287,213	\$ 2,159,059
Other liabilities	359,918	282,298
Obligations under split-interest agreements	4,755,594	5,146,656
Obligations under gift annuity agreements	4,628,142	4,908,311
Assets held for others	31,923,192	34,530,013
Refundable advances	59,000	63,500
Total liabilities	<u>45,013,059</u>	<u>47,089,837</u>
Net assets		
Unrestricted		
Undesignated	958,911	1,852,918
Board-designated	18,794,795	22,337,051
Total unrestricted	<u>19,753,706</u>	<u>24,189,969</u>
Temporarily restricted	107,986,929	116,765,719
Permanently restricted	155,903,452	166,814,078
Total net assets	<u>283,644,087</u>	<u>307,769,766</u>
Total liabilities and net assets	<u>\$ 328,657,146</u>	<u>\$ 354,859,603</u>

See notes to financial statements.

COLORADO SCHOOL OF MINES FOUNDATION

Statements of Cash Flows

	For the Years Ended	
	June 30,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (24,125,679)	\$ (4,984,690)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Change in net assets held by CSMF Property Management Corp.	21,413	3,305
Depreciation and amortization	2,990	2,990
Net realized and unrealized losses	14,455,094	3,807,402
Loss on disposal of fixed assets	635	-
Cancellation of pledges	138,727	18,250
Changes in net present values of split-interest agreements	(57,958)	(143,714)
Changes in net present value and allowance for uncollectible contributions receivable	733,583	(150,365)
Contributions restricted for long-term investment	(1,954,647)	(7,000,138)
Changes in assets and liabilities		
Contributions receivable	741,440	3,446,115
Receivables from trusts held by others	630,428	(308,237)
Other assets	(49,536)	34,846
Accounts payable, accrued liabilities, and other liabilities	1,205,774	719,020
Assets held for others	<u>(2,606,821)</u>	<u>(504,830)</u>
	<u>13,261,122</u>	<u>(75,356)</u>
Net cash used in operating activities	<u>(10,864,557)</u>	<u>(5,060,046)</u>
Cash flows from investing activities		
Purchases of investments	(83,979,715)	(34,297,584)
Sales of investments	96,143,143	28,677,595
Net student loan activity	29,543	82,331
Net investment in other assets	<u>(14,052)</u>	<u>(35,307)</u>
Net cash provided by (used in) investing activities	<u>12,178,919</u>	<u>(5,572,965)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investment	1,954,647	7,000,138
Payment of obligations under split-interest and gift annuity agreements	<u>(1,069,268)</u>	<u>(932,806)</u>
Net cash provided by financing activities	<u>885,379</u>	<u>6,067,332</u>
Net increase (decrease) in cash and cash equivalents	2,199,741	(4,565,679)
Cash and cash equivalents at beginning of year	<u>9,302,938</u>	<u>13,868,617</u>
Cash and cash equivalents at end of year	<u>\$ 11,502,679</u>	<u>\$ 9,302,938</u>

See notes to financial statements.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Colorado School of Mines Foundation (the "Foundation") is a non-profit corporation providing financial resource development and support to the Colorado School of Mines (the "University"). The majority of the Foundation's revenue is derived from contributions and investment income.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Executive Committee of the Board of Governors (the "Executive Committee") for use in the Foundation's operations, fundraising, and certain University programs.

Temporarily restricted amounts are monies that have been restricted by donors for certain purposes or programs; these monies are available for use by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted amounts are assets that must be maintained permanently by the Foundation as required by the donor; however, the Foundation is permitted to use or expend part or all of any income derived from those assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less and that are not held by an outside investment manager as part of an investment portfolio to be cash equivalents. At June 30, 2016 and 2015, cash equivalents consisted primarily of money market funds. At June 30, 2016, the approximately \$11.5 million in cash and cash equivalents includes approximately \$2.7 million of operating cash and approximately \$8.8 million for capital projects. At June 30, 2015, the approximately \$9.3 million in cash and cash equivalents includes approximately \$2.4 million of operating cash and approximately \$6.9 million for capital projects.

As of June 30, 2016, the Foundation maintained balances in various operating accounts in excess of federally insured limits totaling approximately \$11.1 million.

Restricted Cash

The Foundation received pass-through awards on behalf of a professor that have been reported as restricted cash and a refundable advance of \$59,000 and \$63,500 as of June 30, 2016 and 2015, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investments in certain limited partnerships are reported at fair value as of March 31, net of capital contributions and distributions through June 30, due to the timing of when that valuation information is available. Foundation management believes that there is no significant impact to the financial statements due to this method of reporting.

The Foundation holds alternative investments, which are not readily marketable and are carried at fair value as provided by the investment managers. The Foundation reviews and evaluates the value provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less investment management fees. Investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses, net of investment management fees, from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Investments are reported in the statements of financial position as intermediate-term investments and long-term investments. Intermediate-term investments may be spent by the Foundation but are not expected to be required for use in the near future. Long-term investments are primarily made up of assets restricted by the donor or designated by the Foundation's Executive Committee for long-term investment and assets received from the University for investment management.

Intermediate-term investments consist of certificates of deposit and cash equivalents, including short-term Treasury bills.

Fair Value of Financial Instruments

The Foundation follows FASB guidance related to reporting of fair value measurements for financial assets and liabilities and any other assets and liabilities carried at fair value. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The fair value of financial instruments at June 30, 2016 and 2015 has been estimated using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts the Foundation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Contributions and Contributions Receivable

Gifts of cash and other assets received without donor stipulations are reported as unrestricted support for the Foundation. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted support. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Gifts of land, buildings, and other long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted support. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. An allowance for uncollectible contributions is established by Foundation management based on past collection experience and current economic conditions.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Equipment and Furniture

Equipment and furniture are recorded at cost. Depreciation on equipment and furniture is calculated using the straight-line method over the estimated useful lives of assets, all of which are five years. Assets with an initial purchase price under \$2,500 are expensed in the year purchased.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The IRS has ruled that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code ("IRC") as a public charity. The Foundation also has been determined not to be a private foundation under Section 509(a)(1) of the IRC. Once qualified, the Foundation is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Foundation's qualified status. Donors are entitled to a charitable deduction for amounts contributed to the Foundation.

The Foundation applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, including the determination of the Foundation's tax-exempt status, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2016 or 2015. If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. No interest or penalties have been assessed as of June 30, 2016 or 2015.

Recently Issued Accounting Pronouncements

In May 2015, FASB issued Accounting Standards Update ("ASU") No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendment applies to reporting entities that elect to measure the fair value of an investment using the net asset value ("NAV") per share (or its equivalent) practical expedient. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendment is effective for all fiscal years beginning after December 15, 2015. Earlier application is permitted. Entities should apply the amendment in this update retrospectively to all periods presented. As the Foundation measures certain assets using the NAV practicable expedient, upon adoption of ASU No. 2015-07, the fair value of these Foundation assets will be removed from the fair value hierarchy in all periods presented in the Foundation's financial statements. The Foundation will continue to disclose information on these investments for which fair value is measured at NAV as a practical expedient.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

In August 2016, FASB issued ASU No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017 with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented.

Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general, and fundraising categories for services benefited.

School Support Expenses

School support expenses represent expenditures for various purposes that benefit the University, in accordance with the restricted purposes designated by donors (donor-restricted endowed and non-endowed contributions) and by the Executive Committee (Board-designated from unrestricted funds). During the years ended June 30, 2016 and 2015, total school support expenses were \$21,643,042 and \$33,146,465, respectively. Expenditures for capital projects included in the total school support expenses distributed to the University are as follows:

	<u>For the Years Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Starzer Welcome Center	\$ 822,438	\$ 1,515,946
Student Spaces Improvement Fund	766,944	-
Clear Creek Athletics Complex	667,429	7,622,592
Mining Lab Remodel	558,163	350,242
Marquez Hall	535,362	2,978,087
CoorsTek Academic Building Fund/Microscope	-	1,500,000
Total school support expenses related to capital projects	<u>\$ 3,350,336</u>	<u>\$ 13,966,867</u>

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	<u>Unrestricted</u>	<u>Te R</u>
Revenues, gains, and support		
Contributions	\$ 335,644	\$
Development fee revenue	1,900,000	
Interest and dividends	244,702	
Net realized and unrealized gains	(2,755,813)	(
Changes in net present values of split-interest agreements	(280,974)	
Changes in interest in net assets of CSMF Property Management Corp.	-	
Other income	<u>672,581</u>	<u>---</u>
Total revenues, gains, and support	<u>116,140</u>	<u>---</u>
Net assets released from restrictions		
Satisfaction of program restrictions	20,501,238	(
Administration fees	3,268,389	
Cancellation of pledges	138,727	
Other reclassifications	<u>(41,197)</u>	<u>---</u>
Total net assets released from restrictions	<u>23,867,157</u>	<u>---</u>
Expenses		
School support	21,643,042	
Fundraising	5,185,186	
Management and general	1,452,605	
Cancellation of pledges	<u>138,727</u>	<u>---</u>
Total expenses	<u>28,419,560</u>	<u>---</u>
Change in net assets	(4,436,263)	
Net assets at beginning of year	<u>24,189,969</u>	<u>1</u>
Net assets at end of year	<u>\$ 19,753,706</u>	<u>\$ 1</u>

See notes to

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Subsequent Events

The Foundation has evaluated all subsequent events through auditors' report date, which is the date the financial statements were available for issuance, and has determined there are no events requiring disclosure.

Note 2 - Contributions

Contributions receivable are as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Due in less than one year	\$ 7,669,493	\$ 5,669,420
Due in one to ten years	<u>23,130,032</u>	<u>27,477,438</u>
	30,799,525	33,146,858
Less allowance for uncollectible contributions	(1,439,810)	(1,849,000)
Less unamortized discount	<u>(1,765,465)</u>	<u>(2,089,858)</u>
	<u>\$ 27,594,250</u>	<u>\$ 29,208,000</u>

The discount rate used for pledges receivable ranges from 2% to 4%.

Approximately 54% and 48% of the Foundation's contributions receivable as of June 30, 2016 and 2015, respectively, consists of pledges from one donor.

The Foundation is the beneficiary of certain irrevocable remainder trusts administered by others. The net present value of the Foundation's beneficial interest has been included in the statements of financial position as contributions receivable from trusts held by others in the amount of \$4,868,005 and \$5,012,209 at June 30, 2016 and 2015, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 3 - Assets Held Under Split-Interest Agreements and Long-Term Investments

Assets held under split-interest agreements and long-term investments consist of the following:

	June 30, 2016		June 30, 2015	
	Split-Interest Agreements	Long-Term Investments	Split-Interest Agreements	Long-Term Investments
Cash equivalents	\$ 306,204	\$ 3,555,061	\$ 3,268,469	\$ 14,188,245
Bonds and bond mutual funds	5,284,915	26,870,711	5,291,489	29,293,723
Stocks and stock mutual funds	8,929,916	180,370,419	7,557,832	153,144,696
Investments in limited partnerships and real estate	1,139,139	44,823,921	553,353	84,083,560
Pledge receivable	124,920	-	141,920	-
	\$ 15,785,094	\$ 255,620,112	\$ 16,813,063	\$ 280,710,224

The Foundation incurred expenses of \$1,127,617 and \$1,264,091 for investment management, consulting and custodian services, and associated unrelated business income tax costs during the years ended June 30, 2016 and 2015, respectively, which are netted against interest and dividend income and net realized and unrealized gains in the statements of activities.

Note 4 - Split-Interest Agreements

The Foundation is the remainder trustee for various split-interest arrangements, including charitable remainder trusts, charitable gift annuity contracts, and a pooled income fund. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). The terms of certain trusts and the pooled income fund specify that payments to the beneficiaries are limited to total trust income. Other trusts require that the Foundation make fixed payments or payments based on a fixed percentage of the fair market value of the trusts' assets to designated beneficiaries for their lifetimes.

At the end of the trusts' term, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the future interest of the Foundation is recorded in the statements of activities as temporarily or permanently restricted contributions in the period the trust is established. Assets held under these various split-interest arrangements are recorded at fair value in the Foundation's statements of financial position. The Foundation makes distributions to the designated beneficiaries in accordance with the gift instrument and revalues the liability based on actuarial assumptions on an annual basis. The present value of the estimated future payments is calculated using the IRS discount rate and applicable mortality tables. The Foundation recorded contributions totaling \$17,134 and \$2,521,194, at net present value, under split-interest agreements during the years ended June 30, 2016 and 2015, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 4 - Split-Interest Agreements (continued)

Assets held under split-interest and gift annuity agreements and the associated liabilities are as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Assets held under split-interest agreements	\$ 11,753,075	\$ 12,145,393
Assets held under gift annuity agreements	<u>4,032,019</u>	<u>4,667,670</u>
	15,785,094	16,813,063
Less associated liabilities	<u>(9,383,736)</u>	<u>(10,054,967)</u>
Net present value of assets held under split-interest and gift annuity agreements	<u>\$ 6,401,358</u>	<u>\$ 6,758,096</u>

Note 5 - Gift Annuity Agreements

The Foundation has been the recipient of several gift annuities that require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability at June 30, 2016 and 2015 of \$4,628,142 and \$4,908,311, respectively, which represents the present value of the future annuity obligations. These obligations are included in the liability amount shown in the table in Note 4. During the years ended June 30, 2016 and 2015, the Foundation received gifts under charitable gift annuity contracts with a net present value of \$91,873 and \$181,743, respectively, which are included in contributions in the statements of activities.

Note 6 - Beneficial Interest in Endowment Held by Others

The Foundation is the beneficiary of 50% of the endowment assets held and administered by the Joe W. Cooper and Cleone B. Hansen Foundation ("CHF"). CHF was created to continue in perpetuity by an irrevocable trust to benefit the Colorado School of Mines and the University of Utah. Should CHF be dissolved, the Foundation will receive 50% of its endowment assets.

At June 30, 2016 and 2015, the fair value of the assets held by CHF for the benefit of the Foundation was \$9,215,004 and \$9,742,396, respectively, and is included in the statements of financial position as beneficial interest in endowments held by others. The income from the endowment assets is restricted for use in the Departments of Mining Engineering, Extractive Metallurgy, and Economic and/or Exploration Geology at the University. The Foundation received a distribution of approximately \$399,000 and \$345,400 during the years ended June 30, 2016 and 2015, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 7 - Beneficial Interest in Long-Term Trusts Held by Others

The Foundation is the beneficiary under a trust administered by an outside party. Under the terms of the trust, the Foundation has the irrevocable right to receive income earned on the trust assets for the length of the trust and the right to receive the assets held in trust upon termination of the trust. Because the Foundation is a beneficiary of the trust, the assets of the trust are on the Foundation's books as if the trust was a perpetual trust and recorded at the fair value of \$1,468,761 and \$1,474,914 at June 30, 2016 and 2015, respectively. The Foundation received distributions amounting to \$34,631 and \$36,135 during the years ended June 30, 2016 and 2015, respectively.

Note 8 - Assets Held for Others

Assets held for others represent various trusts that revert to other parties in the future, as stipulated in the respective trust documents, and certain University assets held for long-term investment purposes. The fair values of these assets are as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
University funds	\$ 30,807,632	\$ 33,430,087
Charitable trust funds	<u>1,115,560</u>	<u>1,099,926</u>
	<u>\$ 31,923,192</u>	<u>\$ 34,530,013</u>

Note 9 - CSMF Property Management Corp.

CSMF Property Management Corp. ("CSMF PMC") is a separate, tax-exempt Colorado non-profit corporation formed to receive, hold, and sell donations of real property. CSMF PMC's only permissible beneficiary is the Foundation.

The Foundation's interest in the net assets of CSMF PMC is accounted for in a manner similar to the equity method. The interest is reflected as an asset stated at fair value, and changes in the interest are included in the statements of activities as changes in interest in net assets of CSMF PMC. Transfers of assets between CSMF PMC and the Foundation are recognized as increases or decreases in the interest in the net assets of CSMF PMC with corresponding decreases or increases in the assets transferred and have no effect on change in net assets. The Foundation's interest in the net assets of CSMF PMC totaled \$370,130 and \$391,543 at June 30, 2016 and 2015, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 10 - Colorado School of Mines Alumni Association

Effective February 1, 2016, the Foundation entered into a services agreement with the Colorado School of Mines Alumni Association (the "Alumni Association"). The Alumni Association's operational employees became employees of the Foundation and certain budget and operational functions, including alumni development activities, became the responsibility of the Foundation. This new operating structure is part of the new joint operating agreement between the University, Foundation, and Alumni Association dated February 1, 2016. The Foundation recognized revenue from the Alumni Association under the services agreement in the amount of \$108,574 and \$0 during the years ended June 30, 2016 and 2015, respectively. Balances due from the Alumni Association totaled \$37,524 and \$0 at June 30, 2016 and 2015, respectively.

Note 11 - Net Assets

Unrestricted Board-Designated Funds

The following unrestricted net assets have been designated by the Foundation's Executive Committee for the following purposes:

	<u>June 30.</u>	
	<u>2016</u>	<u>2015</u>
Endowment - Board-designated from unrestricted	\$ 20,677,586	\$ 23,405,445
Mines technology	97,110	83,059
University discretionary	-	451,233
Equipment	-	3,624
Gift annuities program	<u>(1,979,901)</u>	<u>(1,606,310)</u>
	<u>\$ 18,794,795</u>	<u>\$ 22,337,051</u>

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 11 - Net Assets (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Assets available for		
Student financial aid	\$ 41,977,484	\$ 47,361,913
Academic divisions	17,586,673	17,448,035
University property and equipment	7,839,697	7,468,474
Faculty and staff compensation	7,546,596	9,377,023
Research	2,525,940	2,486,936
Library	662,214	674,552
Other	63,182	29,353
Assets available in future periods		
Contributions receivable	24,575,250	26,503,000
Life income and annuity trusts	3,544,415	3,717,998
Student loans	1,631,241	1,660,785
Assets held by CSMF PMC	<u>34,237</u>	<u>37,650</u>
	<u>\$ 107,986,929</u>	<u>\$ 116,765,719</u>

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 11 - Net Assets (continued)

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to the following:

	<u>June 30.</u>	
	<u>2016</u>	<u>2015</u>
Investment in perpetuity, the income from which is available for		
Student financial aid	\$ 75,166,061	\$ 80,352,146
Faculty and staff compensation	50,835,310	55,100,783
Academic divisions	13,121,933	14,229,385
Research	3,709,632	3,840,669
Library	1,759,073	1,926,387
Other purposes	578,230	932,579
University property and equipment	162,396	175,389
Future investment in perpetuity		
Life income and annuity trusts	7,215,924	7,197,847
Contributions receivable	3,019,000	2,705,000
Assets held by CSMF PMC	<u>335,893</u>	<u>353,893</u>
	<u>\$ 155,903,452</u>	<u>\$ 166,814,078</u>

Note 12 - Endowments

The Foundation's endowment consists of various individual funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Executive Committee to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 12 - Endowments (continued)

Interpretation of Relevant Law

The Executive Committee of the Foundation 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 gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds,
- The purposes of the Foundation and the donor-restricted endowment funds,
- General economic conditions,
- The possible effects of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Foundation, and
- The investment policies of the Foundation.

The above interpretation pertains only to the endowments managed under UPMIFA. Certain endowments are donor-restricted endowments that have explicit donor stipulations allowing the Foundation to use the corpus of the fund for spending distributions. These contract endowments are managed using the unitrust approach. In using the unitrust approach, all portions of the endowment funds, except available-to-spend portions, are considered permanently restricted in accordance to the Foundation's spending policy for contract endowments. Amounts available to spend under contract endowments are classified as temporarily restricted until appropriated for use.

Funds with Deficiencies

From time to time, the fair value of assets associated with certain individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies of this nature as of June 30, 2016 and 2015.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 12 - Endowments (continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking the proper balance between preservation of capital and maintaining the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Executive Committee, the endowment assets are invested in a manner that seeks an average total annual return of the annual endowment payout plus Consumer Price Index and seeks competitive investment performance versus appropriate capital market measures, such as securities indices, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

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. The Investment Committee of the Foundation is responsible for selecting the asset mix and managers for the endowments of the Foundation.

The asset allocation target ranges are as follows:

	<u>Minimum</u>	<u>Maximum</u>
Equity related (including hedge equities)	30 %	70 %
Fixed income	10 %	30 %
Real assets	0 %	20 %
Non-traditional investments (including private equity/opportunistic and absolute return funds)	0 %	20 %
Cash and cash equivalents	2 %	15 %

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 12 - Endowments (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 24,045,482	\$ 56,821,691	\$ 146,987,078	\$ 227,854,251
Investment return				
Investment income	135,686	1,107,304	8,524	1,251,514
Net appreciation	<u>(1,296,645)</u>	<u>(10,551,814)</u>	<u>(56,291)</u>	<u>(11,904,750)</u>
Total investment return	<u>(1,160,959)</u>	<u>(9,444,510)</u>	<u>(47,767)</u>	<u>(10,653,236)</u>
Additions	-	-	2,495,892	2,495,892
Appropriation of endowment assets for expenditure	(659,659)	(10,152,987)	-	(10,812,646)
Transfers - change in donor restrictions and trust terminations	(1,435,515)	(836,187)	(645,818)	(2,917,520)
Investment reserve reclassification	<u>-</u>	<u>13,027,012</u>	<u>(13,027,012)</u>	<u>-</u>
Endowment assets, end of year	<u>\$ 20,789,349</u>	<u>\$ 49,415,019</u>	<u>\$ 135,762,373</u>	<u>\$ 205,966,741</u>

Endowment Net Assets Composition by Type of Fund as of June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 640,037	\$ 56,821,691	\$ 146,987,078	\$ 204,448,806
Board-designated endowment funds	<u>23,405,445</u>	<u>-</u>	<u>-</u>	<u>23,405,445</u>
Total funds	<u>\$ 24,045,482</u>	<u>\$ 56,821,691</u>	<u>\$ 146,987,078</u>	<u>\$ 227,854,251</u>

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 12 - Endowments (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 23,447,953	\$ 55,436,695	\$ 146,926,392	\$ 225,811,040
Investment return				
Investment income	183,851	1,349,113	10,562	1,543,526
Net appreciation	(235,911)	(1,760,337)	(2,443)	(1,998,691)
Total investment return	(52,060)	(411,224)	8,119	(455,165)
Additions	-	3,608,645	7,037,738	10,646,383
Appropriation of endowment assets for expenditure	(2,307,486)	(8,677,849)	-	(10,985,335)
Board-designated from unrestricted	3,339,079	-	-	3,339,079
Transfers - change in donor restrictions and trust terminations	(382,004)	222,099	(341,846)	(501,751)
Investment reserve reclassification	-	6,643,325	(6,643,325)	-
Endowment assets, end of year	<u>\$ 24,045,482</u>	<u>\$ 56,821,691</u>	<u>\$ 146,987,078</u>	<u>\$ 227,854,251</u>

Amounts in the tables above only include funds received and held by the Foundation.

Note 13 - Pension Plan

The Foundation participates in a defined contribution pension plan covering substantially all of its employees. Employer's contributions begin after an employee completes one year of employment and are a percentage of regular salary. Pension expense was \$180,381 and \$150,463 for 2016 and 2015, respectively.

Note 14 - Fair Value of Financial Instruments

The Foundation follows FASB guidance to define the value of its financial assets and liabilities. Under this guidance, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The FASB established a fair value hierarchy that prioritizes observable and unobservable inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

- Level 2: Other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs where little or no market data is available, which requires the reporting entity to develop its own assumptions.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

The Foundation invests in alternative investments, which are not readily marketable and are classified as Level 2 or Level 3, dependent upon certain factors. However, on an individual basis, these alternative investments may hold direct investments in equity and debt securities, which do have readily determinable fair values. If the Foundation were invested in these equity and debt securities directly, they would be classified as Level 1 assets.

The following is a description of the valuation methodologies used for assets measured at fair value:

Cash equivalent funds: Valued based on dollar value of funds.

Equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income: Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

Hedge funds: Valued based on NAV per share.

Venture capital and private equity funds: Valued based on the practical expedient provided by the investment manager.

Restricted stock: Valued based on third-party appraisals.

There were no changes to valuation techniques during the years ended June 30, 2016 or 2015.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

Financial assets and liabilities carried at fair value as of June 30, 2016 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Long-term investments				
Managed domestic equity funds	\$ 41,796,526	\$ 17,979,331	\$ -	\$ 59,775,857
International equities	25,045,090	36,394,775	-	61,439,865
Fixed income	-	-	9,583,230	9,583,230
Fixed income - mutual funds	17,287,481	-	-	17,287,481
Cash equivalent funds	-	3,555,061	-	3,555,061
Long/short hedge funds	-	35,707,761	23,446,936	59,154,697
Private equity/venture capital	-	-	44,823,921	44,823,921
Total long-term investments	84,129,097	93,636,928	77,854,087	255,620,112
Charitable trusts				
Assets held under split-interest agreements	11,628,155	-	124,920	11,753,075
Assets held under gift annuity agreements	4,032,019	-	-	4,032,019
Beneficial interest in endowments held by others	8,777,863	418,187	18,954	9,215,004
Beneficial interest in long-term trusts held by others	1,468,037	724	-	1,468,761
Total assets at fair value	\$ 110,035,171	\$ 94,055,839	\$ 77,997,961	\$ 282,088,971

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

Financial assets and liabilities carried at fair value as of June 30, 2015 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Long-term investments				
Managed domestic equity funds	\$ 54,608,070	\$ -	\$ -	\$ 54,608,070
International equities	30,074,769	45,643,403	-	75,718,172
Fixed income	-	6,632,329	-	6,632,329
Fixed income - mutual funds	22,661,394	-	-	22,661,394
Cash equivalent funds	-	14,188,245	-	14,188,245
Long/short hedge funds	-	19,219,145	41,407,564	60,626,709
Private equity/venture capital	-	-	45,905,819	45,905,819
Restricted stock	-	-	369,486	369,486
Total long-term investments	107,344,233	85,683,122	87,682,869	280,710,224
Charitable trusts				
Assets held under split-interest agreements	12,003,473	-	141,920	12,145,393
Assets held under gift annuity agreements	4,114,317	-	553,353	4,667,670
Beneficial interest in endowments held by others	9,439,115	274,484	28,797	9,742,396
Beneficial interest in long-term trusts held by others	<u>1,474,239</u>	<u>675</u>	<u>-</u>	<u>1,474,914</u>
Total assets at fair value	<u>\$ 134,375,377</u>	<u>\$ 85,958,281</u>	<u>\$ 88,406,939</u>	<u>\$ 308,740,597</u>

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

Level 3 Changes

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2016:

	<u>Long-Term Investments</u>	<u>Restricted Stock</u>	<u>External Endowment Trusts</u>	<u>Charitable Trusts</u>	<u>Total</u>
Beginning balance	\$ 87,313,383	\$ 369,486	\$ 28,797	\$ 695,273	\$ 88,406,939
Total losses (realized/ unrealized)	(3,564,768)	(369,486)	(9,843)	-	(3,944,097)
Purchases, issuances, and settlements	14,796,451	-	-	(553,353)	14,243,098
Distributions	(8,957,374)	-	-	(17,000)	(8,974,374)
Reclassifications from Level 3 to Level 2	<u>(11,733,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,733,605)</u>
Ending balance	<u>\$ 77,854,087</u>	<u>\$ -</u>	<u>\$ 18,954</u>	<u>\$ 124,920</u>	<u>\$ 77,997,961</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2015:

	<u>Long-Term Investments</u>	<u>Restricted Stock</u>	<u>External Endowment Trusts</u>	<u>Charitable Trusts</u>	<u>Total</u>
Beginning balance	\$ 86,134,568	\$ -	\$ 28,797	\$ 703,010	\$ 86,866,375
Total gains (realized/ unrealized)	4,147,695	-	-	25,343	4,173,038
Purchases, issuances, and settlements	7,000,862	369,486	-	(33,080)	7,337,268
Distributions	<u>(9,969,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,969,742)</u>
Ending balance	<u>\$ 87,313,383</u>	<u>\$ 369,486</u>	<u>\$ 28,797</u>	<u>\$ 695,273</u>	<u>\$ 88,406,939</u>

Accounting Standards Codification Topic 820 also requires disclosure for Level 3 investments of the change in unrealized gain (loss) included in the change in net assets related to investments still held at the reporting date. At June 30, 2016 and 2015, this was an unrealized (loss) gain of \$(8,563,398) and \$1,865,419, respectively.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

Investments in Certain Entities that Calculate Net Asset Value per Share

<u>Fund Description</u>	<u>June 30, 2016 Fair Value</u>	<u>June 30, 2015 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
International equity	\$ 36,394,775	\$ 52,275,732	\$ -	Monthly	10 to 30 days
Hedge funds	44,425,905	34,749,146	-	Quarterly to three years	30 to 120 days
Multi-strategy hedge funds	24,325,248	25,877,563	-	Quarterly up to 1/3 of investment annually	60 days
Private equity funds	44,810,695	45,905,819	26,101,470	n/a	n/a
Domestic equity	<u>17,979,331</u>	<u>-</u>	<u>-</u>	Quarterly	30 to 45 days
Total	<u>\$ 167,935,954</u>	<u>\$ 158,808,260</u>	<u>\$ 26,101,470</u>		

International equity includes investments in funds that focus on long-only international equities. The underlying assets are liquid, and the funds' managers provide details of those assets. As of June 30, 2016, all of the investments in the category can be redeemed with no restrictions.

Hedge funds include investments in hedge funds that invest both long and short, primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small- to large-capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in the U.S. market but will also take advantage of investment opportunities in Europe, Asia, and emerging markets. The fair values of the investments in this category have been estimated using the NAV per share of the investments. As of June 30, 2016, all of the investments in this category can be redeemed at the Foundation's report date with the exception of one manager with a three-year rolling lockup period.

Multi-strategy hedge funds include multi-strategy domestic equities and fixed income index investments focused on analyzing the probability-adjusted returns of individual securities and assets and capturing the alpha in mispriced assets/securities across conventional and alternative financial strategies. Management initiates long and short position, targeting solid, absolute risk-adjusted returns. The fair values of the investments in this category have been estimated using the NAV per share of the investments. As of June 30, 2016, all the investments in this category cannot be redeemed at the Foundation's report date due to timing of liquidity. The remaining restriction period for these investments ranges from 3 to 36 months.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 14 - Fair Value of Financial Instruments (continued)

Investments in Certain Entities that Calculate Net Asset Value per Share (continued)

Private equity funds include funds that focus on buyout, growth equity, and/or distressed debt. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term for each of these investments is six to ten years. As of June 30, 2016, the fair values of the investments in this category have been estimated using the practical expedient provided by the investment manager.

Domestic equity funds include funds that focus on long-only domestic equities with large-, mid-, and small-capitalization focus. The underlying assets are liquid and the funds' managers provide details of those assets.

The following methods and assumptions were used by the Foundation in estimating the fair value of financial instruments:

Contributions Receivable: The carrying amount is a reasonable estimate of fair value.

Beneficial Interest in Endowments and Long-Term Trusts Held by Others and Restricted Net Assets Held by CSMF PMC: The carrying amount is a reasonable estimate of fair value.

Assets Held for Others: The carrying amount approximates fair value.

Obligations Under Split-Interest and Gift Annuity Agreements: Fair values of the annuity and gift trust obligations are based on an actuarial evaluation of the estimated annuity or other payments under such obligations.

Note 15 - Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

As of June 30, 2016 and 2015, 44% and 38%, respectively, of the Foundation's investment portfolio is invested in limited partnerships and venture capital organizations, some of which are offshore entities and some of which include derivative investments. There is no ready market value for these investments. The values reported in the Foundation's financial statements are the market values reported by the entities in audited financial statements, federal Schedule K-1, or other internal valuations. These values could be volatile and could be significantly different on a subsequent valuation date.

COLORADO SCHOOL OF MINES FOUNDATION

Notes to Financial Statements

Note 15 - Significant Estimates and Concentrations (continued)

Student Loans

The Foundation has several donor-restricted student loan funds. The University administers the loans and makes direct loans to students without collateral. Concentration risk associated with student loans is limited as no significant balances are due from any single individual, and the Foundation has historically experienced a high collectibility rate.