

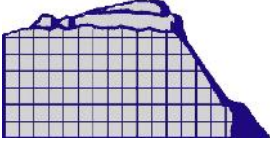
COLORADO MESA UNIVERSITY
REAL ESTATE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Colorado Mesa University Real Estate Foundation
1100 North Avenue
Grand Junction, CO 81501

I have audited the accompanying financial statements of Colorado Mesa University Real Estate Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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 auditor considers 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Mesa University Real Estate Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Paul D. Miller, CPA, LLC

Grand Junction, CO
September 7, 2018

Paul D. Miller, C.P.A.
pauldmiller@live.com

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2018 with Comparative Year June 30, 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 308,674	\$ 232,221
Accounts Receivable (Net of Allowance of \$71,677 for 2018 and \$50,664 for 2017)	19,628	47,131
Total Current Assets	328,302	279,352
 Long-Term Assets		
Land held for Investment	880,393	880,393
Total Long-Term Investment	880,393	880,393
Total Assets	\$ 1,208,695	\$ 1,159,745
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,913	\$ 2,660
Prepaid Rent	1,675	-
Total Current Liabilities	5,588	2,660
 NON-CURRENT LIABILITIES		
Tenant Deposits	28,533	21,860
Total Non-Current Liabilities	28,533	21,860
Total Liabilities	34,121	24,520
 NET ASSETS		
Unrestricted Net Assets	1,174,574	1,135,225
Total Net Assets	1,174,574	1,135,225
Total Liabilities and Net Assets	\$ 1,208,695	\$ 1,159,745

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
STATEMENT OF ACTIVITIES

For the year ended June 30, 2018 with Comparative Totals for the year ended June 30, 2017

UNRESTRICTED NET ASSETS

	2018	2017
REVENUE AND SUPPORT		
Real Estate Management Fees	\$ 115,196	\$ 158,228
Net Assets Released from Restrictions	-	100
Total Revenue and Support	115,196	158,328
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Real Estate Management Expense	69,963	67,813
Colorado Mesa University - Transfer of Property		-
Supporting Services		
Management and General	6,076	5,858
Total Expenses	76,039	73,671
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	39,157	84,657
TEMPORARILY RESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Support from Colorado Mesa University	1,886,134	6,210,556
Support from Colorado Mesa University Foundation	100,000	500,000
Net Assets Released from Restriction	-	(100)
Total Revenue and Support	1,986,134	6,710,456
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Purchase of Real Estate	1,985,942	6,710,456
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	192	-
INCREASE (DECREASE) IN NET ASSETS	39,349	84,657
Net Assets-Beginning	1,135,225	1,050,568
Net Assets-Ending	\$ 1,174,574	\$ 1,135,225

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
STATEMENT OF CASH FLOWS

For the year ended June 30, 2018 with Comparative Totals for the year ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 39,349	\$ 84,657
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Operating Activities:		
Colorado Mesa University-Transfer of Property	-	-
(Increase) Decrease in Operating Activities		
Accounts Receivable	27,503	(9,757)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	1,253	(5,593)
Prepaid Rent	1,675	-
Tenant Deposits	6,673	304
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	76,453	69,611
Net Increase (Decrease) in Cash and Cash Equivalents	76,453	69,611
Beginning Cash	232,221	162,610
Ending Cash	\$ 308,674	\$ 232,221

SUPPLEMENTAL DISCLOSURES

Noncash Investing and Financing Transactions:		
Property and Equipment Transferred to Colorado Mesa University	\$ 1,985,942	\$ 2,875,000
Note Payable Assumed by Colorado Mesa University	-	(2,875,000)
Total Transfer of Property	\$ 1,985,942	\$ -

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Foundation (CMUREF) was incorporated under the laws of the State of Colorado in May 2006. The purpose of the Foundation is to receive, hold, invest, and administer real and personal property, borrow money, and make expenditures to or for the benefit of Colorado Mesa University (The University). CMUREF may receive gifts of real and personal property that persons and entities wish to donate for the benefit of the University in support and furtherance of the University's educational purpose. CMUREF may hold, maintain, improve, leverage, manage, and lease such donated property in a manner consistent with donor intent until such time as CMUREF deems it advisable to convey, transfer, or otherwise dispose of the property and then donate to support the University.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets-These are net assets that are not subject to donor-imposed restrictions. In general, the unrestricted net assets of the Organization may be used at the discretion of the Organization's management and Board of Directors to support the Organization's purpose and operations.

Temporarily Restricted Net Assets-These net assets are subject to donor-imposed stipulations that may or will be met, either by the Organization's actions and/or by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets-These net assets must be maintained permanently by the Organization as required by the donor. The income earned from investments of these assets is available for use by the Organization in accordance with donor restrictions.

Cash and Cash Equivalents

The Organization considers all cash on hand and in banks, certificates of deposits, and other highly liquid investments with maturities of three months or less to be cash equivalents.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Property and Equipment

The Organization follows the practice of capitalizing all expenditures of land, buildings, and equipment of \$500 or more that has a life of two years or longer. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follow:

30 years for buildings and improvements

5-7 years for equipment

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). The Organization 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.

Subsequent Events

Management has evaluated subsequent events through the auditor's report date, which is the date the financial statements were available for issuance, noting no events requiring disclosure.

NOTE 2 - LAND HELD FOR INVESTMENT AND OTHER LONG-TERM ASSETS

Colorado Mesa University contributed a piece of land located in Mesa County in November of 2006. This land is to be developed in the future by CMUREF to benefit the University. CMUREF has capitalized all of the development costs. A building is on the investment land and was being depreciated over a 6 year life. As of June 30, 2018, the building is fully depreciated. The Cost of the land held for investments plus development costs in \$880,393. The building cost is \$22,352 less depreciation of \$22,352.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - OPERATING LEASE COMMITMENTS

CMUREF leases four commercial spaces in Grand Junction from Colorado Mesa University to tenants under non-cancelable operating leases with terms of 5 to 10 years. CMUREF retains 20% of rental income as a management fee, and the other 80% is remitted to the University.

CMUREF entered into a master lease with the University to rent 6 commercial spaces in the North Avenue Student Housing complex (NASH). CMUREF retains, as a management fee, rental income over \$15 per square foot. Terms of the leases range from 5 to 10 years and rents range from \$17 to \$22 per square foot.

CMUREF has agreements with Colorado Mesa University to lease other properties that are owned by the University. CMUREF has a non-cancelable operating lease on these properties with terms of 5 to 10 years. CMUREF retains 20% of the rental income as a management fee, and the remaining 80% is paid to the University.

CMUREF also leases land and a building it owns in Grand Junction to tenants under non-cancelable operating leases, with terms of 1 to 5 years. CMUREF retains 20% of rental income as a management fee, and the remaining 80% is paid to the University.

The rental income for the year ending June 30, 2018 was \$527,060, of which CMUREF retained \$115,196 as a management fee.

The future minimum rental payments and expected management fees to CMUREF for the next 5 years are as follows:

	<u>Minimum Rentals</u>	<u>Minimun Expected Management Fees</u>
June 30, 2019	\$ 458,205	\$ 105,450
June 30, 2020	299,937	64,668
June 30, 2021	226,805	41,529
June 30, 2022	204,592	40,570
June 30, 2023	204,048	40,810
	<u>\$ 1,393,587</u>	<u>\$ 293,027</u>

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CONCENTRATION AND RELATED PARTY

At various times during the year, CMUREF maintained significant amounts of cash in a checking account with one financial institution. Such concentration of cash may exceed the federally insured limits provided on such accounts. Management is aware of such exposure and is willing to accept the risk associated with potential losses involved.

Approximately 90% of CMUREF's support was received from Colorado Mesa University (CMU). Another 4.7% of CMUREF's support was received from Colorado Mesa University Foundation (CMUF). CMUREF received \$1,986,134 from CMU and CMUF that was used to acquire real estate properties in the surrounding area of the University, in order to grow and expand. Ownership of the acquired properties was conveyed back to the University in the amount \$1,985,942.

CMU provides staff and office space to perform the administrative functions of CMUREF. The value of these is not reflected on the statement of activities.