
Colorado School of Mines Foundation

Consolidated Financial Report
June 30, 2021

Colorado School of Mines Foundation

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Colorado School of Mines Foundation and its subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Colorado School of Mines Foundation and its subsidiaries as of June 30, 2021 and 2020 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As described in Note 15, the consolidated financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers and partnership general partners. The investments are valued at approximately \$134,362,000 (30 percent of net assets) at June 30, 2021 and approximately \$99,852,000 (29 percent of net assets) at June 30, 2020. Additionally, there are approximately \$49,800,000 in unfunded future commitments related to these investments at June 30, 2021. Our opinion is not modified with respect to this matter.

Alente & Moran, PLLC

September 29, 2021

Colorado School of Mines Foundation

Consolidated Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 18,856,323	\$ 14,487,554
Restricted cash	-	90,000
Receivables:		
Colorado School of Mines receivables - Direct student loans	1,464,960	1,703,406
Contributions receivable - Net	40,583,000	44,508,000
Contributions receivable from trusts held by others	5,345,656	3,488,063
Assets held under split-interest agreements	6,832,862	13,766,172
Assets held under gift annuity agreements	3,414,705	2,904,336
Beneficial interest in endowments held by others	13,805,090	11,286,526
Beneficial interest in long-term trusts held by others	230,263	186,198
Long-term investments	407,278,866	292,696,524
Restricted net assets held by CSMF Property Management Corp.	61,564	65,113
Investment in Colorado School of Mines technology	55,093	84,725
Other assets	88,014	118,403
Property held for future use or sale	100,000	1,741,754
	<u>\$ 498,116,396</u>	<u>\$ 387,126,774</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 3,167,841	\$ 1,936,983
Other liabilities	553,197	493,615
Obligations under split-interest agreements	1,490,261	3,245,767
Obligations under gift annuity agreements	3,297,954	3,396,057
Assets held for others	41,122,011	32,336,724
Refundable advances	-	90,000
	<u>49,631,264</u>	<u>41,499,146</u>
Net Assets		
Without donor restrictions:		
Undesignated	3,026,550	1,788,632
Board designated	42,727,372	25,936,582
	<u>45,753,922</u>	<u>27,725,214</u>
With donor restrictions	402,731,210	317,902,414
	<u>448,485,132</u>	<u>345,627,628</u>
	<u>\$ 498,116,396</u>	<u>\$ 387,126,774</u>

Colorado School of Mines Foundation

Consolidated Statement of Activities

	Years Ended June 30, 2021 and 2020					
	2021		2020			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support						
Contributions	\$ 522,807	\$ 31,472,464	\$ 31,995,271	\$ 993,019	\$ 58,338,037	\$ 59,331,056
Advancement services fee	2,200,000	-	2,200,000	1,900,000	-	1,900,000
Interest and dividends - Net of investment expenses	181,651	695,101	876,752	330,600	1,387,126	1,717,726
Net realized and unrealized gains	20,468,474	84,445,654	104,914,128	249,648	1,052,982	1,302,630
Changes in net present values of split-interest agreements	(241,885)	481,567	239,682	(327,699)	534,188	206,489
Changes in interest in net assets of CSMF Property Management Corp.	-	(3,549)	(3,549)	-	(3,474)	(3,474)
Other income	628,181	76,368	704,549	2,582,622	97,995	2,680,617
Net assets released from restrictions	32,338,809	(32,338,809)	-	27,955,572	(27,955,572)	-
Total revenue, gains, and support	56,098,037	84,828,796	140,926,833	33,683,762	33,451,282	67,135,044
Expenses						
Program services:						
School support	30,236,192	-	30,236,192	27,091,713	-	27,091,713
Cancellation of pledges	119,450	-	119,450	427,590	-	427,590
Support services:						
Management and general	1,592,563	-	1,592,563	1,520,428	-	1,520,428
Advancement	6,121,124	-	6,121,124	6,017,451	-	6,017,451
Total expenses	38,069,329	-	38,069,329	35,057,182	-	35,057,182
Increase (Decrease) in Net Assets	18,028,708	84,828,796	102,857,504	(1,373,420)	33,451,282	32,077,862
Net Assets - Beginning of year	27,725,214	317,902,414	345,627,628	29,098,634	284,451,132	313,549,766
Net Assets - End of year	\$ 45,753,922	\$ 402,731,210	\$ 448,485,132	\$ 27,725,214	\$ 317,902,414	\$ 345,627,628

See notes to consolidated financial statements.

Colorado School of Mines Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program	Support Services		Total
	School Support	Advancement	Management and General	
School support	\$ 30,119,406	\$ 6,500	\$ -	\$ 30,125,906
Salaries, benefits, and taxes	-	4,908,679	1,268,627	6,177,306
Information technology	-	180,332	36,969	217,301
Events	-	221,357	-	221,357
Professional services	116,786	148,694	158,429	423,909
Office expenses	-	238,147	43,819	281,966
Advertising and promotion	-	228,671	-	228,671
Travel and representation	-	31,657	404	32,061
Employee professional development and relations	-	31,897	40,323	72,220
Research material	-	17,037	-	17,037
Insurance	-	2,848	43,778	46,626
Premiums	-	94,706	-	94,706
Dues and memberships	-	10,599	214	10,813
Cancellation of pledges	119,450	-	-	119,450
Total functional expenses	\$ 30,355,642	\$ 6,121,124	\$ 1,592,563	\$ 38,069,329

Colorado School of Mines Foundation**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2020

	Program Services	Support Services		
	School Support	Advancement	Management and General	Total
School support	\$ 26,976,083	\$ -	\$ -	\$ 26,976,083
Salaries, benefits, and taxes	-	4,792,170	1,267,920	6,060,090
Information technology	-	277,128	41,253	318,381
Events	-	246,125	-	246,125
Professional services	115,630	89,797	115,978	321,405
Office expenses	-	140,702	29,325	170,027
Advertising and promotion	-	219,105	-	219,105
Travel and representation	-	121,895	890	122,785
Employee professional development and relations	-	67,349	26,136	93,485
Research material	-	19,672	17	19,689
Insurance	-	-	38,909	38,909
Premiums	-	25,424	-	25,424
Dues and memberships	-	18,084	-	18,084
Cancellation of pledges	427,590	-	-	427,590
Total functional expenses	<u>\$ 27,519,303</u>	<u>\$ 6,017,451</u>	<u>\$ 1,520,428</u>	<u>\$ 35,057,182</u>

Colorado School of Mines Foundation

Consolidated Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 102,857,504	\$ 32,077,862
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Change in net assets held by CSMF Property Management Corp.	3,549	3,474
Net realized and unrealized gains	(104,914,128)	(1,302,630)
Cancellation of pledges	119,450	427,590
Changes in net present values of split-interest agreements	(239,682)	(206,489)
Changes in net present value and allowance for uncollectible contributions receivable	1,015,355	(1,339,288)
Contributions restricted for long-term investment	(15,377,319)	(4,579,630)
Changes in operating assets and liabilities:		
Contributions receivable	2,790,195	(26,821,302)
Receivables from trusts held by others	(6,528,904)	(324,513)
Other assets	30,389	26,649
Property held for future use or sale	1,641,754	1,691,754
Accounts payable, accrued liabilities, and other liabilities	1,290,440	(3,401,307)
Assets held for others	8,785,287	(1,836,840)
Refundable advances	(90,000)	60,000
Net cash and cash equivalents used in operating activities	(8,616,110)	(5,524,670)
Cash Flows from Investing Activities		
Purchases of investments	(88,881,603)	(97,778,656)
Proceeds from sales and maturities of investments	86,795,948	108,343,893
Net student loan activity	238,446	94,115
Net investment in other assets	29,632	(20,143)
Net cash and cash equivalents (used in) provided by investing activities	(1,817,577)	10,639,209
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term investment	15,377,319	4,579,630
Payment of obligations under split-interest and gift annuity agreements	(664,863)	(951,193)
Net cash and cash equivalents provided by financing activities	14,712,456	3,628,437
Net Increase in Cash and Cash Equivalents	4,278,769	8,742,976
Cash and Cash Equivalents - Beginning of year	14,577,554	5,834,578
Cash and Cash Equivalents - End of year	<u>\$ 18,856,323</u>	<u>\$ 14,577,554</u>
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 18,856,323	\$ 14,487,554
Restricted cash	-	90,000
Total cash and cash equivalents	<u>\$ 18,856,323</u>	<u>\$ 14,577,554</u>

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 1 - Nature of Business

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

The Foundation has a services agreement with the CSM Alumni Foundation, Inc. (CSMAF). Effective July 1, 2020, the Foundation and CSMAF entered into a revised joint operating agreement where the Foundation is responsible for the majority of the activities and functions of CSMAF. The Foundation elected to consolidate CSMAF beginning in the fiscal year ended June 30, 2021. Pursuant to the revised joint operating agreement, CSMAF contributed the majority of its net assets, totaling approximately \$2,100,000, to the Foundation during the year ended June 30, 2020.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and CSMAF. All material intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

The Foundation's executive committee has designated assets for endowment purposes. The executive committee retains control of these assets and can change the designated use of these assets at its discretion.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market funds. At June 30, 2021, the approximately \$18.9 million in cash and cash equivalents includes approximately \$11.6 million of operating cash and approximately \$7.3 million for capital projects. At June 30, 2020, the approximately \$14.5 million in cash and cash equivalents includes approximately \$9.9 million of operating cash and approximately \$4.6 million for capital projects.

Restricted Cash

The Foundation received pass-through awards on behalf of a professor that have been reported as restricted cash and a refundable advance. At June 30, 2021 and 2020, \$0 and \$90,000, respectively, of cash is restricted for that purpose.

Investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

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 on the consolidated statement of activities as net assets without donor restrictions or net assets with donor restrictions 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 on a unitization basis 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 on the consolidated statement 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 cash equivalents.

Adoption of New Accounting Pronouncement

As of July 1, 2020, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This standard was adopted retrospectively. The adoption of this ASU did not have an impact on the Foundation's net assets or changes in net assets.

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the year it is received are reported as contributions without donor restrictions in the accompanying financial statements.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Allocation of Expenses

Expenses have been reported on a functional basis in the consolidated statement of activities. The financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs have been allocated between advancement and management and general based on a percentage of full-time equivalent employee effort for direct conduct and supervision within each functional area. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

School Support Expenses

School support expenses represent expenditures for various purposes that benefit the University in accordance with the restricted purposes designated by donors (endowed and nonendowed contributions with donor restrictions) and by the executive committee (board designated from funds without donor restrictions). During the years ended June 30, 2021 and 2020, total school support expenses were \$30,236,192 and \$27,091,713, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 29, 2021, which is the date the financial statements were available to be issued.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 3 - Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2021	2020
Cash and cash equivalents	\$ 18,856,323	\$ 14,487,554
Restricted cash	-	90,000
Receivables - University receivables - Direct student loans	1,464,960	1,703,406
Contributions receivable	40,583,000	44,508,000
Contributions receivable from trusts held by others	5,345,656	3,488,063
Assets held under split-interest agreements	6,832,862	13,766,172
Assets held under gift annuity agreements	3,414,705	2,904,336
Beneficial interest in endowments held by others	13,805,090	11,286,526
Beneficial interest in long-term trust held by others	230,263	186,198
Long-term investments	407,278,866	292,696,524
	<u>497,811,725</u>	<u>385,116,779</u>
Financial assets - At year end		
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	102,579,298	71,620,204
Subject to appropriation and satisfaction of donor restrictions	218,171,079	159,736,378
Contributions receivable greater than one year	9,342,124	35,814,325
Contributions receivable from trusts held by others and assets held under split-interest agreements and gift annuity agreements	15,593,223	20,158,572
Restricted cash	-	90,000
Beneficial interest held by others	14,035,353	11,472,724
Donor student loan receivable	1,464,960	1,703,406
Board designations:		
Quasi-endowment fund, primarily for long-term investing	19,457,947	7,351,571
Amounts set aside for liquidity reserve	4,825,404	4,937,671
Other	18,444,021	13,647,340
	<u>93,898,316</u>	<u>58,584,588</u>
Financial assets available to meet cash needs for general expenditures within one year		

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of June 30, 2021, the Foundation holds \$94 million in financial assets available to meet general expenditures within one year. Expected general expenditures for the 2021-2022 fiscal year are composed of an \$8.5 million operating budget and \$31.8 million in university expenses for a total of \$40.3 million. In the event of an unanticipated liquidity need, the Foundation also could draw upon its \$5 million line of credit or its board-designated quasi-endowment fund.

The Foundation also realizes there could be unanticipated liquidity needs.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 4 - Contributions Receivable

Contributions receivable are as follows:

	2021	2020
Gross promises to give before unamortized discount	\$ 42,174,653	\$ 47,115,008
Less allowance for uncollectible contributions	(780,000)	(1,278,000)
Less allowance for net present value discount	(811,653)	(1,329,008)
Net contributions receivable	<u>\$ 40,583,000</u>	<u>\$ 44,508,000</u>
Amounts due in:		
Less than one year	\$ 31,240,876	\$ 8,693,675
One to five years	10,933,777	38,421,333
Total	<u>\$ 42,174,653</u>	<u>\$ 47,115,008</u>

The discount rate used for pledges receivable is 2 percent.

Approximately 59 and 83 percent of the Foundation's contributions receivable as of June 30, 2021 and 2020, respectively, consist of pledges from one and three donors.

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 on the consolidated statement of financial position as contributions receivable from trusts held by others in the amount of \$5,345,656 and \$3,488,063 at June 30, 2021 and 2020, respectively.

Note 5 - Assets Held Under Split-interest and Gift Annuity Agreements and Long-term Investments

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

	2021		2020	
	Split-interest and Gift Annuity Agreements	Long-term Investments	Split-interest and Gift Annuity Agreements	Long-term Investments
Cash equivalents	\$ 278,831	\$ 21,714,609	\$ 3,507,463	\$ 13,207,898
Bonds and bond mutual funds	4,238,899	14,149,628	6,494,998	13,922,268
Stocks and stock mutual funds	5,479,837	273,034,158	6,393,047	201,305,071
Investments in limited partnerships and real estate	-	98,380,471	-	64,261,287
Pledge receivable	250,000	-	275,000	-
Total	<u>\$ 10,247,567</u>	<u>\$ 407,278,866</u>	<u>\$ 16,670,508</u>	<u>\$ 292,696,524</u>

Note 6 - Split-interest Agreements

The Foundation is party to split-interest agreements with certain donors. These agreements include contracts entered into with certain donors from which the Foundation benefits. Under the agreement, the donor has contributed funds to be held in trust, with the Foundation as the beneficiary. The terms of certain trusts 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.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 6 - Split-interest Agreements (Continued)

At the end of the trusts' terms, 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 on the consolidated statement of activities as contributions in the period the trust is established. Assets held under these various split-interest arrangements are recorded at fair value on the Foundation's consolidated statement 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 a quarterly basis. Obligations under the split-interest agreements represent the present value of future payments required be paid to beneficiaries under the agreements. The present value is computed based on the normal life expectancy of the beneficiaries using the IRS discount rate.

The Foundation recorded contributions totaling \$0 and \$3,476 at net present value under split-interest agreements during the years ended June 30, 2021 and 2020, respectively.

Information pertaining to split-interest and gift annuity agreements as of June 30, 2021 and 2020 is as follows:

	2021	2020
Assets held under split-interest agreements	\$ 6,832,862	\$ 13,766,172
Assets held under gift annuity agreements	3,414,705	2,904,336
Total	10,247,567	16,670,508
Less associated liabilities	(4,788,215)	(6,641,824)
Net present value of assets held under split-interest and gift annuity agreements	<u>\$ 5,459,352</u>	<u>\$ 10,028,684</u>

Note 7 - 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, 2021 and 2020 of \$3,297,954 and \$3,396,057, 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 6. During the years ended June 30, 2021 and 2020, the Foundation received gifts under charitable gift annuity contracts with a net present value of \$72,404 and \$21,693, respectively, which are included in contributions on the consolidated statement of activities.

Note 8 - Beneficial Interest in Assets Held by Third Parties

The Foundation is named as a beneficiary of endowment assets and long-term trusts. The interests are held by third parties that manage the assets and distribute the earnings, as defined in the trust.

Endowment

The Foundation is the beneficiary of 50 percent 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 percent of its endowment assets.

At June 30, 2021 and 2020, the fair value of the assets held by CHF for the benefit of the Foundation was \$13,805,090 and \$11,286,526, respectively, and is reported on the consolidated statement 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 distributions of \$450,000 during each of the years ended June 30, 2021 and 2020.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 8 - Beneficial Interest in Assets Held by Third Parties (Continued)

Long-term Trusts

The Foundation is the beneficiary under trusts administered by an outside party. Under the terms of the trusts, the Foundation has the irrevocable right to receive income earned on trust assets for the length of the trusts and the right to receive the assets held in trust upon termination of the trusts. Because the Foundation is a beneficiary of the trusts, the assets of the trusts are on the Foundation's books as if the trusts were perpetual trusts and recorded at the fair value of \$230,263 and \$186,198 at June 30, 2021 and 2020, respectively. The Foundation did not receive contributions during the years ended June 30, 2021 and 2020. The Foundation received distributions of \$10,000 during each of the years ended June 30, 2021 and 2020.

Note 9 - 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:

	2021	2020
University funds	\$ 39,794,121	\$ 31,143,605
Charitable trust funds	1,327,890	1,193,119
Total	<u>\$ 41,122,011</u>	<u>\$ 32,336,724</u>

Note 10 - CSMF Property Management Corp.

CSMF Property Management Corp. (CSMF PMC) is a separate, tax-exempt Colorado nonprofit 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 on the consolidated statement 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 \$61,564 and \$65,113 at June 30, 2021 and 2020, respectively.

Note 11 - Line of Credit

Under a line of credit agreement with a bank, the Foundation has available borrowings of approximately \$5,000,000. Interest is payable monthly at a rate of 1.0 percent under the bank's prime rate (an effective rate of 3.00 percent at June 30, 2021 and 2020, respectively). The line of credit is secured by a pledged investment. There were no amounts outstanding on the line of credit at June 30, 2021 and 2020.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 12 - Net Assets

The following net assets without donor restrictions have been designated by the Foundation's executive committee for the following purposes:

	2021	2020
Endowment	\$ 42,935,303	\$ 26,777,893
Mines technology	55,093	84,725
Gift annuities program	(263,024)	(926,036)
Total	<u>\$ 42,727,372</u>	<u>\$ 25,936,582</u>

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Assets available for:		
Student financial aid	\$ 65,008,140	\$ 46,852,765
Academic divisions	35,029,127	25,086,217
Faculty and staff compensation	10,773,300	7,138,848
University property and equipment	7,905,972	5,415,180
Research	2,430,529	1,901,352
Library	1,033,740	737,616
Other purposes	27,424	24,797
Assets available in future periods:		
Contributions receivable	33,921,000	41,690,000
Life income and annuity trusts	1,542,104	5,370,594
Student loans	1,464,960	1,703,406
Assets Held by CSMF PMC	61,564	65,113
Investment in perpetuity, the income from which is available for:		
Student financial aid	126,850,596	95,203,950
Faculty and staff compensation	74,482,809	55,521,367
Academic divisions	20,478,668	15,098,107
Research	2,840,318	2,360,210
Library	2,220,713	1,777,770
Other purposes	222,533	222,535
University property and equipment	1,127,152	845,274
Any activity of the Foundation	567,708	419,695
Future investment in perpetuity:		
Life income and annuity trusts	8,080,853	7,649,618
Contributions receivable	6,662,000	2,818,000
Total	<u>\$ 402,731,210</u>	<u>\$ 317,902,414</u>

Note 13 - Donor-restricted and Board-designated Endowments

The Foundation's endowments include both donor-restricted endowment funds and funds designated by the executive committee to function as endowments. 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.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the executive committee appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The executive committee of the Foundation has interpreted 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, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. 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 fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

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 term endowments and available-to-spend portions, are considered restricted in perpetuity in accordance to the Foundation's spending policy for contract endowments. Amounts available to spend under contract endowments are classified as net assets with donor restrictions until appropriated for use.

Funds with Deficiencies

From time to time, the fair value of assets associated with 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 GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2021 and 2020, there were no funds with deficiencies.

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 to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period and board-designated funds. Under this policy, as approved by the executive committee, the endowment assets are invested in a manner that is intended to achieve a 10-year rolling average return, which is equal to the combination of the endowment payout plus inflation and additional growth above inflation, and seeks competitive investment performance versus appropriate capital market measures, such as securities indices.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

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 policy ranges approved by the executive committee are as follows:

	Minimum	Maximum
Equity related (including hedge equities)	30	75
Fixed income and cash	10	30
Real assets	0	20
Private equity/opportunistic and private credit	0	20

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment fund's market value over a three-year moving average at December 31 preceding the fiscal year in which the distribution is planned. The distribution for the year ended June 30, 2021 was a 4.25 percent endowment fund restricted payout and an administrative fee ranging from 1.0 to 1.75 percent, depending on the cumulative gift amount of the individual endowment fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment, recognizing any given year may experience favorable or unfavorable market conditions. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The executive committee approves special appropriations and distributions from the board-designated unrestricted funds to function as endowments through the annual budget process. Expenditures from the donor-restricted endowment funds are controlled by the executive committee in concert with the donors' intent.

Endowment net assets composition by type of fund is as follows as of June 30, 2021:

	Net Assets without Restrictions	Net Assets with Restrictions	Total
Board-designated endowment funds	\$ 42,935,303	\$ -	\$ 42,935,303
Donor-restricted term endowment funds	-	46,801,319	46,801,319
Board-designated endowment from donor-restricted funds	-	8,851,468	8,851,468
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	220,646,285	220,646,285
Accumulated investment gains	-	14,826,959	14,826,959
Current funds available to spend - University	-	9,299,082	9,299,082
Total funds	<u>\$ 42,935,303</u>	<u>\$ 300,425,113</u>	<u>\$ 343,360,416</u>

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	Net Assets without Restrictions	Net Assets with Restrictions	Total
Endowment assets - Beginning of year	\$ 26,777,893	\$ 216,125,341	\$ 242,903,234
Investment return - Investment income	9,485,549	77,297,103	86,782,652
Additions	-	12,132,208	12,132,208
Appropriation of endowment assets for expenditure	(1,956,727)	(8,662,692)	(10,619,419)
Board-designated from net assets without restrictions	(525,215)	(3,285,201)	(3,810,416)
Transfers - Change in donor restrictions	9,153,803	6,818,354	15,972,157
Endowment assets - End of year	<u>\$ 42,935,303</u>	<u>\$ 300,425,113</u>	<u>\$ 343,360,416</u>

Endowment net assets composition by type of fund is as follows as of June 30, 2020:

	Net Assets without Restrictions	Net Assets with Restrictions	Total
Board-designated endowment funds	\$ 26,777,893	\$ -	\$ 26,777,893
Donor-restricted term endowment funds	-	32,166,532	32,166,532
Board-designated endowment from donor-restricted funds	-	6,746,232	6,746,232
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	163,304,696	163,304,696
Accumulated investment gains	-	6,126,047	6,126,047
Current funds available to spend - University	-	7,781,834	7,781,834
Total funds	<u>\$ 26,777,893</u>	<u>\$ 216,125,341</u>	<u>\$ 242,903,234</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

	Net Assets without Restrictions	Net Assets with Restrictions	Total
Endowment assets - Beginning of year	\$ 28,749,377	\$ 216,511,850	\$ 245,261,227
Investment return - Investment income	264,155	2,137,537	2,401,692
Additions	-	9,350,321	9,350,321
Appropriation of endowment assets for expenditure	(2,592,986)	(9,119,545)	(11,712,531)
Board-designated from net assets without restrictions	(561,627)	(3,150,550)	(3,712,177)
Transfers - Change in donor restrictions	918,974	395,728	1,314,702
Endowment assets - End of year	<u>\$ 26,777,893</u>	<u>\$ 216,125,341</u>	<u>\$ 242,903,234</u>

Note 14 - 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 \$261,075 and \$247,594 for the years ended June 30, 2021 and 2020, respectively.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As required by GAAP, the Foundation uses net asset value (NAV) per share or its equivalent (practical expedient), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures of the Foundation's alternative investments. Certain investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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

Private equity and hedge funds: Valued based on the NAV provided by the investment manager

Beneficial interest in assets held by others: Although the majority of the funds are invested in Level 1 assets, the amounts are reported as Level 3 assets, as the Foundation's allocation of the underlying investment balances is unknown.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Fair Value Measurements (Continued)

There were no changes to valuation techniques during the years ended June 30, 2021 or 2020.

Financial assets carried at fair value as of June 30, 2021 and 2020 are classified in the table below in one of the four categories described above:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021				NAV	Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Long-term investments:						
Managed domestic equity funds	\$ 90,592,138	\$ -	\$ -	\$ 62,703,717	\$ 153,295,855	
International equities	31,964,088	-	-	51,792,481	83,756,569	
Fixed income - Mutual funds	14,149,628	-	-	-	14,149,628	
Cash equivalent funds	-	21,714,609	-	-	21,714,609	
Long/Short hedge funds	-	-	-	35,981,734	35,981,734	
Private equity funds	-	-	-	98,380,471	98,380,471	
Total long-term investments	136,705,854	21,714,609	-	248,858,403	407,278,866	
Charitable trusts:						
Assets held under split-interest agreements	6,582,862	-	250,000	-	6,832,862	
Assets held under gift annuity agreements	3,414,018	687	-	-	3,414,705	
Beneficial interest in endowments held by others	-	-	13,805,090	-	13,805,090	
Beneficial interest in long-term trusts held by others	-	-	230,263	-	230,263	
Total assets at fair value	\$ 146,702,734	\$ 21,715,296	\$ 14,285,353	\$ 248,858,403	\$ 431,561,786	

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Long-term investments:					
Managed domestic equity funds	\$ 55,083,344	\$ -	\$ -	\$ 41,294,530	\$ 96,377,874
International equities	20,156,194	-	-	49,180,117	69,336,311
Fixed income - Mutual funds	13,922,268	-	-	-	13,922,268
Cash equivalent funds	-	13,207,898	-	-	13,207,898
Long/Short hedge funds	-	-	-	35,590,886	35,590,886
Private equity funds	-	-	-	64,261,287	64,261,287
Total long-term investments	89,161,806	13,207,898	-	190,326,820	292,696,524
Charitable trusts:					
Assets held under split-interest agreements	13,491,172	-	275,000	-	13,766,172
Assets held under gift annuity agreements	2,903,997	339	-	-	2,904,336
Beneficial interest in endowments held by others	-	-	11,286,526	-	11,286,526
Beneficial interest in long-term trusts held by others	-	-	186,198	-	186,198
Total assets at fair value	\$ 105,556,975	\$ 13,208,237	\$ 11,747,724	\$ 190,326,820	\$ 320,839,756

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2021 are as follows:

	Split-interest Agreements	External Endowments and Trusts	Total
Balance at July 1, 2020	\$ 275,000	\$ 11,472,724	\$ 11,747,724
Purchases, issuances, and settlements	-	(10,000)	(10,000)
New pledges and pledge payments	(25,000)	2,572,629	2,547,629
Balance at June 30, 2021	\$ 250,000	\$ 14,035,353	\$ 14,285,353

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2020 are as follows:

	Split-interest Agreements	External Endowments and Trusts	Total
Balance at July 1, 2019	\$ 300,000	\$ 11,345,537	\$ 11,645,537
Purchases, issuances, and settlements	-	(10,000)	(10,000)
Total gains (realized/unrealized)	-	137,187	137,187
New pledges and pledge payments	(25,000)	-	(25,000)
Balance at June 30, 2020	\$ 275,000	\$ 11,472,724	\$ 11,747,724

Colorado School of Mines Foundation

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Fair Value Measurements (Continued)

Unrealized gains and losses in the reconciliations above are all attributable to investments still held at the reporting date and are reported as changes in net present values of split-interest agreements in the consolidated statement of activities.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments in Certain Entities that Calculate NAV per Share

	June 30, 2021	June 30, 2020		June 30, 2021	
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Domestic equity	\$ 62,703,717	\$ 41,294,530	\$ -	Quarterly	30 to 45 days
International equity	51,792,481	49,180,117	-	Monthly	5 to 30 days
Hedge funds	35,981,734	35,590,886	-	Quarterly to annually	30 to 90 days
Private equity funds	98,380,471	64,261,287	49,761,507	N/A	N/A
Total	<u>\$ 248,858,403</u>	<u>\$ 190,326,820</u>	<u>\$ 49,761,507</u>		

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 fair values of the investments in this category have been estimated using the NAV per share of the investments.

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, 2021, all of the investments in the category can be redeemed with no restrictions. The fair values of the investments in this category have been estimated using the NAV per share of the investments.

Hedge funds include investments in hedge funds that invest both long and short and both in U.S. and international 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. As of June 30, 2021, all of the investments in this category can be redeemed at the Foundation's report date. The fair values of the investments in this category have been estimated using the NAV per share of the investments, as provided by the investment manager.

Private equity funds include funds that focus on buyout, growth equity, distressed debt, and real asset investments. 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 3 to 10 years. The fair values of the investments in this category have been estimated using the NAV per share of the investments, as provided by the investment manager.

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.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 15 - Fair Value Measurements (Continued)

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 16 - 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, 2021 and 2020, 33 and 34 percent, 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.

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.

Note 17 - Paycheck Protection Program

During the year ended June 30, 2020, the Foundation received a Paycheck Protection Program (PPP) loan in the amount of \$777,600. Under the terms of this program, the loan can be forgivable if the loan is spent on qualifying expenses and if staffing level requirements are met. The Foundation has recorded the loan as a contribution since, as of June 30, 2020, the Foundation has determined it has satisfied the conditions to achieve forgiveness of the entire loan. During the year ended June 30, 2021, the Foundation applied for and received notification of forgiveness of the entire loan balance from the SBA.

