

**METROPOLITAN STATE UNIVERSITY OF
DENVER FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Metropolitan State University of Denver Foundation, Inc.
Denver, Colorado

We have audited the accompanying consolidated financial statements of Metropolitan State University of Denver Foundation, Inc., which comprise the consolidated statements 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 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.

Auditors' 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 audit 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.

Board of Directors
Metropolitan State University of Denver Foundation, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan State University of Denver Foundation, Inc. as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
September 29, 2021

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,611,505	\$ 1,226,392
Cash Restricted for Distribution to University	42	117,528
Cash Restricted for Alumni Association	225,128	18,884
Investments	11,501,371	8,939,678
Receivable from University	3,814	8,916
Promises to Give, Net	1,635,910	1,624,727
Prepaid Expenses and Other Assets	21,618	38,723
Property and Equipment, Net	1,334,802	1,370,202
Endowment:		
Cash Restricted for Endowment	26,350	-
Promises to Give, Net	1,271,778	1,313,203
Investments	21,877,290	16,742,947
Total Assets	<u>\$ 39,509,608</u>	<u>\$ 31,401,200</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 183,432	\$ 87,715
Accounts Payable to University	357,229	175,313
Funds Held for Distribution to University	42	117,528
Funds Held for Alumni Association	225,128	18,884
Paycheck Protection Program Loan	-	71,700
Total Liabilities	<u>765,831</u>	<u>471,140</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,363,314	3,175,890
Board-Designated	1,159,017	979,371
Invested in Property and Equipment, Net	1,334,802	1,370,202
Total Without Donor Restrictions	<u>7,857,133</u>	<u>5,525,463</u>
With Donor Restrictions	<u>30,886,644</u>	<u>25,404,597</u>
Total Net Assets	<u>38,743,777</u>	<u>30,930,060</u>
Total Liabilities and Net Assets	<u>\$ 39,509,608</u>	<u>\$ 31,401,200</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 159,248	\$ 6,720,908	\$ 6,880,156
Services Received from University	1,917,906	-	1,917,906
In-Kind Contributions	-	18,795	18,795
Endowment Management Fees	340,517	-	340,517
Net Investment Return	1,974,181	3,717,397	5,691,578
Rent and Other Income	311,188	-	311,188
Net Assets Released from Restrictions	4,975,053	(4,975,053)	-
Total Revenue, Support, and Gains	9,678,093	5,482,047	15,160,140
EXPENSES			
Program Services Expense:			
Support Provided to University	4,739,543	-	4,739,543
CVA Operating Expenses	62,030	-	62,030
Total Program Expenses	4,801,573	-	4,801,573
Supporting Services Expense:			
General and Administrative Costs	589,516	-	589,516
Donor Development Costs	1,955,334	-	1,955,334
Total Supporting Services Expenses	2,544,850	-	2,544,850
Total Expenses	7,346,423	-	7,346,423
CHANGE IN NET ASSETS	2,331,670	5,482,047	7,813,717
Net Assets - Beginning of Year	5,525,463	25,404,597	30,930,060
NET ASSETS - END OF YEAR	<u>\$ 7,857,133</u>	<u>\$ 30,886,644</u>	<u>\$ 38,743,777</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 3,371	\$ 6,460,088	\$ 6,463,459
Services Received from University	1,927,251	-	1,927,251
In-Kind Contributions	-	167,172	167,172
Endowment Management Fees	281,805	-	281,805
Gross Special Events Revenue	6,884	-	6,884
Less: Cost of Direct Benefits to Donors	(3,677)	-	(3,677)
Net Special Events Revenue	3,207	-	3,207
Net Investment Return	104,447	46,005	150,452
Rent and Other Income	276,287	-	276,287
Net Assets Released from Restrictions	4,702,075	(4,702,075)	-
Total Revenue, Support, and Gains	7,298,443	1,971,190	9,269,633
EXPENSES			
Program Services Expense:			
Support Provided to University	4,446,466	-	4,446,466
CVA Operating Expenses	65,921	-	65,921
Total Program Expenses	4,512,387	-	4,512,387
Supporting Services Expense:			
General and Administrative Costs	644,802	-	644,802
Donor Development Costs	1,966,947	-	1,966,947
Total Supporting Services Expenses	2,611,749	-	2,611,749
Total Expenses	7,124,136	-	7,124,136
CHANGE IN NET ASSETS	174,307	1,971,190	2,145,497
Net Assets - Beginning of Year	5,351,156	23,433,407	28,784,563
NET ASSETS - END OF YEAR	<u>\$ 5,525,463</u>	<u>\$ 25,404,597</u>	<u>\$ 30,930,060</u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services						
	Support Provided to University	CVA Operating Costs	Total	General and Administrative	Donor Development	Cost of Goods Sold	Total
Scholarships and Other Assistance	\$ 4,739,543	\$ -	\$ 4,739,543	\$ -	\$ -	\$ -	\$ 4,739,543
Salaries, Wages, Benefits, and Taxes	-	-	-	400,824	1,955,334	-	2,356,158
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Professional Services	-	-	-	30,838	-	-	30,838
Other	-	-	-	37,217	-	-	37,217
Office Expenses	-	-	-	82,370	-	-	82,370
Depreciation	-	35,400	35,400	-	-	-	35,400
Occupancy	-	26,630	26,630	8,274	-	-	34,904
Conferences, Conventions, and Meetings	-	-	-	12,106	-	-	12,106
Insurance	-	-	-	17,887	-	-	17,887
Total Expenses by Function	4,739,543	62,030	4,801,573	589,516	1,955,334	-	7,346,423
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ 4,739,543	\$ 62,030	\$ 4,801,573	\$ 589,516	\$ 1,955,334	\$ -	\$ 7,346,423

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						
	Support Provided to University	CVA Operating Costs	Total	General and Administrative	Donor Development	Cost of Goods Sold	Total
Scholarships and Other Assistance	\$ 4,446,466	\$ -	\$ 4,446,466	\$ -	\$ -	\$ -	\$ 4,446,466
Salaries, Wages, Benefits, and Taxes	-	-	-	353,824	1,966,947	-	2,320,771
Cost of Direct Benefits to Donors	-	-	-	-	-	3,677	3,677
Professional Services	-	-	-	42,124	-	-	42,124
Other	-	-	-	158,380	-	-	158,380
Office Expenses	-	-	-	44,183	-	-	44,183
Depreciation	-	35,400	35,400	-	-	-	35,400
Occupancy	-	30,521	30,521	8,274	-	-	38,795
Conferences, Conventions, and Meetings	-	-	-	21,343	-	-	21,343
Insurance	-	-	-	16,674	-	-	16,674
Total Expenses by Function	4,446,466	65,921	4,512,387	644,802	1,966,947	3,677	7,127,813
Less: Expenses Included with Revenues on the Consolidated Statements of Activities:							
Cost of Direct Benefits to Donors	-	-	-	-	-	(3,677)	(3,677)
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ 4,446,466	\$ 65,921	\$ 4,512,387	\$ 644,802	\$ 1,966,947	\$ -	\$ 7,124,136

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,813,717	\$ 2,145,497
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	35,400	35,400
Realized and Unrealized (Gain) Loss on Operating Investments	(1,673,161)	102,686
Amortization of Discount on Promises to Give	(19,038)	(61,804)
Loss on Uncollectible Promises to Give	200,000	58,750
Gain on Paycheck Protection Program Loan Forgiveness	(71,700)	-
Contributions Restricted to Endowment	(1,776,182)	(1,696,648)
Endowment Net Investment Return	(3,937,803)	(42,198)
Changes in Operating Assets and Liabilities:		
Receivable from University	5,102	1,714
Promises to Give, Net	6,455	(292,472)
Prepaid Expenses and Other Assets	17,105	(20,268)
Accounts Payable and Other Liabilities	181,916	(340,564)
Accounts Payable and Accrued Liabilities to University	184,475	(313,864)
Net Cash Provided (Used) by Operating Activities	<u>966,286</u>	<u>(423,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(8,267,532)	(4,886,338)
Proceeds from Sales of Investments	6,182,460	3,413,480
Net Cash Used by Investing Activities	<u>(2,085,072)</u>	<u>(1,472,858)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	1,619,007	1,799,747
Proceeds from Loan	-	71,700
Net Cash Provided by Financing Activities	<u>1,619,007</u>	<u>1,871,447</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	500,221	(25,182)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>1,362,804</u>	<u>1,387,986</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 1,863,025</u></u>	<u><u>\$ 1,362,804</u></u>
RECONCILIATION OF CASH		
Cash and Cash Equivalents	\$ 1,611,505	\$ 1,226,392
Cash Restricted for Distribution to University	42	117,528
Cash Restricted for Alumni Association	225,128	18,884
Cash Restricted for Endowment	<u>26,350</u>	<u>-</u>
Total Cash	<u><u>\$ 1,863,025</u></u>	<u><u>\$ 1,362,804</u></u>

See accompanying Notes to Consolidated Financial Statements.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Metropolitan State University of Denver Foundation, Inc. (the Foundation) is a Colorado nonprofit organization established to promote the general welfare and development of Metropolitan State University of Denver (the University).

The Foundation is the sole member of 965 Santa Fe, LLC (the LLC), a Colorado limited liability company. The LLC owns and rents the Center for Visual Arts (the CVA) facility to the University.

The consolidated financial statements include the accounts of the Foundation and the LLC because the Foundation has both control and an economic interest in the LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the "Foundation".

Future Accounting Standards Updates

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)* which is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets. The new standard takes effect for the year ended June 30, 2023 for the Foundation.

Management is currently evaluating the potential impact of this ASU on the Foundation's consolidated financial statements.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowment, held on behalf of others or other long-term purposes of the Foundation are excluded from this definition. The Foundation serves as a repository of funds raised through the *Colorado Rockies Foundation 50/50 Raffle* on behalf of Metropolitan State University of Denver Alumni Association, a separate Colorado nonprofit organization. Restricted cash held for University consists of receipts for Athletic Fields, HLC@Metro, and athletic camps hosted by the University.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,611,505	\$ 1,226,392
Cash Restricted for Distribution to University	42	117,528
Cash Restricted for Alumni Association	225,128	18,884
Cash Restricted for Endowment	26,350	-
Total	<u>\$ 1,863,025</u>	<u>\$ 1,362,804</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Management's estimate of the allowance for uncollectible promises to give is based on historical collection rates and an analysis of the collectability of individual promises.

Property and Equipment

Property and equipment additions over \$5,000 with useful lives exceeding one year are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, at present only the building at 965 Santa Fe is subject to depreciation over a 30-year useful life. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Property and equipment also includes works of art which are capitalized at original cost, or fair value if donated, and are not depreciated because the Foundation intends to preserve these assets in perpetuity.

Investments

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

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (see Note 9).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

The Foundation records contributions in accordance with the requirements of accounting principles generally accepted in the United States of America for nonprofit entities. The Foundation recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Foundation is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

Promises to give are recognized initially at fair value. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated Professional Services, In-Kind Contributions, and Services Received from the University

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. Donated services received from Affiliated Organizations are recorded at the respective fair values of the services received in accordance with accounting principles generally accepted in the United States of America (see Note 10).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Program activities are those that are conducted in accordance with the Foundation's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Foundation's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Costs that are directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. Certain other costs that benefit multiple functional areas have been allocated across program and supporting services based on management's best estimate of the functions that benefit from the expense.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under Section 509(a)(1). The LLC is treated as a disregarded entity for tax purposes, and is incorporated into the tax return filed by the Foundation.

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals, corporations, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through September 29, 2021, the date the consolidated financial statements were available to be issued.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30:

	2021	2020
Cash and Cash Equivalents	\$ 1,611,505	\$ 1,226,392
Investments	3,794,150	1,248,078
Receivable from University	3,814	8,916
Total	<u>\$ 5,409,469</u>	<u>\$ 2,483,386</u>

The Foundation's liquidity is structured so its financial assets are available as its general expenditures, liabilities, and other obligations come due. A portion of Foundation's operations is funded by investment income without donor restrictions which is expendable as needed. To manage unanticipated liquidity needs, the Foundation will calculate, on a regular basis, assumed liquidity requirements for the Non-Endowment assets. These projections will provide a net total assumed liquidity dollar amount that the Foundation has readily available for expenditures.

The Foundation's endowment funds consist of donor-restricted and board-designated endowments. Income from earnings are distributed annually from each qualifying endowment fund to its associated expendable account to be available for fulfilling each individual's restricted purpose. The endowment has a spending policy statement, which uses the banded inflation method to determine endowment distributions (see Note 7).

Although no spending is intended from the board-designated endowment (other than amounts appropriated for general expenditures as part of annual endowment spending appropriation), these amounts could be made available if necessary.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and investment trusts with readily determinable fair values based on daily redemption values.

The fair value of the Foundation's investment in private equity is reported at fair value, as determined by the Foundation, utilizing the most current information provided by the investee. This is considered to be a Level 3 measurement.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units, as a practical expedient to estimate the fair value of a limited liability company, which does not have a readily determinable fair value. The investment, which is valued using NAV per share as practical expedient is not classified in the fair value hierarchy.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as identified below, at June 30:

	2021				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	\$ 1,874,137	\$ 1,874,137	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	1,588,852	1,588,852	-	-	-
Bond	2,002,615	2,002,615	-	-	-
Emerging Market Funds	316,795	316,795	-	-	-
High-Yield Bond	648,018	648,018	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	2,766,779	2,766,779	-	-	-
Small to Mid-Cap Equity	1,048,031	1,048,031	-	-	-
International Equity	700,660	700,660	-	-	-
Emerging Market	435,597	435,597	-	-	-
Real Estate Investment Trusts	114,388	114,388	-	-	-
Private Equity	5,499	-	-	5,499	-
Total	<u>\$ 11,501,371</u>	<u>\$ 11,495,872</u>	<u>\$ -</u>	<u>\$ 5,499</u>	<u>\$ -</u>
Endowment Investments:					
Cash and Money Market Funds (at Cost)	\$ 72,280	\$ 72,280	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	716,245	716,245	-	-	-
Bond	5,457,931	5,457,931	-	-	-
Emerging Market Funds	800,250	800,250	-	-	-
High-Yield Bond	1,843,602	1,843,602	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	6,940,361	6,940,361	-	-	-
Small to Mid-Cap Equity	2,700,668	2,700,668	-	-	-
International Equity	1,894,804	1,894,804	-	-	-
Emerging Market	1,174,210	1,174,210	-	-	-
Real Estate Investment Trusts	256,530	256,530	-	-	-
Limited Partnership	20,409	-	-	-	20,409
Total	<u>\$ 21,877,290</u>	<u>\$ 21,856,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,409</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, as identified below, at June 30:

	2020				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Investments:					
Cash and Money Market Funds (at Cost)	\$ 1,205,908	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	1,415,860	1,415,860	-	-	-
Bond	1,464,736	1,464,736	-	-	-
High-Yield Bond	310,038	310,038	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	2,357,583	2,357,583	-	-	-
Small to Mid-Cap Equity	800,104	800,104	-	-	-
International Equity	601,996	601,996	-	-	-
Emerging Market	302,073	302,073	-	-	-
Futures and Commodity	203,317	203,317	-	-	-
Real Estate Investment Trusts	84,553	84,553	-	-	-
Limited Partnership	184,300	-	-	-	184,300
Private Equity	9,210	-	-	9,210	-
Total	<u>\$ 8,939,678</u>	<u>\$ 7,540,260</u>	<u>\$ -</u>	<u>\$ 9,210</u>	<u>\$ 184,300</u>
Endowment Investments:					
Cash and Money Market Funds (at Cost)	\$ 657,751	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds:					
U.S. Government Securities	728,573	728,573	-	-	-
Bond	3,632,907	3,632,907	-	-	-
High-Yield Bond	703,180	703,180	-	-	-
Equity and Other Mutual Funds:					
U.S. Common Stocks	5,640,861	5,640,861	-	-	-
Small to Mid-Cap Equity	1,914,267	1,914,267	-	-	-
International Equity	1,504,378	1,504,378	-	-	-
Emerging Market	747,479	747,479	-	-	-
Futures and Commodity	844,128	844,128	-	-	-
Real Estate Investment Trusts	189,620	189,620	-	-	-
Limited Partnership	179,803	-	-	-	179,803
Total	<u>\$ 16,742,947</u>	<u>\$ 15,905,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,803</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Below is a reconciliation of the beginning and ending balances of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2021	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	\$ -	\$ 9,210
Net Realized and Unrealized Loss	-	(3,711)
Distributions	-	-
Balance - End of Year	<u>\$ -</u>	<u>\$ 5,499</u>
Unrealized Loss Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2021	<u>\$ -</u>	<u>\$ (3,711)</u>
	2020	
	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial Interest in Charitable Trust	Private Equity
Balance - Beginning of Year	\$ -	\$ 70,275
Net Realized and Unrealized Gain (Loss)	-	(61,065)
Distributions	-	-
Balance - End of Year	<u>\$ -</u>	<u>\$ 9,210</u>
Unrealized Gain (Loss) Included in Net Investment Return and Change in Beneficial Interest in the Statement of Activities Relating to Assets Still Held at June 30, 2020	<u>\$ -</u>	<u>\$ (61,065)</u>

The Foundation has an investment in a limited liability company that calculates NAV per share, with a fair value of \$20,409 and \$364,103 at June 30, 2021 and 2020, respectively. Redemptions are permitted monthly and quarterly with a 90-day redemption notice. The Foundation has no unfunded commitments as of June 30, 2021 and 2020. The investment's objective is to provide exposure to European and U.S. subinvestment grade corporate debt while seeking to achieve total returns with modest volatility and focusing on capital preservation and risk mitigation.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30:

	2021	2020
Within One Year	\$ 2,288,290	\$ 2,160,073
In One to Five Years	674,252	851,749
Over Five Years	-	-
Total	<u>2,962,542</u>	<u>3,011,822</u>
Less: Discount to Net Present Value at Rates Ranging from 3.25% to 5.50%	(29,854)	(48,892)
Less: Allowance for Uncollectible Promises to Give	(25,000)	(25,000)
Total	<u><u>\$ 2,907,688</u></u>	<u><u>\$ 2,937,930</u></u>

Promises to give appear as follows in the consolidated statements of financial position:

	2021	2020
Promises to Give, Net	\$ 1,635,910	\$ 1,624,727
Endowment Promises to Give, Net	1,271,778	1,313,203
Total	<u><u>\$ 2,907,688</u></u>	<u><u>\$ 2,937,930</u></u>

At June 30, 2021 and 2020, three and four donors accounted for 59% and 55% of total promises to give, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Center for Visual Arts:		
Land	\$ 456,400	\$ 456,400
Building	1,023,472	1,023,472
Subtotal	<u>1,479,872</u>	<u>1,479,872</u>
Less: Accumulated Depreciation	(407,020)	(371,620)
Subtotal	<u>1,072,852</u>	<u>1,108,252</u>
Nondepreciated Artwork	261,950	261,950
Total Property and Equipment	<u><u>\$ 1,334,802</u></u>	<u><u>\$ 1,370,202</u></u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 LEASES

During the year ended June 30, 2010, the LLC purchased a commercial building at 965 Santa Fe Drive to house the operations of the CVA. Effective March 1, 2010, the LLC and the University entered into a three-year noncancellable lease which has since been renewed through June 30, 2022. Under the agreement, the University paid annual rent for the years ended June 30, 2021 and 2020 in the amount of \$100,000. In addition to the annual minimum rent, the University reimburses the LLC for actual expenses incurred for the maintenance and operation of the premises, which approximate \$29,000 and \$33,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 ENDOWMENT

The Foundation's endowment (Endowment) is composed of 74 individual funds established by donors (Perpetual Endowment) and 138 purpose-restricted quasi-endowment funds (Quasi-Endowment). The funds were established by donors primarily to provide scholarships to eligible students of the University, and to support academic departments, student activities, and other purposes of the University. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors (Board-Designated Endowment). Perpetual Endowment funds are charitable funds whose principal must be preserved in perpetuity as a condition imposed by the donor. Quasi-Endowment funds are purpose-restricted gifts from donors whose principal is designated by the board and intended to be maintained in perpetuity, but which may be expended in accordance with the University's spending-rate policy, with no requirement that any such expenditure be replenished. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair values of original Perpetual Endowment gifts, as of each gift date, absent explicit donor instructions to the contrary. At June 30, 2021 and 2020, there were no contrary donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not required to be retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes 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

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 ENDOWMENT (CONTINUED)

The Foundation had the following endowment net asset composition by type of fund as of June 30:

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,159,017	\$ -	\$ 1,159,017
Purpose-Restricted Quasi-Endowment Funds	-	11,167,907	11,167,907
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	8,939,632	8,939,632
Accumulated Investment Gains	-	1,908,862	1,908,862
Total	<u>\$ 1,159,017</u>	<u>\$ 22,016,401</u>	<u>\$ 23,175,418</u>
	2020		
	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 979,371	\$ -	\$ 979,371
Purpose-Restricted Quasi-Endowment Funds	-	8,256,610	8,256,610
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	8,516,200	8,516,200
Accumulated Investment Gains	-	303,969	303,969
Total	<u>\$ 979,371</u>	<u>\$ 17,076,779</u>	<u>\$ 18,056,150</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021 and 2020, deficiencies of \$-0- and \$34,543 have been reported in net assets with donor restrictions on those dates, respectively. The deficiencies resulted from unfavorable market fluctuations. The Foundation has suspended distributions from these funds until such time as the deficiencies are recovered via market returns; however, there is no legal obligation for the Foundation to fund the deficiencies.

Investment and Spending Policies

The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner intended to maintain or increase the dollar value of the portfolio after annual distribution expenses and fees in order to provide the benefit intended by donors. 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.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 ENDOWMENT (CONTINUED)

Investment and Spending Policies (Continued)

Effective January 1, 2014, the Foundation adopted a banded inflation method to determine endowment distributions based on the Higher Education Price Index (HEPI), with the resulting rate subject to a minimum of 3% and a maximum of 5%. Barring specific requirements for each individual endowment, distributions from Donor-Restricted Endowments are limited to the excess of the fair values of the Donor-Restricted Endowments over the sum of the original and subsequent gift amounts. In establishing this policy, the Foundation considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets are as follows for the years ended June 30:

	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 979,371	\$ 17,076,779	\$ 18,056,150
Transfers, Net	-	15,913	15,913
Investment Return, Net	220,406	3,717,397	3,937,803
Contributions	-	1,776,182	1,776,182
Matching Pursuant to Donor Agreements	-	12,500	12,500
Appropriation of Endowment Assets			
Pursuant to Spending-Rate Policy	(40,760)	(642,074)	(682,834)
Change in Donor Intent	-	59,704	59,704
Endowment Net Assets - End of Year	<u>\$ 1,159,017</u>	<u>\$ 22,016,401</u>	<u>\$ 23,175,418</u>
2020			
Endowment Net Assets - Beginning of Year	\$ 1,023,178	\$ 15,867,910	\$ 16,891,088
Transfers, Net	-	15,369	15,369
Investment Return, Net	(3,807)	46,005	42,198
Contributions	-	1,696,648	1,696,648
Matching Pursuant to Donor Agreements	-	20,000	20,000
Appropriation of Endowment Assets			
Pursuant to Spending-Rate Policy	(40,000)	(623,310)	(663,310)
Change in Donor Intent	-	54,157	54,157
Endowment Net Assets - End of Year	<u>\$ 979,371</u>	<u>\$ 17,076,779</u>	<u>\$ 18,056,150</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
<u>Purpose Restricted Net Assets:</u>		
Scholarships	\$ 3,375,264	\$ 2,469,531
Academic, Student, and Other Activities	5,320,583	5,695,225
University Capital Projects	174,396	163,062
Total	<u>8,870,243</u>	<u>8,327,818</u>
<u>Endowments:</u>		
Purpose-Restricted Quasi-Endowments Subject to Expenditure for Specified Purpose:		
Scholarships	8,656,276	7,133,610
Academic, Student, and Other Activities	<u>2,511,631</u>	<u>1,123,000</u>
Total	<u>11,167,907</u>	<u>8,256,610</u>
Donor-Restricted Investment Earnings Subject to Appropriation and Expenditure:		
Scholarships	1,002,800	151,985
Academic, Student, and Other Activities	<u>906,062</u>	<u>151,985</u>
Total	<u>1,908,862</u>	<u>303,969</u>
Perpetual in Nature, Earnings from Which are Subject to Endowment Spending Policy and Appropriation:		
Scholarships	5,088,594	4,873,783
Academic, Student, and Other Activities	<u>3,851,038</u>	<u>3,642,417</u>
Total	<u>8,939,632</u>	<u>8,516,200</u>
Total Endowments	<u>22,016,401</u>	<u>17,076,779</u>
Total Net Assets with Donor Restrictions	<u>\$ 30,886,644</u>	<u>\$ 25,404,597</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2021	2020
Satisfaction of Purpose Restrictions, Including Spending-Rate Distributions:		
Scholarships	\$ 2,324,020	\$ 1,959,614
Academic, Student, and Other Activities	2,561,883	2,466,751
University of Capital Projects	101,650	297,350
Extension of Donor Restrictions Under Challenge Match		
Scholarships	(12,500)	(21,640)
Total	<u>\$ 4,975,053</u>	<u>\$ 4,702,075</u>

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30:

	2021	2020
Endowment	\$ 1,159,017	\$ 979,371

HLC@Metro transferred excess revenues of \$2,000,000 to the Foundation during the year ended June 30, 2017. The Board of Directors designated \$1,000,000 as reserve funding for the establishment of a new School within the University; this designation was changed to a board-designated endowment for a Dean position during the year ended June 30, 2019. The remaining \$1,000,000 was internally designated by management for scholarships and applied to creating matching opportunities for gifts from new or lapsed donors, or stimulating increased levels of support from current donors. During the years ended June 30, 2021 and 2020, \$12,500 and \$21,640, respectively, of the funds were undesignated and used to satisfy the extension of donor restrictions under the challenge match program.

NOTE 10 IN-KIND CONTRIBUTIONS AND SERVICES RECEIVED FROM THE UNIVERSITY

The Foundation received in-kind contributions, and services from the University as follows during the years ended June 30:

	2021	2020
Program Services:		
Materials	\$ 7,381	\$ 56,992
Equipment	11,414	110,180
Donor Development:		
Development Office Compensations - University	1,917,906	1,927,251
Special Events:		
Cost of Direct Benefits to Donors	-	3,677
Total	<u>\$ 1,936,701</u>	<u>\$ 2,098,100</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Foundation has agreements with the University to use its best efforts to raise cash and in-kind contributions for University Hospitality Center (HLC@Metro), and for recently completed construction and improvement of the University's athletic fields. The agreements are conditioned on the Foundation's ability to collect donor contributions restricted to the respective projects; as contributions are collected, the Foundation records a liability to HLC@Metro or the University, as appropriate, and a corresponding contribution expense.

The agreements also require HLC@Metro to transfer excess revenues, after paying expenses and funding certain reserves, to the Foundation. The Foundation may use the funds distributed from HLC@Metro's excess revenues to further the general academic objectives and priorities of the University so long as at least 50% of such funds are used for scholarships.

METROPOLITAN STATE UNIVERSITY OF DENVER FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, the Foundation received a loan from UMB Bank totaling \$71,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The Foundation is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On May 17, 2021, the SBA processed the Foundation's PPP Loan forgiveness application and notified UMB Bank that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Foundation was legally released from the debt and the loan forgiveness has been recorded as a paycheck protection loan forgiveness during the year ended June 30, 2021.

NOTE 13 RELATED PARTY TRANSACTIONS

Transactions with the University consist of the following during the years ended June 30:

	2021	2020
Funding Provided to the University	\$ 4,739,543	\$ 4,446,466
Payable to the University	357,271	292,841
Payments for Salaries and Benefits to the University	430,784	379,276
Payments for Rent to the University	8,274	8,274
Professional Services Donated by the University	1,917,906	1,927,251
Due from University	3,814	8,916
Reimbursement for CVA Operating Expenses	29,156	32,763
Reimbursement for CVA Rent Expense	100,000	100,000

NOTE 14 GLOBAL PANDEMIC

The COVID-19 global pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2022 operations and financial results, including investment valuations, return on investments, and ability to secure contributions. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.