

TRINIDAD STATE COLLEGE FOUNDATION, INC.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2021 and 2020



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

TRINIDAD STATE COLLEGE FOUNDATION, INC.
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2021 and 2020

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
Trinidad State College Foundation, Inc.
Trinidad, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Trinidad State College Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Certified Public Accountants

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

May 16, 2022

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Operating Fund	Investment Fund	Total
ASSETS			
Cash and cash equivalents	\$ 74,814	\$ 390,610	\$ 465,424
Pledges receivable	-	13,365	13,365
Contributions receivable	-	39,655	39,655
Certificates of deposit	15,313	31,588	46,901
Investment securities, at market value	-	11,793,004	11,793,004
Land, buildings and equipment, net	515,559	60,000	575,559
Art and osteological collection	51,937	-	51,937
Total Assets	\$ 657,623	\$ 12,328,222	\$ 12,985,845
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 1,096	\$ -	\$ 1,096
Massari Theatre payable	-	50,000	50,000
Notes payable, net	218,637	-	218,637
Total liabilities	219,733	50,000	269,733
Net Assets			
Without donor restrictions			
Undesignated	368,360	3,367,893	3,736,253
Designated	69,530	131,500	201,030
Total without donor restrictions	437,890	3,499,393	3,937,283
With donor restrictions			
Perpetual in nature	-	3,843,264	3,843,264
Purpose restrictions	-	3,991,082	3,991,082
Time-restricted for future periods	-	944,483	944,483
Total with donor restrictions	-	8,778,829	8,778,829
Total net assets	437,890	12,278,222	12,716,112
Total Liabilities and Net Assets	\$ 657,623	\$ 12,328,222	\$ 12,985,845

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Operating Fund	Investment Fund	Total
ASSETS			
Cash and cash equivalents	\$ 382,887	\$ 114,383	\$ 497,270
Pledges receivable	-	17,326	17,326
Contributions receivable	-	31,520	31,520
Certificates of deposit	15,245	31,366	46,611
Investment securities, at market value	-	9,840,925	9,840,925
Land, buildings and equipment, net	565,246	60,000	625,246
Art and osteological collection	51,937	-	51,937
Total Assets	\$ 1,015,315	\$ 10,095,520	\$ 11,110,835
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 17,013	\$ -	\$ 17,013
Massari Theatre payable	-	100,000	100,000
Notes payable, net	244,387	-	244,387
Total liabilities	261,400	100,000	361,400
Net Assets			
Without donor restrictions			
Undesignated	684,385	2,649,015	3,333,400
Designated	69,530	131,500	201,030
Total without donor restrictions	753,915	2,780,515	3,534,430
With donor restrictions			
Perpetual in nature	-	3,509,136	3,509,136
Purpose restrictions	-	2,908,997	2,908,997
Time-restricted for future periods	-	796,872	796,872
Total with donor restrictions	-	7,215,005	7,215,005
Total net assets	753,915	9,995,520	10,749,435
Total Liabilities and Net Assets	\$ 1,015,315	\$ 10,095,520	\$ 11,110,835

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating			Total
	Fund	Investment Fund		
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues and Support				
Contributions	\$ 146	\$ 39,521	833,113	\$ 872,780
Fundraising income	-	-	-	-
Net investment return	143	559,836	1,362,411	1,922,390
Program fees	22,320	-	-	22,320
Rental income	65,346	-	-	65,346
Miscellaneous income	10,557	-	-	10,557
PPP loan forgiveness	19,334	-	-	19,334
In-kind contribution	15,450	-	-	15,450
Transfers between operating fund and investment fund	(120,000)	120,000	-	-
Net assets released from restrictions -				
Scholarships	-	515,545	(515,545)	-
Other college assistance	-	115,092	(115,092)	-
Other programs	-	1,063	(1,063)	-
Total Revenue and Support	13,296	1,351,057	1,563,824	2,928,177
Expenses				
Program services				
Scholarships	-	515,545	-	515,545
Other college assistance	-	115,571	-	115,571
Program expenses	38,464	1,063	-	39,527
Facility and equipment depreciation	49,687	-	-	49,687
Interest on debt for facilities	10,601	-	-	10,601
In-kind expense	15,450	-	-	15,450
Supporting services				
General and administrative	195,881	-	-	195,881
Fundraising	19,238	-	-	19,238
Total Expenses	329,321	632,179	-	961,500
Change in Net Assets	(316,025)	718,878	1,563,824	1,966,677
Net assets as of beginning of year	753,915	2,780,515	7,215,005	10,749,435
Net Assets as of End of Year	\$ 437,890	\$ 3,499,393	\$ 8,778,829	\$ 12,716,112

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operating		Investment Fund		Total
	Fund			Fund	
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Revenues and Support					
Contributions	\$ -	\$ 35,142	349,062	\$	384,204
Fundraising income	-	-	-		-
Net investment return	231	398,502	997,100		1,395,833
Program fees	14,830	-	-		14,830
Rental income	69,361	-	-		69,361
Miscellaneous income	888	-	-		888
PPP loan forgiveness	-	19,335	-		19,335
Gain on sale of assets	169,109	-	-		169,109
Transfers between operating fund and investment fund	180,000	(180,000)	-		-
Net assets released from restrictions -					
Scholarships	-	337,754	(337,754)		-
Other college assistance	-	136,260	(136,260)		-
Other programs	-	141	(141)		-
Total Revenue and Support	434,419	747,134	872,007		2,053,560
Expenses					
Program services					
Scholarships	-	337,754	-		337,754
Other college assistance	-	286,260	-		286,260
Program expenses	45,982	1,295	-		47,277
Facility and equipment depreciation	55,204	-	-		55,204
Interest on debt for facilities	11,781	-	-		11,781
Supporting services					
General and administrative	185,964	-	-		185,964
Fundraising	16,013	-	-		16,013
Total Expenses	314,944	625,309	-		940,253
Change in Net Assets	119,475	121,825	872,007		1,113,307
Net assets as of beginning of year	634,440	2,658,690	6,342,998		9,636,128
Net Assets as of End of Year	\$ 753,915	\$ 2,780,515	\$ 7,215,005		\$ 10,749,435

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Investment Fund	Total
Cash flow from operating activities			
Change in net assets	\$ (316,026)	\$ 2,282,702	\$ 1,966,676
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Realized/unrealized (gain) loss on investments	-	(1,722,318)	(1,722,318)
Depreciation	49,688	-	49,688
Restricted contributions	-	(368,330)	(368,330)
Changes in operating assets			
(Increase) decrease in contributions receivable	-	(8,135)	(8,135)
(Increase) decrease in promises-to-give	-	3,961	3,961
Increase (decrease) in accounts payable	(15,917)	-	(15,917)
Increase (decrease) in accrued expenses	-	(50,000)	(50,000)
Net cash provided (used) by operating activities	(282,255)	137,880	(144,375)
Cash flow from investing activities			
Purchase of securities	(68)	(2,726,456)	(2,726,524)
Proceeds from sale of investments	-	2,496,473	2,496,473
Net cash provided by investing activities	(68)	(229,983)	(230,051)
Cash flow from financing activities			
Contributions to permanently restricted endowments	-	368,330	368,330
Payments on notes payable	(25,750)	-	(25,750)
Net cash used by financing activities	(25,750)	368,330	342,580
Net change in cash	(308,073)	276,227	(31,846)
Cash - Beginning of year	382,887	114,383	497,270
Cash - End of year	\$ 74,814	\$ 390,610	\$ 465,424
Supplementary information			
Interest paid	\$ 10,601	\$ -	\$ 10,601

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Investment Fund	Total
Cash flow from operating activities			
Change in net assets	\$ 119,475	\$ 993,832	\$ 1,113,307
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Realized/unrealized (gain) loss on investments	-	(1,212,350)	(1,212,350)
Gain on sale of John Building	(169,111)	-	(169,111)
Depreciation	55,204	-	55,204
Restricted contributions	-	(79,990)	(79,990)
Changes in operating assets			
(Increase) decrease in contributions receivable	-	(28,395)	(28,395)
(Increase) decrease in promises-to-give	-	(17,326)	(17,326)
Increase (decrease) in accounts payable	13,269	-	13,269
Increase (decrease) in accrued expenses	-	100,000	100,000
Net cash provided (used) by operating activities	18,837	(244,229)	(225,392)
Cash flow from investing activities			
Purchase of securities	(130)	(736,449)	(736,579)
Proceeds from sale of the John Building	314,186	-	314,186
Proceeds from sale of investments	-	868,400	868,400
Net cash provided by investing activities	314,056	131,951	446,007
Cash flow from financing activities			
Contributions to permanently restricted endowments	-	79,990	79,990
Payments on notes payable	(24,568)	-	(24,568)
Net cash used by financing activities	(24,568)	79,990	55,422
Net change in cash	308,325	(32,288)	276,037
Cash - Beginning of year	74,562	146,671	221,233
Cash - End of year	\$ 382,887	\$ 114,383	\$ 497,270
Supplementary information			
Interest paid	\$ 11,781	\$ -	\$ 11,781

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Expenses	General & Admin	Fundraising	Total
EXPENSES				
Scholarships	\$ 515,545	\$ -	\$ -	\$ 515,545
Other college assistance	107,214	-	-	107,214
Facility and equipment depreciation	49,687	-	-	49,687
Interest	10,601	-	-	10,601
Salary	-	102,241	-	102,241
Advertising	-	1,914	-	1,914
Professional fees & contract labor	-	31,574	19,238	50,812
Dues and subscriptions	-	2,134	-	2,134
Alumni expense	-	70	-	70
Insurance	11,844	647	-	12,491
Printing, reproduction and postage	-	39,720	-	39,720
Office supplies	-	1,643	-	1,643
Gun range	13,531	-	-	13,531
Emergency student funds	19,800	-	-	19,800
In-kind expense	15,450	-	-	15,450
Xeriscape	593	-	-	593
Collaboratory Makerspace	750	-	-	750
Other	<u>1,366</u>	<u>15,938</u>	<u>-</u>	<u>17,304</u>
TOTAL EXPENSES	<u>\$ 746,381</u>	<u>\$ 195,881</u>	<u>\$ 19,238</u>	<u>\$ 961,500</u>

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Expenses	General & Admin	Fundraising	Total
EXPENSES				
Scholarships	\$ 337,754	\$ -	\$ -	\$ 337,754
Other college assistance	286,260	-	-	286,260
Facility and equipment depreciation	55,204	-	-	55,204
Interest	11,781	-	-	11,781
Salary	-	100,932	-	100,932
Advertising	-	4,448	-	4,448
Professional fees & contract labor	-	27,708	16,013	43,721
Dues and subscriptions	-	1,681	-	1,681
Insurance	13,355	632	-	13,987
Travel & entertainment	-	113	-	113
Printing, reproduction and postage	-	36,818	-	36,818
Office supplies	-	2,656	-	2,656
Gun range	12,318	-	-	12,318
John building	12,271	-	-	12,271
Emergency student funds	1,880	-	-	1,880
Xeriscape	368	-	-	368
Other	7,085	10,976	-	18,061
TOTAL EXPENSES	<u>\$ 738,276</u>	<u>\$ 185,964</u>	<u>\$ 16,013</u>	<u>\$ 940,253</u>

The accompanying notes are an integral part of this financial statement.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Trinidad State College Foundation, Inc. (previously known as the Trinidad State Junior College Education Foundation, Inc.), is a Colorado nonprofit corporation, incorporated on January 2, 1968. The corporation’s specific purpose is to receive, hold, invest and administer property and make expenditures to or for the benefit of Trinidad State College. Typically, the Foundation has provided scholarships to students, raised funds for capital improvements at the College, and funded other special projects at the College. Contributions are generally received from individuals and businesses within the Southern Colorado region.

Fund Accounting – To ensure observance of limitations and restrictions placed on use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Funds used are described as follows:

Operating Fund – This includes unrestricted resources and represents the portion of expendable funds and property and equipment that are available for support of the Foundation’s operations and programs.

Investment Fund – This includes cash and investments that are managed on behalf of Trinidad State College (“the College”). Income generated by these investments, including the unrealized change in the market value of the investments, net of any expenses, are available for the support of the Foundation's operations.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and other assets along with payables and other liabilities.

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

Cash and Cash Equivalents – We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Promises to Give – We record unconditional promises to give that are expected to be collected within one year 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 statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Statement Presentation – Financial statement presentation follows generally accepted accounting principles (GAAP) in that the Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are received, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Other In-Kind Contributions – Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. A number of volunteers have contributed significant amounts of their time in the Foundation's program services and its fundraising campaigns, but are not recognized as contributions in the financial statement because they do not meet the aforementioned criteria.

Contributed Assets – Contributed marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment – Purchased property and equipment with a value of \$500 or more are recorded at cost and capitalized. Donated property and equipment with a value of \$500 or more are recorded as support at their estimated fair value and capitalized. Such donations are reported as without donor restricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as with donor restrictions support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies with donor restricted net assets to without donor restricted net assets at that time. Depreciation is calculated on the straight-line method over the estimated useful lives of net assets. Depreciation expense was calculated using useful lives of five to thirty years. For the years ended December 31, 2021 and 2020, depreciation expense of \$49,687 and \$55,204, respectively, was charged to operations.

Income Taxes – The Foundation is organized as Colorado nonprofit corporations and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(a) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Taxes (Form 990) with the IRS. The Foundation believes that they have appropriate support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the financial statements

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Investments Income (Loss) Allocation – The Foundation pools investments of the various net asset accounts. The income from such investments, including gains and losses, are allocated to the participating net asset accounts. The distributable income (loss) is allocated to all income producing accounts.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or 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) restrictions. The governing board has designated, from assets without donor restrictions, net assets for subsequent year's expenses.

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 the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Employee Benefits – The Foundation maintains a simplified employee defined contribution plan for its employees. The Foundation contributes 3.0% of the employee's gross pay to the plan. Contributions to the plan totaled \$2,169 and \$2,113 during 2021 and 2020, respectively.

Reclassifications – Certain amounts from prior year financial statements have been reclassified to meet the format of current year financial statements. There is no effect on net assets due to these reclassifications.

Evaluation of Subsequent Events - We have evaluated subsequent events through the date of the audit report, the date that the financial statements are available to be issued, and have considered any relevant matters in the preparation of the financial statements and footnotes.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets at December 31, 2021 and December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 465,424	\$ 497,270
Certificates of Deposit	46,901	46,611
Contributions receivable	39,655	31,520
Pledges receivable	13,365	17,326
Investments	<u>11,793,004</u>	<u>9,840,925</u>
	12,348,349	10,433,652
Less amounts not available to be used within one year:		
Net assets with donor restrictions	8,778,829	7,215,005
Designated by the board	<u>201,030</u>	<u>201,030</u>
	<u>8,979,859</u>	<u>7,416,035</u>
Total financial assets and liquidity resources available within one year	<u>\$ 3,378,490</u>	<u>\$ 3,017,617</u>

The Foundation is substantially supported by charitable contributions and in addition has rental income from several facilities to help with the operational costs of those facilities. The Foundation also has \$3,499,393 and \$2,780,515 as of December 31, 2021, and 2020, respectively, in unrestricted investments that can be used to assist in covering annual operational expenses. 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. As donors request expenditures to be made, restricted assets are liquidated to cover those expenditures once approved by the board.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give at the end of the year are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$5,000	\$ 5,000
Receivable in one to two years	10,000	5,000
Receivable in two to five years	-	10,000
Receivable thereafter	<u>-</u>	<u>-</u>
Total unconditional promises to give	15,000	20,000
Less: discount at 6% to net present value	(1,635)	(2,674)
Less: allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 13,365</u>	<u>\$ 17,326</u>

NOTE 4 - INVESTMENTS

Investment securities, stated at fair value, as of year-end, include:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 11,691,321	\$ 9,443,537
Money market funds	101,429	397,200
Corporate stocks	<u>254</u>	<u>188</u>
Total	<u>\$ 11,793,004</u>	<u>\$ 9,840,925</u>

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The following schedule summarizes the investment income reported in the statement of activities:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 113,690	\$ 86,382	\$ 200,072
Net realized/unrealized gains (losses)	<u>446,146</u>	<u>1,276,172</u>	<u>1,722,318</u>
Net investment return	<u>\$ 559,836</u>	<u>\$ 1,362,554</u>	<u>\$ 1,922,390</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 53,749	\$ 129,735	\$ 183,484
Net realized/unrealized gains (losses)	<u>344,984</u>	<u>867,365</u>	<u>1,212,349</u>
Net investment return	<u>\$ 398,733</u>	<u>\$ 997,100</u>	<u>\$ 1,395,833</u>

The investments are held in two investment accounts at no cost to the Foundation.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31 are summarized as follows:

	2021	2020
Land	\$ 32,414	\$ 32,414
Martinez – Southway Land	60,000	60,000
Equipment	5,103	5,103
SLV - Health Sciences Building	737,228	737,228
Pine Street Property	128,314	128,314
Gun Range Improvement	<u>297,228</u>	<u>297,228</u>
 Total property and equipment	 1,260,287	 1,260,287
Less accumulated depreciation	<u>(684,728)</u>	<u>(635,041)</u>
Net property and equipment	<u>\$ 575,559</u>	<u>\$ 625,246</u>

Included in artwork and osteological collection is \$2,800 of fundraising inventory which consist of 28 bronze sculptures valued at \$100 each. These sculptures are given to guests and donors in appreciation for their gifts to the College.

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NOTE 6 –LEASE AGREEMENTS

The Foundation has a lease agreement with the State of Colorado, acting by and through the Department of Higher Education, State Board for Community Colleges and Occupational Education for the use and benefit of Trinidad State College for the SLV Health Sciences Building. Future payments from the College are dependent upon the appropriation by the legislature of the State of Colorado. The State of Colorado’s fiscal year runs from July 1st to June 30th.

Rent income from this lease totaled \$45,672 and \$45,672 for 2021 and 2020, respectively. The following is a summary of the Foundation’s future rental income through June 30, 2022 for the SLV Health Sciences Building.

SLV Health Sciences Building	\$ 22,836
Total Rental Income	<u>\$ 22,836</u>

NOTE 7 – NOTES PAYABLE

Current notes payable and long-term debt at year end consisted of the following:

	<u>2021</u>	<u>2020</u>
San Luis Valley Federal Bank, due in monthly payments of \$3,060 through March 25, 2029, including interest at 4.50%, secured by real estate with a book value of \$276,563	\$ 221,317	\$ 247,436
Issue costs	<u>(2,680)</u>	<u>(3,049)</u>
Total notes payable	<u>\$ 218,637</u>	<u>\$ 244,387</u>

Following are maturities of long-term debt for each of the next five years:

2022	\$ 26,423
2023	27,696
2024	29,030
2025	30,427
2026	31,890
Thereafter	<u>73,171</u>
	<u>\$ 218,637</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

Trinidad State College provides office space for the Foundation at no charge.

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NOTE 9 – ENDOWMENT STEM GRANT

The provisions of the grant require that the combination of the STEM Grant and the College match be invested and not spent for a twenty-year period plus any additional restrictions of private donors related to matching funds. The corpus plus fifty percent of the cumulative income could not be spent until September 2030 and September 2031. The other fifty percent of income may be used for the purposes designated by donors or, if unrestricted, to defray any expenses necessary to operate the College.

NOTE 10 – RECLASSIFICATION OF NET ASSETS

During the normal course of business, the Foundation receives and records contributions from the best information available. From time to time, additional information becomes available or the donor will change his initial restriction. The Foundation will reclassify the amounts involved to the new classification.

NOTE 11 – RESTRICTIONS ON NET ASSETS

Time and purpose restricted assets are available from the following sources at December 31:

	<u>2021</u>	<u>2020</u>
STEM Endowment –		
U.S. Department of Education match,		
Unrestricted use after September 30, 2030	\$ 100,000	\$ 100,000
50% of earnings as defined in the grant,		
Unrestricted use after September 30, 2030	176,265	154,763
Earnings on public donations –		
Use restricted to scholarships and other purposes	<u>79,709</u>	<u>59,207</u>
Total STEM Endowment	<u>355,974</u>	<u>313,970</u>
STEM Endowment –		
U.S. Department of Education match,		
Unrestricted use after September 30, 2031	250,000	250,000
50% of earnings as defined in the grant,		
Unrestricted use after September 30, 2031	418,219	292,109
Earnings on public donations –		
Use restricted to scholarships and other purposes	<u>263,167</u>	<u>153,547</u>
Total STEM Endowment	<u>931,386</u>	<u>695,656</u>
Investment Fund –		
Restricted to scholarships and other purposes	<u>3,648,204</u>	<u>2,696,243</u>
Total Investment Fund	<u>3,648,204</u>	<u>2,696,243</u>
Total time and purpose restricted net assets	<u>\$ 4,935,564</u>	<u>\$ 3,705,869</u>

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NOTE 11 – RESTRICTIONS ON NET ASSETS (cont'd)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished –		
Scholarships	\$ 515,545	\$ 337,754
Other college assistance and other expenses	115,092	136,260
Program expenses	<u>1,063</u>	<u>141</u>
Net assets released from restrictions	<u>\$ 631,700</u>	<u>\$ 474,155</u>

Net assets that are perpetual in nature are available from the following sources at December 31:

	<u>2021</u>	<u>2020</u>
Investment Fund –		
Title III Grant –		
Public contributions for endowment	\$ 892,614	\$ 813,464
STEM II Grant –		
Public contributions for endowment	\$ 627,137	\$ 626,837
Perpetually restricted contributions	<u>2,323,513</u>	<u>2,068,835</u>
Total perpetually restricted net assets	<u>\$ 3,843,264</u>	<u>\$ 3,509,136</u>

NOTE 12 – DESIGNATED NET ASSETS

The Foundation has board designated net assets for the following purposes:

	<u>2021</u>	<u>2020</u>
SLV Expansion	\$ 101,030	\$ 101,030
SLV Campus	<u>100,000</u>	<u>100,000</u>
	<u>\$ 201,030</u>	<u>\$ 201,030</u>

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NOTE 13 – ENDOWMENTS

The Foundation’s endowment consists of approximately 94 individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in Endowment Net Assets for the years ending December 31, 2021 and 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2019	\$ -	\$ 5,414,587	\$ 5,414,587
Interest and dividend income	-	111,741	174,595
Net appreciation (depreciation) realized and unrealized	-	750,253	687,149
Contributions	-	112,740	112,740
Appropriation of endowment assets for expenditure	-	(161,254)	(161,254)
Reclassification	-	-	-
Balance, December 31, 2020	-	6,227,817	6,227,817
Interest and dividend income	-	242,509	242,509
Net appreciation (depreciation) realized and unrealized	-	950,035	950,035
Contributions	-	368,330	368,330
Appropriation of endowment assets for expenditure	-	(180,997)	(180,997)
Reclassification	-	-	-
Balance, December 31, 2021	\$ -	\$ 7,607,694	\$ 7,607,694

During the year funds were determined to not be actual endowment funds and have since been removed from the endowment fund balance calculated above.

In 2008, the State of Colorado enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The act requires certain disclosures relating to endowments. The Foundation has established an accounting system whereby the original value of an endowment is recorded in one project and the earnings from the investment of the endowment is recorded in another project. If the terms of the endowment require a portion of the earnings to be reinvested in the corpus, that amount is transferred from the income project to the endowment project on the day it is allocated.

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 organization must hold in perpetuity or for a donor-specified period.

TRINIDAD STATE COLLEGE FOUNDATION, INC.
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NOTE 13 – ENDOWMENTS (cont'd)

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce the best results while assuming a moderate level of risk.

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.

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements

The Foundation is subject to the provisions of FASB ASC 820-10, which establishes a framework for measuring fair value of financial instruments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under ASC 820-10 are described below:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

The following tables present the Foundation’s fair value hierarchy for financial assets measured at fair value on a recurring basis as of December 31, 2021, and 2020:

December 31, 2021	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities				
Domestic emphasis				
500 index funds	\$ 5,560,598	\$ 5,560,598	\$ -	\$ -
Large blend	2,269,534	2,269,534	-	-
Marketable debt securities				
Domestic emphasis				
Short-term fixed income	814,429	814,429	-	-
Intermediate-term fixed income	360,688	360,688	-	-
High risk	2,686,071	2,686,071	-	-
Money market funds	101,684	101,684	-	-
TOTAL	<u>\$ 11,793,004</u>	<u>\$ 11,793,004</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020	Fair Value	(Level 1)	(Level 2)	(Level 3)
Marketable equity securities				
Domestic emphasis				
500 index funds	\$ 4,945,282	\$ 4,945,282	\$ -	\$ -
Large blend	1,583,909	1,583,909	-	-
Balanced	148,315	148,315	-	-
High dividend yields	256,261	256,261	-	-
Marketable debt securities				
Domestic emphasis				
Balanced fixed income	98,877	98,877	-	-
Short-term fixed income	919,457	919,457	-	-
Intermediate-term fixed income	696,002	696,002	-	-
High risk	795,622	795,622	-	-
Money market funds	397,200	397,200	-	-
TOTAL	<u>\$ 9,840,925</u>	<u>\$ 9,840,925</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 15 – CONTINGENCIES

During 2020, the Foundation and an additional donor donated \$100,000 for the Massari Theatre funding and the Foundation also committed \$50,000 per year over the next two years for the Massari Theatre funding. The amount of \$50,000 was recorded on the books of the Foundation for the year ending December 31, 2021.

During 2013 land was donated to the Foundation for use in the expansion of the San Luis Valley Campus. However, if the land is not used in eight years, the land reverts back to the donor. The land had a value of \$550,000 that had not been recorded on the books. The land reverted back to the donor as of December 31, 2020.

NOTE 16 – COMMITMENTS, CONTINGENCIES & RISKS AND UNCERTAINTIES

Concentration of Credit Risk - The Foundation's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 per institution. Investment balances are covered by the Securities Investor Protection Corporation (SIPC) up to a limit of \$500,000. Cash in excess of the FDIC limit equaled \$434,651 and \$404,525 at December 31, 2021 and 2020, respectively.

Coronavirus Disease (COVID-19) Outbreak – COVID-19 made its way to the United States of America. This disease has sickened many and is causing deaths. Various actions by the federal, state and local governments have been implemented to try to slow down or stop the spread of the virus. The extent to which the coronavirus (or any other disease or epidemic) may impact business activity will depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

The Foundation has allowed staff to work from home and has also received \$19,335 from the Paycheck Protection Program Loan to assist with the impact of COVID-19 related issues. The loan was forgiven and recorded as revenue during 2020. An additional Paycheck Protection Program Loan for \$19,334 was received and forgiven in 2021.