

**ADAMS STATE UNIVERSITY FOUNDATION  
ALAMOSA, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**



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

**ADAMS STATE UNIVERSITY FOUNDATION**  
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**June 30, 2023 and 2022**

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Wall,  
Smith,  
Bateman Inc.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Adams State University Foundation, Inc.

### Opinion

We have audited the accompanying financial statements of Adams State University Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Adams State University Foundation, Inc. as of June 30, 2023 and 2022, 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 audit 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 nonprofit organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Adams State University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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 auditor's 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

**Certified Public Accountants**

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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 nonprofit 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 nonprofit 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

November 06, 2023

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash in Bank	\$ 349,273	\$ 489,173
Pooled Cash - Brokerage Accounts	632,427	875,137
Restricted Cash - Brokerage Accounts	128,511	156,560
Certificates of Deposit	300,000	300,000
Pooled Investments, at Fair Value	20,142,882	17,866,741
Restricted Investments, at Fair Value	8,381,116	7,981,863
Pledges Receivable, net of allowance	14,735	57,270
Inventories	7,240	7,240
Land	4,500	9,000
Art Collection	15,000	15,000
	<b>TOTAL ASSETS</b>	<b>TOTAL ASSETS</b>
	<b>\$ 29,975,684</b>	<b>\$ 27,757,984</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 59,298	\$ 51,247
	<b>TOTAL LIABILITIES</b>	<b>TOTAL LIABILITIES</b>
	<b>59,298</b>	<b>51,247</b>
<b>NET ASSETS</b>		
Without Donor Restriction:		
Unrestricted	1,454,560	1,784,760
Board Designated - Investment Reserves Fund	1,212,747	-
Board Designated - Endowments	630,332	651,040
Total Without Donor Restrictions	<b>3,297,639</b>	<b>2,435,800</b>
With Donor Restrictions:		
Unexpended Funds Received for Restricted Purposes,		
Principally Student Financial Assistance	2,256,663	2,194,497
Income Earned on Perpetual Endowments	861,642	498,020
Endowment Funds	23,500,442	22,578,420
Total With Donor Restrictions	<b>26,618,747</b>	<b>25,270,937</b>
	<b>TOTAL NET ASSETS</b>	<b>TOTAL NET ASSETS</b>
	<b>29,916,386</b>	<b>27,706,737</b>
	<b>\$ 29,975,684</b>	<b>\$ 27,757,984</b>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 2,435,800	\$ 25,270,937	\$ 27,706,737
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Donations - Cash	159,082	2,172,829	2,331,911
Donations -Land	-	-	-
Investment Income (Net)	(45,911)	779,440	733,529
Net Realized Gains (Losses) on long-term investments	(113,550)	7,110	(106,440)
Net Unrealized Gains (Losses) on long-term investments	1,402,254	429,006	1,831,260
Gain/(Loss) on Sale of Assets	3,500	-	3,500
Subtotal	1,405,375	3,388,385	4,793,760
Net Assets Released from Restriction	2,046,268	(2,046,268)	-
<b>Total from Revenues, Gains, and Other Support</b>	<b>3,451,643</b>	<b>1,342,117</b>	<b>4,793,760</b>
<b>EXPENSES AND LOSSES</b>			
Scholarships and Awards	1,516,442	-	1,516,442
Program Services	573,914	-	573,914
Management and General Activities	151,779	-	151,779
Fundraising	341,975	-	341,975
<b>Total Expenses and Losses</b>	<b>2,584,111</b>	<b>-</b>	<b>2,584,111</b>
Transfers:			
Transfers In/(Out)	(5,693)	5,693	-
Change in Net Assets for the Year	861,839	1,347,810	2,209,649
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,297,639</b>	<b>\$ 26,618,747</b>	<b>\$ 29,916,386</b>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 5,732,351	\$ 25,338,968	\$ 31,071,319
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Donations - Cash	147,187	2,746,868	2,894,055
Donations - Land	9,000	-	9,000
Investment Income (Net)	171,154	991,544	1,162,698
Net Realized Gains (Losses)			
on long-term investments	150,198	78,937	229,135
Net Unrealized Gains (Losses)			
on long-term investments	(3,494,151)	(1,525,304)	(5,019,455)
Subtotal	(3,016,612)	2,292,045	(724,567)
Net Assets Released from Restriction	2,198,827	(2,198,827)	-
<b>Total from Revenues, Gains, and Other Support</b>	<b>(817,785)</b>	<b>93,218</b>	<b>(724,567)</b>
<b>EXPENSES AND LOSSES</b>			
Scholarships and Awards	1,578,550	-	1,578,550
Program Services	652,044	-	652,044
Management and General Activities	112,262	-	112,262
Fundraising	297,159	-	297,159
<b>Total Expenses and Losses</b>	<b>2,640,015</b>	<b>-</b>	<b>2,640,015</b>
Transfers:			
Transfers In/(Out)	161,249	(161,249)	-
Change in Net Assets for the Year	(3,296,551)	(68,031)	(3,364,582)
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,435,800</b>	<b>\$ 25,270,937</b>	<b>\$ 27,706,737</b>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,516,442	\$ -	\$ -	\$ 1,516,442
Other University Assistance				
Academic Programming	60,132	-	-	60,132
Athletics	284,070	-	-	284,070
Grants and Other Passthrough	102,851	-	-	102,851
Work Study	60,752	-	-	60,752
Student Programming	180	-	-	180
Grizzly Club	26,220	-	-	26,220
President's Fund	1,522	-	-	1,522
Alumni and Donor Functions	-	1,260	11,200	12,461
Professional Fees & Consulting	-	16,830	-	16,830
Software and Computer Fees	-	12,863	-	12,863
Rent/Lease	-	-	-	-
Insurance	-	4,723	-	4,723
Office Supplies	-	2,270	-	2,270
Telephone	-	2	-	2
Salaries	-	50,574	259,789	310,362
Dues & Memberships	-	-	-	-
General Administrative	38,187	12,420	35,077	85,683
Equipment	-	3,260	-	3,260
Printing, Postage and Publication	-	47,578	27,749	75,327
Phone-a-thon	-	-	4,678	4,678
Sale of Property	-	-	1,808	1,808
Travel	-	-	1,676	1,676
	<u>\$ 2,090,356</u>	<u>\$ 151,779</u>	<u>\$ 341,975</u>	<u>\$ 2,584,111</u>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2022**

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,578,550	\$ -	\$ -	\$ 1,578,550
Other University Assistance				
Academic Programming	26,888	-	-	26,888
Athletics	217,820	-	-	217,820
Grants and Other Passthrough	121,298	-	-	121,298
Work Study	61,664	-	-	61,664
Student Programming	4,075	-	-	4,075
Grizzly Club	64,537	-	-	64,537
Alumni and Donor Functions	-	-	7,321	7,321
Professional Fees & Consulting	-	15,800	-	15,800
Software and Computer Fees	-	13,013	-	13,013
Rent/Lease	-	1,340	-	1,340
Insurance	-	4,426	-	4,426
Office Supplies	-	1,541	-	1,541
Telephone	-	5	-	5
Salaries	80,038	44,604	220,336	344,978
Dues & Memberships	-	360	-	360
General Administrative	75,724	(10,621)	45,433	110,536
Equipment	-	3,123	-	3,123
Printing, Postage and Publication	-	38,671	18,218	56,889
Phone-a-thon	-	-	3,749	3,749
Travel	-	-	2,102	2,102
Capital Campaign	-	-	-	-
	<u>\$ 2,230,594</u>	<u>\$ 112,262</u>	<u>\$ 297,159</u>	<u>\$ 2,640,015</u>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**STATEMENTS OF CASH FLOW**  
**For the Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Donors	\$ 1,512,347	\$ 1,559,649
Investment Income	733,529	1,162,698
Scholarships and Awards	(1,516,442)	(1,578,550)
Program Services Paid	(565,863)	(677,339)
Supporting Services Paid	(493,755)	(409,421)
	<u>(330,184)</u>	<u>57,037</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Land	8,000	-
Proceeds from Sale of Investments	3,963,480	5,764,976
Payment for Purchase of Investments	(4,914,055)	(6,828,402)
	<u>(942,575)</u>	<u>(1,063,426)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for:		
Investment in Endowment	862,099	1,372,886
	<u>862,099</u>	<u>1,372,886</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(410,659)	366,497
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,520,870</u>	<u>1,154,373</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,110,211</u>	<u>\$ 1,520,870</u>
<b>CHANGE IN NET ASSETS</b>	\$ 2,209,649	\$ (3,364,582)
Adjustments to Reconcile Net Income to Net Cash Provided by		
Operating Activities:		
(Increase) Decrease in Pledges Receivable, net	42,535	38,480
(Increase) Decrease in Land	-	(9,000)
Increase (Decrease) in Accounts Payable	8,051	(25,295)
Net Unrealized and Realized (Gain) Loss on Investments	(1,724,820)	4,790,320
Gain on Sale of Land	(3,500)	-
Contributions Restricted for Long-Term Investment	(862,099)	(1,372,886)
	<u>(2,539,833)</u>	<u>3,421,619</u>
<b>Total Adjustments</b>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (330,184)</u>	<u>\$ 57,037</u>
<b>Reconciliation to the Statement of Financial Position</b>		
Cash in Bank	\$ 349,273	\$ 489,173
Pooled Cash - Brokerage Accounts	632,427	875,137
Restricted Cash - Brokerage Accounts	128,511	156,560
	<u>\$ 1,110,211</u>	<u>\$ 1,520,870</u>

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

**ADAMS STATE UNIVERSITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Purpose and Organization***

Adams State University Foundation (the Foundation) was incorporated on January 23, 1962, and was recognized as a Colorado nonprofit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code in April of 1964. Its purpose is to promote, develop, and enhance the facilities and programs of Adams State University and to provide broader educational opportunities and services to students, faculty, and alumni. Although legally separate, Adams State University considers the Foundation a component unit under its governmental reporting requirements. Accordingly, the financial statements of Adams State University include a discrete presentation of assets, liabilities, net assets, and activities of the Foundation.

The Foundation receives and accounts for all contributions and expenses for the Adams State University Athletic Foundation and the Associated Alumni of Adams State University. The Memorandum of Understanding with each organization was updated in May 2016, and shall continue on a year to year basis. The memorandum of understanding may be terminated by the appropriate authorities of either party, giving three months' notice to the other party in writing, unless an earlier termination date is mutually agreed upon.

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles. The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

For purposes of individual fund analysis and for allocation of earnings, supplemental information has been maintained on the fund accounting basis that has been applied historically. A "fund" represents the net accumulated resources identified by original donor, by donor intent, or by specific activity. A fund is increased for additional donations, allocated earnings and other income and reduced by scholarships, and direct program expenses.

***Contributions***

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the contributions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

***Cash and Cash Equivalents***

For the purposes of the statements of cash flows, the Foundation considers all demand deposits and highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

***Inventory***

Inventory consists of bronze statues that are valued at cost.

***Valuation of Assets***

Corporate stocks and partnership interests are recorded at market value on the date of the contribution, or at an estimated value where the market value is not available.

**ADAMS STATE UNIVERSITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

***Investments***

Under FASB ASC 958-320-25, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Fair values are determined by quoted markets. Unrealized gains and losses are included in the change in net assets.

***Administrative Fee***

The Foundation approved in February of 2010 an administrative fee to be applied annually as a percentage to the market value of the pooled investments and the Porter Investments. The administrative fee is for costs incurred by the Foundation for the management of assets, the raising of funds to support scholarships, and the distribution of such funds. Annually, the Foundation will review and set the necessary administrative fee. The administrative fee was suspended for fiscal year 2023. However, the Board approved the assessment of 1.75% against the Porter investments totaling \$163,748 and a reduced fee of 1.23% against the pooled investments totaling \$262,108 for fiscal year 2022.

***Use of Estimates***

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

***Earnings Allocation***

It is the Foundation's policy that available investment earnings are allocated on a pro rata basis among participating funds on the beginning fund balance for the years ending June 30, 2023 and 2022.

***Income Taxes***

The Foundation is exempt from federal income taxes on income substantially related to the Foundation's exempt purpose under Section 501(c)(3) of the Internal Revenue Code. Under Colorado state statutes, any organization receiving exemption from federal income taxes is also exempt from Colorado income taxes.

The Foundation files federal income tax returns. The federal income tax returns prior to fiscal year 2019 are closed. The Foundation's policy for evaluating uncertain income tax positions is to only take income tax positions that are more likely than not to be sustained if the taxing authorities were to examine the positions. If applicable, the Foundation classifies interest and penalties as interest expense. There is no cumulative effect of the change on net assets of applying the provisions of FASB ASC 740-10, in the statements of financial position.

***Endowment Policies***

The Foundation follows FASB ASC 958-205 which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was ratified into Colorado state law as of September 1, 2008.

***Functional Reporting of Expenses***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, those expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of time dedicated to various categories.

**ADAMS STATE UNIVERSITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

***Reclassification***

Certain amounts in 2022 have been reclassified to conform to the 2023 financial statement presentation.

***New Accounting Pronouncements***

During the fiscal year ending June 30, 2023, the Foundation adopted the provisions of FASB ASC No. 842, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use a underlying asset. The standard requires the recognition of certain lease assets and liabilities for lease that previously were classified as operating leases. Under the statement, a lessee is required to recognize a lease liability and a tangible right to use asset, and a lessor is required to recognize a lease receivable, and a deferred inflows of resources. This standard does not have a material effect on the financial statements of The Foundation.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation has \$3,297,641 and \$2,435,800 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses, consisting of cash in bank of \$349,273 and \$489,173, certificates of deposit of \$300,000 and \$300,000, and investments of \$2,648,368 and \$1,646,627 as of June 30, 2023 and 2022, respectively. None of these amounts are subject to donor restrictions or other contractual restrictions that make them unavailable for general expenses within one year of the statement of financial position.

The Foundation manages liquidity needed for operations primarily through budgeted monthly cash inflows and outflows. Cash inflows can be easily predicted since they are materially comprised of donations and investment income. Cash outflows are planned accordingly so as not to exceed those expected inflows.

**NOTE 3 INVESTMENTS AND CONCENTRATIONS OF RISK**

Investments of the individual net asset classes are combined to form pools of investments, which are managed by five asset management groups (Wells Fargo, Edward Jones, Raymond James, LPL Financial, and Charles Schwab). For the fiscal years ending June 30, 2023 and 2022, income earned on all pooled investments was recorded in the unrestricted fund and then allocated at a rate of 4.00% for 2023 and 6.00% for 2022, as determined by the board, on the balances of selected funds at the beginning of the fiscal year. Funds that receive this allocation are the endowment funds and a few others as instructed and documented by the board.

For the fiscal years ending June 30, 2023 and 2022, income earned by the Hurley segregated investment was recorded in the “with donor restrictions” net asset fund. For fiscal years ending June 30, 2023 and 2022, income earned on Porter segregated funds was recorded in the “with donor restrictions” fund, used for scholarships and other expenses, and the remainder, if any, continued in the “with donor restrictions” fund.

Investments are reported at fair value, determined by using quoted market prices, where available. Where quoted market prices are not available, other reasonable methods of determining fair value are used.

**ADAMS STATE UNIVERSITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Foundation’s deposits may not be returned to it. The Foundation had bank deposits that exceeded insurance coverage by a total of \$1,071,366 and \$382,641 for years ended June 30, 2023 and 2022, respectively.

Investments recorded at fair value are comprised of pooled and segregated cash and investments.

***Pooled cash and investments***

Pooled cash and investments at June 30, 2023 and 2022, are summarized as follows:

	2023		2022	
	Fair Market Value	% of Total	Fair Market Value	% of Total
Money Market Funds	\$ 632,427	3%	\$ 875,137	5%
Marketable Securities				
Fixed Income	2,994,658	14%	2,879,984	15%
Equities	11,749,239	57%	9,895,351	53%
Exchange Traded Funds	3,600,461	17%	3,162,440	17%
Alternative Investments	1,798,524	9%	1,928,966	10%
Total Marketable Securities	20,142,882	97%	17,866,741	95%
 TOTAL	\$ 20,775,309	100%	\$ 18,741,878	100%

***Restricted cash and investments***

Restricted cash and investments at June 30, 2023 and 2022, are summarized as follows:

	2023		2022	
	Fair Market Value	% of Total	Fair Market Value	% of Total
Money Market Funds	\$ 128,511	2%	\$ 156,560	2%
Marketable Securities				
Fixed Income	2,621,772	31%	2,708,050	33%
Equities	4,722,888	56%	4,372,650	54%
Exchange Traded Funds	752,494	9%	613,027	8%
Alternative Investments	283,962	3%	288,136	4%
Total Marketable Securities	8,381,116	98%	7,981,863	98%
 TOTAL	\$ 8,509,627	100%	\$ 8,138,423	100%

**ADAMS STATE UNIVERSITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**NOTE 4 INVESTMENT INCOME**

Interest and dividend income of \$925,893 and \$1,373,654 was recognized on marketable securities as of June 30, 2023 and 2022, respectively. Investment fees and other activity of \$192,364 and \$210,956 were incurred as of June 30, 2023 and 2022, respectively.

**NOTE 5 PLEDGES RECEIVABLE**

At June 30, 2023, the Foundation had six pledges receivable from donors. The total balance at June 30, 2023 was \$14,735. This balance approximates fair value. Collection on pledges is expected as follows:

Year Ending June 30,	
2024	\$ 14,735
	\$ 14,735

**NOTE 6 RELATED PARTY TRANSACTIONS**

The Foundation exists only to benefit the Adams State University students, programs and activities, and, as such, is supported in several ways by the University. Support includes sharing of certain personnel and facilities, as well as through less tangible means. Starting July 1, 2010, Adams State University no longer requires the Foundation to reimburse the University to help defray the cost of the salaries of certain university employees who devote substantial time to the management and operation of the Foundation. However, as of July 1, 2014, the Board of Directors approved a new position and a salary adjustment which will be funded by the Foundation. During the years ended June 30, 2023 and 2022, the University contributed \$310,362 and \$288,798, respectively, of which the Foundation reimbursed Adams State University \$310,362 and \$264,941 respectively.

**NOTE 7 FAIR VALUE MEASUREMENTS**

**Financial Instruments**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

- Cash and cash equivalents, accounts receivable, accrued interest receivable, short-term unconditional promises to give, accounts payable, and other liabilities: The carrying amounts reported in the statement of financial position approximates fair values because of the short maturities of those instruments.
- Marketable securities: The fair values of investments are based on quoted market prices for those or similar instruments.
- Alternative Investments: There is no readily ascertainable market value for these investments, the values are based on the latest available valuations which may be determined by the general partner or fund manager. Due to this uncertainty of valuations, these valuations may differ materially from values that would be determined if the investments were publicly traded.

The fair values of the Foundation's financial instruments at June 30, 2023, are as follows:

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	Carrying Amount	Fair Value
<b>Financial Assets</b>		
Cash and certificates of deposit	\$ 1,410,212	\$ 1,410,212
Unconditional promises to give	14,735	14,735
Investment securities	26,441,511	26,441,512
Alternative investments	2,082,487	2,082,487
<b>Financial Liabilities</b>		
Accounts payable	\$ 59,298	\$ 59,298

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 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 including the following:

- 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 obtained from third-party pricing information without adjustments.

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.

The following tables set forth, by level within the fair value hierarchy, the Foundation's financial instrument assets at fair value on a recurring basis as of June 30, 2023 and 2022:

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<b>June 30, 2023</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money Market	\$ 760,938	\$ 760,938	\$ -	\$ -
Mutual Funds	16,472,127	16,472,127	-	-
Corporate Bonds	3,411,000	3,411,000	-	-
Municipal Bonds	1,827,306	1,827,306	-	-
Government Bonds	378,125	378,125	-	-
Exchange Traded Funds	4,352,955	4,352,955	-	-
Alternative Investments	2,082,487	-	-	2,082,487
<b>TOTAL</b>	<b>\$ 29,284,938</b>	<b>\$ 27,202,451</b>	<b>\$ -</b>	<b>\$ 2,082,487</b>

<b>June 30, 2022</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money Market	\$ 1,031,697	\$ 1,031,697	\$ -	\$ -
Mutual Funds	14,268,001	14,268,001	-	-
Corporate Bonds	3,218,219	3,218,219	-	-
Municipal Bonds	1,993,543	1,993,543	-	-
Government Bonds	376,272	376,272	-	-
Exchange Traded Funds	3,775,467	3,775,467	-	-
Alternative Investments	2,217,102	-	-	2,217,102
<b>TOTAL</b>	<b>\$ 26,880,301</b>	<b>\$ 24,663,199</b>	<b>\$ -</b>	<b>\$ 2,217,102</b>

**NOTE 8 BOARD DESIGNATED INVESTMENT RESERVE**

The Board established a policy outlining the use of excess investment earnings. The policy states that the use of excess investment earnings will be to provide funding for a reserve fund to be used only in years of investment losses or years that investment earnings are less than the combined amount of the spend rate and administrative fee. In those years, the reserve fund will be used to offset the losses in order to prevent future fund balance deficits. During fiscal year 2023 there was a transfer of unrestricted excess earnings of \$1,212,747 to the investment reserve.

**NOTE 9 ENDOWMENT FUNDS**

Adams State University Foundation endowment funds consist of cash, securities, or other assets to provide income to fulfill the purpose of the Foundation. The use of the assets may be restricted in perpetuity, restricted by time or purpose, or unrestricted. The portion of the funds that must be maintained in perpetuity, not used up, expended or otherwise exhausted, is classified as net assets with donor restrictions perpetual in nature. The portion of the funds that must be maintained for a specified term or for a specified purpose are classified as net

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assets with donor restrictions purpose restricted or time restricted. The portion of the funds that may be expended at the discretion of the Board is classified as net assets without donor restrictions board designated.

***Interpretation of Relevant Law***

The Adams State University Foundation Board of Directors follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to comply with explicit donor stipulations on each gift in determining the classification of net assets as described above. Generally, all gifts to the Foundation include explicit donor stipulations regarding the use of the gifts. However, in the absence of explicit donor stipulations, the gifts are classified as net assets with donor restrictions until the amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Board considers the following factors in making a determination to appropriate or to accumulate funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Foundation and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policy of the Foundation.

***Investment and Spending Policies***

The Foundation has established an investment pool to support Foundation objectives. The Foundation's investment policy is to: 1) protect the corpus of the Foundation; 2) preserve the spending power of the income from the fund; 3) obtain maximum possible investment return commensurate with reasonable risk and operational considerations; and 4) comply with applicable law.

The investment objectives for the Foundation will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run, achieving at a minimum, annual compound total rate of return of 5% in excess of the rate of inflation, through a combination of investment income and capital appreciation, a competitive investment performance versus appropriate or relative capital market measure, such as securities indices. This objective shall be measured primarily by comparing investment results, over a moving annualized three and five year time period to:

- A. The S&P 500 Index as a benchmark for the Equity Component;
- B. The Barclays Capital Aggregate Index as a benchmark for the Fixed Income Component;
- C. The 90-Day Treasury Bill Index as the benchmark for the Cash and Cash Equivalent Component;
- D. The Morgan Stanley EAFE Index Composite as the benchmark for the International Component.

This does not restrict the Foundation's Board of Directors or Investment Committee from initiating action prior to five years if the action, or lack thereof, of a particular Investment Manager or Custodian warrants such action.

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The Foundation implemented a policy to use excess investment earnings to create an investment reserve fund to be used only in years of investment losses. The investment reserve fund balance is included in the total unrestricted net position as of June 30, 2023 and 2022 and amounted to \$1,212,747 and \$0 respectively.

***Changes in Endowment Net Assets, for the two- year period ending June 30, 2023:***

	<b>With Donor Restrictions</b>
Endowment Net Assets, June 30, 2021	<b>23,796,945</b>
Contributions	1,467,091
Investment Income	(476,984)
Program Expenditures/Scholarships	(950,948)
Changes in Donor Restrictions	(114,425)
Transfers In	5,800
	<b>\$ 23,727,479</b>
Endowment Net Assets, June 30, 2022	<b>\$ 23,727,479</b>
Contributions	915,878
Investment Income	1,193,755
Program Expenditures/Scholarships	(826,162)
Changes in Donor Restrictions	(18,535)
	<b>\$ 24,992,415</b>
Endowment Net Assets, June 30, 2023	<b>\$ 24,992,415</b>
Board Designated	\$ 630,332
Donor Purpose Restricted	861,642
Donor Perpetual in Nature	23,500,441
	<b>\$ 24,992,415</b>
Endowment Net Assets, June 30, 2023	<b>\$ 24,992,415</b>

**NOTE 10 SUBSEQUENT EVENTS**

The Foundation is subject to provisions of FASB ASC 855-10-50, *Subsequent Events*, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements, were issued or the date the financial statements were available to be issues. The Foundation has evaluated subsequent events through the November 06, 2023 date of the financial statements were available to be issued.