

TRINIDAD STATE COLLEGE FOUNDATION, INC.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2023 and 2022



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

TRINIDAD STATE COLLEGE FOUNDATION, INC.
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2023 and 2022

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

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, 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 the Organization as of December 31, 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 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 17, 2024

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 48,849	\$ 262,472	\$ 311,321
Accounts receivable	40,000	-	40,000
Pledges receivable	-	9,434	9,434
Contributions receivable	-	24,000	24,000
Prepaid expense	18,423	-	18,423
Certificates of deposit	-	10,180	10,180
Investment securities, at market value	-	11,813,523	11,813,523
Land, buildings and equipment, net	417,672	60,000	477,672
Art and osteological collection	51,237	-	51,237
	<u>576,181</u>	<u>12,179,609</u>	<u>12,755,790</u>
Total Assets	\$ 576,181	\$ 12,179,609	\$ 12,755,790
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 233	\$ 178	\$ 411
Notes payable, net	163,484	-	163,484
Total liabilities	<u>163,717</u>	<u>178</u>	<u>163,895</u>
Net Assets			
Without donor restrictions			
Undesignated	357,274	3,004,420	3,361,694
Designated	55,190	131,500	186,690
Total without donor restrictions	<u>412,464</u>	<u>3,135,920</u>	<u>3,548,384</u>
With donor restrictions			
Perpetual in nature	-	4,084,199	4,084,199
Purpose restrictions	-	3,989,133	3,989,133
Time-restricted for future periods	-	970,179	970,179
Total with donor restrictions	<u>-</u>	<u>9,043,511</u>	<u>9,043,511</u>
Total net assets	<u>412,464</u>	<u>12,179,431</u>	<u>12,591,895</u>
	<u>576,181</u>	<u>12,179,609</u>	<u>12,755,790</u>
Total Liabilities and Net Assets	\$ 576,181	\$ 12,179,609	\$ 12,755,790

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 42,326	\$ 125,093	\$ 167,419
Accounts receivable	45,000	-	45,000
Interfund receivable/payable	(45,000)	45,000	-
Pledges receivable	-	18,334	18,334
Contributions receivable	-	44,204	44,204
Certificates of deposit	15,372	71,916	87,288
Investment securities, at market value	-	9,937,074	9,937,074
Land, buildings and equipment, net	466,050	60,000	526,050
Art and osteological collection	51,737	-	51,737
	<u>575,485</u>	<u>10,301,621</u>	<u>10,877,106</u>
Total Assets	\$ 575,485	\$ 10,301,621	\$ 10,877,106
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 18,293	\$ 234,610	\$ 252,903
Massari Theatre payable	-	50,000	50,000
Notes payable, net	191,688	-	191,688
Total liabilities	<u>209,981</u>	<u>284,610</u>	<u>494,591</u>
Net Assets			
Without donor restrictions			
Undesignated	295,974	2,751,785	3,047,759
Designated	69,530	131,500	201,030
Total without donor restrictions	<u>365,504</u>	<u>2,883,285</u>	<u>3,248,789</u>
With donor restrictions			
Perpetual in nature	-	3,946,220	3,946,220
Purpose restrictions	-	2,381,267	2,381,267
Time-restricted for future periods	-	806,239	806,239
Total with donor restrictions	<u>-</u>	<u>7,133,726</u>	<u>7,133,726</u>
Total net assets	<u>365,504</u>	<u>10,017,011</u>	<u>10,382,515</u>
Total Liabilities and Net Assets	\$ 575,485	\$ 10,301,621	\$ 10,877,106

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023

	<u>Operating Fund</u>		<u>Investment Fund</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
Revenues and Support					
Contributed financial assets	\$ 2,165	\$ 73,327	\$ 995,812	\$ 1,071,304	
Net investment return	165	560,476	1,447,675	2,008,316	
Program fees	15,790	-	-	15,790	
Rental income	61,040	-	-	61,040	
Miscellaneous income	4,356	-	-	4,356	
Contributed non-financial assets	9,308	-	-	9,308	
Transfers between operating fund and investment fund	339,387	(339,387)	-	-	
Net assets released from restrictions -					
Scholarships	-	441,988	(441,988)	-	
Other college assistance	-	85,322	(85,322)	-	
Other programs	-	6,392	(6,392)	-	
Total Revenue and Support	432,211	828,118	1,909,785	3,170,114	
Expenses					
Program services					
Scholarships	-	441,988	-	441,988	
Other college assistance	-	85,322	-	85,322	
Program expenses	65,707	48,173	-	113,880	
Facility and equipment depreciation	48,378	-	-	48,378	
Interest on debt for facilities	8,517	-	-	8,517	
Non-financial contribution expenses	9,308	-	-	9,308	
Supporting services					
General and administrative	233,128	-	-	233,128	
Fundraising	20,213	-	-	20,213	
Total Expenses	385,251	575,483	-	960,734	
Change in Net Assets	46,960	252,635	1,909,785	2,209,380	
Net assets as of Beginning of Year	365,504	2,883,285	7,133,726	10,382,515	
Net Assets as of End of Year	\$ 412,464	\$ 3,135,920	\$ 9,043,511	\$ 12,591,895	

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022

	Operating Fund	Investment Fund		Total
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues and Support				
Contributed financial assets	\$ 578	\$ 72,033	\$ 401,735	\$ 474,346
Net investment return	111	(504,451)	(1,280,778)	(1,785,118)
Program fees	13,847	-	-	13,847
Rental income	58,804	-	-	58,804
Miscellaneous income	55,551	-	-	55,551
Contributed non-financial assets	114,835	-	-	114,835
Transfers between operating fund and investment fund	165,000	(180,000)	15,000	-
Net assets released from restrictions -				
Scholarships	-	508,100	(508,100)	-
Other college assistance	-	262,339	(262,339)	-
Other programs	-	10,621	(10,621)	-
Total Revenue and Support	408,726	168,642	(1,645,103)	(1,067,735)
Expenses				
Program services				
Scholarships	-	508,100	-	508,100
Other college assistance	-	266,029	-	266,029
Program expenses	63,325	10,621	-	73,946
Facility and equipment depreciation	49,509	-	-	49,509
Interest on debt for facilities	9,771	-	-	9,771
Non-financial contribution expenses	114,835	-	-	114,835
Supporting services				
General and administrative	229,759	-	-	229,759
Fundraising	13,913	-	-	13,913
Total Expenses	481,112	784,750	-	1,265,862
Change in Net Assets	(72,386)	(616,108)	(1,645,103)	(2,333,597)
Net assets as of Beginning of Year	437,890	3,499,393	8,778,829	12,716,112
Net Assets as of End of Year	\$ 365,504	\$ 2,883,285	\$ 7,133,726	\$ 10,382,515

TRINIDAD STATE COLLEGE FOUNDATION, INC.

**STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023**

	Operating Fund	Investment Fund	Total
Cash flow from operating activities			
Change in net assets	\$ 46,960	\$ 2,162,420	\$ 2,209,380
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Realized/unrealized (gain) loss on investments	-	(1,702,624)	(1,702,624)
Depreciation	48,378	-	48,378
Restricted contributions	-	(995,812)	(995,812)
Changes in operating assets			
(Increase) decrease in accounts receivable	5,000	-	5,000
(Increase) decrease in interfund balances	(45,000)	45,000	-
(Increase) decrease in prepaid expense	(18,423)	-	(18,423)
(Increase) decrease in inventory	500	-	500
(Increase) decrease in contributions receivable	-	20,204	20,204
(Increase) decrease in promises-to-give	-	8,900	8,900
Increase (decrease) in accounts payable	(18,060)	(234,432)	(252,492)
Increase (decrease) in accrued expenses	-	(50,000)	(50,000)
Net cash provided (used) by operating activities	19,355	(746,344)	(726,989)
Cash flow from investing activities			
Purchase of securities	-	(304,743)	(304,743)
Proceeds from sale of investments	15,372	192,654	208,026
Net cash provided by investing activities	15,372	(112,089)	(96,717)
Cash flow from financing activities			
Contributions to permanently restricted endowments	-	995,812	995,812
Payments on notes payable	(28,204)	-	(28,204)
Net cash used by financing activities	(28,204)	995,812	967,608
Net change in cash	6,523	137,379	143,902
Cash - Beginning of year	42,326	125,093	167,419
Cash - End of year	\$ 48,849	\$ 262,472	\$ 311,321
Supplementary information			
Interest paid	\$ 8,517	\$ -	\$ 8,517

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022

	<u>Operating Fund</u>	<u>Investment Fund</u>	<u>Total</u>
Cash flow from operating activities			
Change in net assets	\$ (72,386)	\$ (2,261,211)	\$ (2,333,597)
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Realized/unrealized (gain) loss on investments	-	1,998,448	1,998,448
Depreciation	49,509	-	49,509
Restricted contributions	-	(139,880)	(139,880)
Changes in operating assets			
(Increase) decrease in accounts receivable	(45,000)	-	(45,000)
(Increase) decrease in interfund balances	45,000	(45,000)	-
(Increase) decrease in inventory	200	-	200
(Increase) decrease in contributions receivable	-	(4,549)	(4,549)
(Increase) decrease in promises-to-give	-	(4,969)	(4,969)
Increase (decrease) in accounts payable	17,197	234,610	251,807
Net cash provided (used) by operating activities	<u>(5,480)</u>	<u>(222,551)</u>	<u>(228,031)</u>
Cash flow from investing activities			
Purchase of securities	(59)	(252,846)	(252,905)
Proceeds from sale of investments	-	70,000	70,000
Net cash provided by investing activities	<u>(59)</u>	<u>(182,846)</u>	<u>(182,905)</u>
Cash flow from financing activities			
Contributions to permanently restricted endowments	-	139,880	139,880
Payments on notes payable	(26,949)	-	(26,949)
Net cash used by financing activities	<u>(26,949)</u>	<u>139,880</u>	<u>112,931</u>
Net change in cash	(32,488)	(265,517)	(298,005)
Cash - Beginning of year	<u>74,814</u>	<u>390,610</u>	<u>465,424</u>
Cash - End of year	<u>\$ 42,326</u>	<u>\$ 125,093</u>	<u>\$ 167,419</u>
Supplementary information			
Interest paid	\$ 9,771	\$ -	\$ 9,771

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	<u>Program Expenses</u>	<u>General & Admin</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Scholarships	\$ 441,988	\$ -	\$ -	\$ 441,988
Other college assistance	126,450	-	-	126,450
Facility and equipment depreciation	48,378	-	-	48,378
Interest	8,517	-	-	8,517
Salary	-	117,931	-	117,931
Advertising	-	2,398	-	2,398
Professional fees & contract labor	-	51,345	20,213	71,558
Dues and subscriptions	-	3,725	-	3,725
Alumni expense	-	233	-	233
Insurance	13,695	646	-	14,341
Travel & entertainment	-	2,179	-	2,179
Printing, reproduction and postage	-	42,714	-	42,714
Office supplies	-	2,914	-	2,914
License and permits	-	8,989	-	8,989
Gun range	15,419	-	-	15,419
Non-financial contribution expenses	9,308	-	-	9,308
Xeriscape	1,052	-	-	1,052
Other	42,586	54	-	42,640
	<u>42,586</u>	<u>54</u>	<u>-</u>	<u>42,640</u>
TOTAL EXPENSES	<u>\$ 707,393</u>	<u>\$ 233,128</u>	<u>\$ 20,213</u>	<u>\$ 960,734</u>

TRINIDAD STATE COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program Expenses</u>	<u>General & Admin</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Scholarships	\$ 508,100	\$ -	\$ -	\$ 508,100
Other college assistance	293,843	-	-	293,843
Facility and equipment depreciation	49,509	-	-	49,509
Interest	9,771	-	-	9,771
Salary	-	110,958	-	110,958
Advertising	-	6,381	-	6,381
Professional fees & contract labor	-	31,989	13,913	45,902
Dues and subscriptions	-	2,630	-	2,630
Alumni expense	-	5,331	-	5,331
Insurance	12,823	646	-	13,469
Travel & entertainment	-	493	-	493
Printing, reproduction and postage	-	42,158	-	42,158
Office supplies	-	3,159	-	3,159
License and permits	-	26,011	-	26,011
Gun range	16,612	-	-	16,612
Non-financial contribution expenses	114,835	-	-	114,835
Xeriscape	743	-	-	743
Collaboratory Makerspace	4,548	-	-	4,548
Other	<u>11,406</u>	<u>3</u>	<u>-</u>	<u>11,409</u>
TOTAL EXPENSES	<u>\$ 1,022,190</u>	<u>\$ 229,759</u>	<u>\$ 13,913</u>	<u>\$ 1,265,862</u>

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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.

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

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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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 Non-financial 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-financial contributions 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, 2023, and 2022, depreciation expense of \$48,378 and \$49,509, 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.

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 consists 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

TRINIDAD STATE COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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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 \$2,582 and \$2,398 during 2023 and 2022, 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.

Change in Accounting Principle - On September 17, 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The update addresses the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The Organization has implemented ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The key changes required by ASU 2020-07 include the presentation of contributed non-financial assets recognized within the Statement of Activities, disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, a description of any donor-imposed restrictions (if any), a description of the valuation techniques and inputs used to arrive at a fair value measure, and the principal market used to arrive at a fair value measure.

Evaluation of Subsequent Events - We have evaluated subsequent events through the date of the accountant’s compilation 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, 2023 and December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 311,321	\$ 167,419
Certificates of deposit	10,180	87,288
Accounts receivable	40,000	45,000
Contributions receivable	24,000	44,204
Pledges receivable	9,434	18,334
Investments	<u>11,813,523</u>	<u>9,937,074</u>
	12,208,458	10,299,319
Less amounts not available to be used within one year:		
Net assets with donor restrictions	9,043,511	7,133,726
Designated by the board	<u>186,690</u>	<u>201,030</u>
	<u>9,230,201</u>	<u>7,334,756</u>
Total financial assets and liquidity resources available within one year	<u>\$ 2,978,257</u>	<u>\$ 2,964,563</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 has \$3,135,920 and \$2,883,285 as of December 31, 2023 and 2022, respectively, in unrestricted investments that can be used to assist in

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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>2023</u>	<u>2022</u>
Unconditional promise to give	\$ 10,000	\$ 20,000
Less: discount at 6% to net present value	(566)	(1,666)
Less: allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net unconditional promises to give	\$ 9,434	\$ 18,334
Receivable in less than one year	9,434	9,167
Receivable in one to two years	<u>-</u>	<u>9,167</u>
Total unconditional promises to give	<u>\$ 9,434</u>	<u>\$ 18,334</u>

NOTE 4 - INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 10,605,198	\$ 9,874,681
Money market funds	1,085,362	62,234
Corporate stocks	<u>122,963</u>	<u>159</u>
Total	<u>\$ 11,813,523</u>	<u>\$ 9,937,074</u>

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

	<u>2023</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 143,030	\$ 162,662	\$ 305,692
Net realized/unrealized gains (losses)	<u>417,611</u>	<u>1,285,013</u>	<u>1,702,624</u>
Net investment return	<u>\$ 560,641</u>	<u>\$ 1,447,675</u>	<u>\$ 2,008,316</u>
	<u>2022</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 68,638	\$ 185,021	\$ 253,659
Net realized/unrealized gains (losses)	<u>(572,978)</u>	<u>(1,465,799)</u>	<u>(2,038,777)</u>
Net investment return	<u>\$ (504,304)</u>	<u>\$ (1,280,778)</u>	<u>\$ (1,785,118)</u>

The investments are held in an investment account at no cost to the Foundation.

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NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31 are summarized as follows:

	<u>2023</u>	<u>2022</u>
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>(782,615)</u>	<u>(734,237)</u>
Net property and equipment	<u>\$ 477,672</u>	<u>\$ 526,050</u>

Included in artwork and osteological collection is \$2,600 of fundraising inventory which consist of 26 bronze sculptures valued at \$100 each. These sculptures are given to guests and donors in appreciation for their gifts to the College.

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. The lease is the 3 year lease ending June 30, 2026. 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.

Lease Income

Lease income totaled \$50,961 and \$45,672 for 2023 and 2022, respectively. Following is a summary of the Foundation’s future rental income through December 31, 2026, for the SLV Health Sciences Building.

2024	\$ 56,250
2025	56,250
2026	<u>28,125</u>
	<u>\$ 140,625</u>

Lease Assets

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

	<u>2023</u>	<u>2022</u>
SLV – Health Science Building	\$ 737,228	\$ 737,228
Less accumulated depreciation	<u>(513,866)</u>	<u>(487,266)</u>
Total cost, net	<u>\$ 223,362</u>	<u>\$ 249,962</u>

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NOTE 7 – NOTES PAYABLE

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

	<u>2023</u>	<u>2022</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	\$ 165,425	\$ 193,998
Issue costs	<u>(1,941)</u>	<u>(2,310)</u>
Total notes payable	<u>\$ 163,484</u>	<u>\$ 191,688</u>

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

2024	\$ 29,030
2025	30,427
2026	31,890
2027	33,423
2028	35,028
Thereafter	<u>3,686</u>
	<u>\$ 163,484</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

Trinidad State College provides office space for the Foundation at no charge. The total amount of estimated rent if it was charged is \$4,785. This amount is recorded in the statement of functional expenses under the caption “Non-financial contribution expense.”

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.

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NOTE 11 – RESTRICTIONS ON NET ASSETS

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

	<u>2023</u>	<u>2022</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	180,573	150,423
Earnings on public donations – Use restricted to scholarships and other purposes	<u>75,517</u>	<u>45,367</u>
Total STEM Endowment	<u>356,090</u>	<u>295,790</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	439,606	305,816
Earnings on public donations – Use restricted to scholarships and other purposes	<u>237,178</u>	<u>133,388</u>
Total STEM Endowment	<u>926,784</u>	<u>689,204</u>
Investment Fund –		
Restricted to scholarships and other purposes	<u>3,676,438</u>	<u>2,202,512</u>
Total Investment Fund	<u>3,676,438</u>	<u>2,202,512</u>
 Total time and purpose restricted net assets	 <u>\$ 4,959,312</u>	 <u>\$ 3,187,506</u>

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>2023</u>	<u>2022</u>
Purpose restrictions accomplished –		
Scholarships	\$ 441,988	\$ 508,100
Other college assistance	85,322	262,339
Program expenses	<u>48,173</u>	<u>10,621</u>
 Net assets released from restrictions	 <u>\$ 575,483</u>	 <u>\$ 781,060</u>

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

	<u>2023</u>	<u>2022</u>
Investment Fund –		
Title III Grant –		
Public contributions for endowment	\$ 900,614	\$ 896,364
STEM II Grant –		
Public contributions for endowment	627,912	627,437
Perpetually restricted contributions	<u>2,555,673</u>	<u>2,422,419</u>
Total perpetually restricted net assets	<u>\$ 4,084,199</u>	<u>\$ 3,946,220</u>

NOTE 12 – DESIGNATED NET ASSETS

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

	<u>2023</u>	<u>2022</u>
SLV Expansion	\$ 86,690	\$ 101,030
SLV Campus	<u>100,000</u>	<u>100,000</u>
	<u>\$ 186,690</u>	<u>\$ 201,030</u>

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, 2023 and 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2021	\$ -	\$ 7,607,694	\$ 7,607,694
Interest and dividend income	-	151,638	151,638
Net appreciation (depreciation)			
realized and unrealized	-	(1,249,437)	(1,249,437)
Contributions	-	139,880	139,880
Appropriation of endowment assets			
for expenditure	-	(185,237)	(185,237)
Reclassification	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2022	-	6,464,538	6,464,538

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Interest and dividend income	-	339,373	339,373
Net appreciation (depreciation) realized and unrealized	-	976,274	976,274
Contributions	-	145,479	145,479
Appropriation of endowment assets for expenditure	-	(196,524)	(196,524)
Reclassification	-	-	-
	-	-	-
Balance, December 31, 2023	\$ -	\$ 7,729,140	\$ 7,729,140

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.

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:

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- 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.

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, 2023, and 2022:

December 31, 2023	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	\$ 4,820,285	\$ 4,820,285	\$ -	\$ -
Total stock market index	2,041,653	2,041,653	-	-
Marketable debt securities				
Domestic emphasis				
Short-term fixed income	461,900	461,900	-	-
High risk	3,281,360	3,281,360	-	-
Corporate stocks	122,963	122,963	-	-
Money market funds	<u>1,085,362</u>	<u>1,085,362</u>	-	-
TOTAL	<u>\$ 11,813,523</u>	<u>\$ 11,813,523</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2022	Fair Value	(Level 1)	(Level 2)	(Level 3)
Marketable equity securities				
Domestic emphasis				
500 index funds	\$ 4,733,312	\$ 4,733,312	\$ -	\$ -
Total stock market index	1,914,360	1,914,360	-	-
Marketable debt securities				
Domestic emphasis				
Short-term fixed income	698,067	698,067	-	-
Intermediate-term fixed income	46,319	46,319	-	-
High risk	2,482,623	2,482,623	-	-
Corporate stocks	159	159	-	-
Money market funds	<u>62,234</u>	<u>62,234</u>	-	-
TOTAL	<u>\$ 9,937,074</u>	<u>\$ 9,937,074</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 15 – COMMITMENTS, CONTIGENCIES & 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 \$1,500,000. All amounts were insured at December 31, 2023 and 2022.

NOTE 16 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities included:

	2023	2022
Office lease	\$ 4,785	\$ -
Gunsmithing gunstock	4,523	96,325
Native American artifacts	-	18,510
Total	\$ 9,308	\$ 114,835

The Foundation recognized the above contributed nonfinancial assets within revenue in the Statement of Activities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed goods and services are recorded at fair value at the date of donation.