

**ADAMS STATE UNIVERSITY FOUNDATION
ALAMOSA, COLORADO**

FINANCIAL STATEMENTS

June 30, 2024 and 2023



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

ADAMS STATE UNIVERSITY FOUNDATION
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June 30, 2024 and 2023

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Wall,
Smith,
Bateman Inc.

INDEPENDENT AUDITORS' REPORT

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

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, 2024 and 2023, 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, 2024 and 2023, 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

Certified Public Accountants

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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 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

October 28, 2024

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash in Bank	\$ 372,111	\$ 349,273
Pooled Cash - Brokerage Accounts	492,857	632,427
Restricted Cash - Brokerage Accounts	101,465	128,511
Certificates of Deposit	300,000	300,000
Pooled Investments, at Fair Value	23,339,047	20,142,882
Restricted Investments, at Fair Value	13,846,534	8,381,116
Pledges Receivable, net of allowance	-	14,735
Inventories	7,240	7,240
Land	4,500	4,500
Art Collection	15,000	15,000
	\$ 38,478,754	\$ 29,975,684
TOTAL ASSETS	\$ 38,478,754	\$ 29,975,684
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 92,418	\$ 59,298
	92,418	59,298
TOTAL LIABILITIES	92,418	59,298
NET ASSETS		
Without Donor Restriction:		
Unrestricted	1,122,149	1,454,560
Board Designated - Investment Reserves Fund	3,546,491	1,212,747
Board Designated - Endowments	649,969	630,332
Total Without Donor Restrictions	5,318,609	3,297,639
With Donor Restrictions:		
Unexpended Funds Received for Restricted Purposes, Principally Student Financial Assistance	2,820,375	2,256,663
Income Earned on Perpetual Endowments	1,621,631	861,642
Endowment Funds	28,625,721	23,500,442
Total With Donor Restrictions	33,067,727	26,618,747
TOTAL NET ASSETS	38,386,336	29,916,386
TOTAL LIABILITIES AND NET ASSETS	\$ 38,478,754	\$ 29,975,684

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	\$ 3,297,639	\$ 26,618,747	\$ 29,916,386
REVENUES, GAINS, AND OTHER SUPPORT			
Donations	196,744	6,600,506	6,797,250
Investment Income (Net)	48,478	888,137	936,615
Net Realized Gains (Losses) on long-term investments	207,895	125,037	332,932
Net Unrealized Gains (Losses) on long-term investments	2,107,649	1,049,597	3,157,246
Subtotal	2,560,766	8,663,277	11,224,043
Net Assets Released from Restriction	2,214,297	(2,214,297)	-
Total from Revenues, Gains, and Other Support	4,775,063	6,448,980	11,224,043
EXPENSES AND LOSSES			
Scholarships and Awards	1,431,340	-	1,431,340
Program Services	786,061	-	786,061
Management and General Activities	136,077	-	136,077
Fundraising	400,615	-	400,615
Total Expenses and Losses	2,754,093	-	2,754,093
Transfers:			
Transfers In/(Out)	-	-	-
Change in Net Assets for the Year	2,020,970	6,448,980	8,469,950
NET ASSETS AT END OF YEAR	\$ 5,318,609	\$ 33,067,727	\$ 38,386,336

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, BEGINNING OF YEAR	\$ 2,435,800	\$ 25,270,937	\$ 27,706,737
REVENUES, GAINS, AND OTHER SUPPORT			
Donations	159,082	2,172,829	2,331,911
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)	-
Total from Revenues, Gains, and Other Support	3,451,643	1,342,117	4,793,760
EXPENSES AND LOSSES			
Scholarships and Awards	1,516,442	-	1,516,442
Program Services	573,914	-	573,914
Management and General Activities	151,779	-	151,779
Fundraising	341,976	-	341,976
Total Expenses and Losses	2,584,111	-	2,584,111
Transfers:			
Transfers In/(Out)	(5,693)	5,693	-
Change in Net Assets for the Year	861,839	1,347,810	2,209,649
NET ASSETS AT END OF YEAR	\$ 3,297,639	\$ 26,618,747	\$ 29,916,386

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, 2024

	Program Expenses	General & Admin	Fundraising	Total
Scholarships	\$ 1,431,340	\$ -	\$ -	\$ 1,431,340
Other University Assistance				
Academic Programming	61,641	-	-	61,641
Athletics	438,673	-	-	438,673
Grants and Other Passthrough	108,238	-	-	108,238
Work Study	73,957	-	-	73,957
Student Programming	31,170	-	-	31,170
Grizzly Club	15,177	-	-	15,177
Other	11,714	-	-	11,714
Alumni and Donor Functions	-	1,069	6,088	7,157
Professional Fees & Consulting	-	21,925	-	21,925
Software and Computer Fees	-	7,560	-	7,560
Rent/Lease	-	-	-	-
Insurance	-	4,979	-	4,979
Office Supplies	-	2,335	-	2,335
Telephone	-	-	-	-
Salaries	-	-	340,243	340,243
General Administrative	45,491	48,886	35,135	129,512
Equipment	-	3,261	-	3,261
Printing, Postage and Publication	-	46,062	12,514	58,576
Phone-a-thon	-	-	6,114	6,114
Travel	-	-	521	521
	<u>\$ 2,217,401</u>	<u>\$ 136,077</u>	<u>\$ 400,615</u>	<u>\$ 2,754,093</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, 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	12,460
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	310,363
General Administrative	38,187	12,420	35,077	85,684
Equipment	-	3,260	-	3,260
Printing, Postage and Publication	-	47,577	27,749	75,326
Phone-a-thon	-	-	4,678	4,678
Travel	-	-	1,808	1,808
Capital Campaign	-	-	1,675	1,675
	<u>\$ 2,090,356</u>	<u>\$ 151,779</u>	<u>\$ 341,976</u>	<u>\$ 2,584,111</u>

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

ADAMS STATE UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOW
For the Year Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Donors	\$ 1,704,054	\$ 1,512,347
Investment Income	936,615	733,529
Scholarships and Awards	(1,431,340)	(1,516,442)
Program Services Paid	(786,061)	(565,863)
Supporting Services Paid	(503,572)	(493,755)
	(80,304)	(330,184)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Land	-	8,000
Proceeds from Sale of Investments	6,239,151	3,963,480
Payment for Purchase of Investments	(7,876,624)	(4,914,055)
	(1,637,473)	(942,575)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
Proceeds from contributions restricted for:		
Investment in Endowment	1,573,999	862,099
	1,573,999	862,099
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(143,778)	(410,659)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,110,211	1,520,870
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 966,433	\$ 1,110,211
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in Net Assets	\$ 8,469,950	\$ 2,209,649
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Pledges Receivable, net	14,735	42,535
Increase (Decrease) in Accounts Payable	33,120	8,051
Net Unrealized and Realized (Gain) Loss on Investments	(3,490,178)	(1,724,820)
Gain on Sale of Land	-	(3,500)
Contributions Restricted for Long-Term Investment	(5,107,931)	(862,099)
	(8,550,254)	(2,539,833)
Net Cash Provided (Used) by Operating Activities	\$ (80,304)	\$ (330,184)
Reconciliation to the Statement of Financial Position:		
Cash in Bank	\$ 372,111	\$ 349,273
Pooled Cash - Brokerage Accounts	495,569	632,427
Restricted Cash - Brokerage Accounts	98,753	128,511
	\$ 966,433	\$ 1,110,211
Noncash Financing Transaction:		
Donor contribution of investments restricted for long-term purposes	\$ 3,533,932	\$ -

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

ADAMS STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 2024 and 2023

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 2024 and 2023.

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, 2024 and 2023.

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, 2024 and 2023

Reclassification

Certain amounts in 2023 have been reclassified to conform to the 2024 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 an 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 inflow 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 \$5,291,869 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 \$372,111, certificates of deposit of \$300,000, and investments of \$4,619,758 as of June 30, 2024. 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, 2024 and 2023, income earned on all pooled investments was recorded in the unrestricted fund and then allocated at a rate of 4.00% for 2024 and 4.00% for 2023, 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, 2024 and 2023, income earned by the Hurley segregated investment was recorded in the “with donor restrictions” net asset fund. For fiscal years ending June 30, 2024 and 2023, 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. For fiscal years ending June 30, 2024 and 2023, income earned on John E. McDaniel segregated funds was recorded in the “with donor restrictions” net asset 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, 2024 and 2023

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 \$1,041,026 and \$1,071,366 for years ended June 30, 2024 and 2023, 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, 2024 and 2023, are summarized as follows:

	2024		2023	
	Fair Market Value	% of Total	Fair Market Value	% of Total
Money Market Funds	\$ 492,857	2%	\$ 632,427	3%
Marketable Securities				
Fixed Income	3,136,912	13%	2,994,658	14%
Equities	18,460,212	78%	11,749,239	57%
Exchange Traded Funds	19,577	0%	3,600,461	17%
Alternative Investments	1,722,346	7%	1,798,524	9%
Total Marketable Securities	<u>23,339,047</u>	<u>98%</u>	<u>20,142,882</u>	<u>97%</u>
TOTAL	<u>\$ 23,831,904</u>	<u>100%</u>	<u>\$ 20,775,309</u>	<u>100%</u>

Restricted cash and investments

Restricted cash and investments at June 30, 2024 and 2023, are summarized as follows:

	2024		2023	
	Fair Market Value	% of Total	Fair Market Value	% of Total
Money Market Funds	\$ 101,465	1%	\$ 128,511	2%
Marketable Securities				
Fixed Income	2,783,196	19%	2,621,772	30%
Equities	9,853,773	71%	4,722,888	56%
Exchange Traded Funds	902,401	7%	752,494	9%
Alternative Investments	307,164	2%	283,962	3%
Total Marketable Securities	<u>13,846,534</u>	<u>99%</u>	<u>8,381,116</u>	<u>98%</u>
TOTAL	<u>\$ 13,947,999</u>	<u>100%</u>	<u>\$ 8,509,627</u>	<u>100%</u>

ADAMS STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 4 INVESTMENT INCOME

Interest and dividend income of \$1,176,808 and \$925,893 was recognized on marketable securities as of June 30, 2024 and 2023, respectively. Investment fees and other activity of \$240,193 and \$192,364 were incurred as of June 30, 2024 and 2023, respectively.

NOTE 5 PLEDGES RECEIVABLE

The balance of pledges receivable at June 30, 2024 was \$0. At June 30, 2023, the Foundation had six pledges receivable from donors of \$14,735 that were collected during the year ending June 30, 2024. The balance approximated fair value.

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. During the years ended June 30, 2024 and 2023, the Foundation reimbursed the University for personnel costs in the amount of \$340,243 and \$310,363 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.

ADAMS STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

The fair values of the Foundation’s financial instruments at June 30, 2024, are as follows:

	Carrying Amount	Fair Value
Financial Assets		
Cash and certificates of deposit	\$ 1,266,432	\$ 1,266,432
Unconditional promises to give	-	-
Investment securities	35,156,071	35,156,071
Alternative investments	2,029,511	2,029,511
 Financial Liabilities		
Accounts payable	\$ 92,418	\$ 92,418

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.

ADAMS STATE UNIVERSITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024 and 2023

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, 2024 and 2023:

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	\$ 594,321	\$ 594,321	\$ -	\$ -
Mutual Funds	28,313,984	28,313,984	-	-
Corporate Bonds	3,715,415	3,715,415	-	-
Municipal Bonds	1,676,951	1,676,951	-	-
Government Bonds	527,743	527,743	-	-
Exchange Traded Funds	921,978	921,978	-	-
Alternative Investments	2,029,511	-	-	2,029,511
TOTAL	\$ 37,779,903	\$ 35,750,392	\$ -	\$ 2,029,511

June 30, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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
TOTAL	\$ 29,284,938	\$ 27,202,451	\$ -	\$ 2,082,487

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.

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The board designated investment reserve activity was as follows:

Investment Reserve, June 30, 2022	\$	-
Transfer of unrestricted excess earnings		1,212,747
Investment Reserve, June 30, 2023		1,212,747
Transfer of unrestricted excess earnings		2,333,744
Investment Reserve, June 30, 2024	\$	3,546,491

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 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.

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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.

The changes in the endowment net assets for the years ended June 30, 2024 and 2023 are presented in the following table:

Endowment Net Assets, June 30, 2022	\$ 23,727,479
Contributions	915,878
Investment Income	1,193,755
Program Expenditures/Scholarships	(826,162)
Changes in Donor Restrictions	(18,535)
Transfers In	-
Endowment Net Assets, June 30, 2023	24,992,415
Contributions	5,116,086
Investment Income	1,516,927
Program Expenditures/Scholarships	(678,028)
Changes in Donor Restrictions	(50,079)
Endowment Net Assets, June 30, 2024	\$ 30,897,321

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The balances in the endowment net assets as of June 30, 2024 and 2023 are presented in the following table:

	2024	2023
Board Designated	\$ 649,969	\$ 630,332
Donor Purpose Restricted	1,621,631	861,642
Donor Perpetual in Nature	28,625,721	23,500,441
Endowment Net Assets, June 30, 2024	\$ 30,897,321	\$ 24,992,415

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 issued. The Foundation has evaluated subsequent events through October 28, 2024 the date the financial statements were available to be issued.