



Financial Statements  
June 30, 2024 and 2023

# The Fort Lewis College Foundation

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## Independent Auditor's Report

The Board of Directors  
The Fort Lewis College Foundation  
Durango, Colorado

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Fort Lewis College Foundation, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Fort Lewis College Foundation 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Fort Lewis College Foundation 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 these 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 Fort Lewis College Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 GAAS 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 GAAS, 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 Fort Lewis College Foundation'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 Fort Lewis College Foundation'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.

*Eide Bailly LLP*

Denver Colorado  
October 10, 2024

The Fort Lewis College Foundation  
Statements of Financial Position  
June 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash, cash equivalents, and restricted cash	\$ 577,742	\$ 1,112,078
Promises to give, net	3,920,883	5,318,246
Due from Fort Lewis College	94,509	-
Investments	58,797,644	39,298,377
Property and equipment, net	649,362	666,723
Beneficial interest in assets held by others	641,740	609,316
	<u>\$ 64,681,880</u>	<u>\$ 47,004,740</u>
<b>Liabilities and Net Assets</b>		
Accrued liabilities	\$ 54,992	\$ 336
Due to Fort Lewis College	477,370	298,687
Refundable advance	94,509	-
	<u>626,871</u>	<u>299,023</u>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	3,190,660	2,740,305
Board-designated	2,055,237	1,226,151
	<u>5,245,897</u>	<u>3,966,456</u>
With donor restrictions	<u>58,809,112</u>	<u>42,739,261</u>
	<u>64,055,009</u>	<u>46,705,717</u>
	<u>\$ 64,681,880</u>	<u>\$ 47,004,740</u>

The Fort Lewis College Foundation  
Statement of Activities  
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 177,059	\$ 18,444,987	\$ 18,622,046
Net investment return	1,657,519	6,165,625	7,823,144
Change in value of beneficial interest in assets held by others	-	32,424	32,424
Rental and other revenue	98,331	-	98,331
Net assets released from restrictions	8,489,185	(8,489,185)	-
Total revenue, gains and other support	<u>10,422,094</u>	<u>16,153,851</u>	<u>26,575,945</u>
Expenses			
Program services	8,554,409	-	8,554,409
Support services			
Management and general	429,432	-	429,432
Fundraising	158,812	-	158,812
Total expenses before losses	<u>9,142,653</u>	<u>-</u>	<u>9,142,653</u>
Loss on uncollectable promises to give	-	84,000	84,000
Total expenses and losses	<u>9,142,653</u>	<u>84,000</u>	<u>9,226,653</u>
Change in Net Assets	1,279,441	16,069,851	17,349,292
Net Assets, Beginning of year	<u>3,966,456</u>	<u>42,739,261</u>	<u>46,705,717</u>
Net Assets, End of year	<u>\$ 5,245,897</u>	<u>\$ 58,809,112</u>	<u>\$ 64,055,009</u>

The Fort Lewis College Foundation

Statement of Activities  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 135,377	\$ 11,557,520	\$ 11,692,897
Net investment return	1,376,259	2,916,494	4,292,753
Change in value of beneficial interest in assets held by others	-	12,592	12,592
Rental and other revenue	97,732	-	97,732
Net assets released from restrictions	5,837,326	(5,837,326)	-
Total revenue, gains and other support	<u>7,446,694</u>	<u>8,649,280</u>	<u>16,095,974</u>
Expenses			
Program services	4,021,947	-	4,021,947
Collection items transferred to FLC	2,794,545	-	2,794,545
Support services			
Management and general	253,987	-	253,987
Fundraising	122,681	-	122,681
Total expenses	<u>7,193,160</u>	<u>-</u>	<u>7,193,160</u>
Change in Net Assets	253,534	8,649,280	8,902,814
Net Assets, Beginning of year	<u>3,712,922</u>	<u>34,089,981</u>	<u>37,802,903</u>
Net Assets, End of year	<u>\$ 3,966,456</u>	<u>\$ 42,739,261</u>	<u>\$ 46,705,717</u>

The Fort Lewis College Foundation  
 Statements of Functional Expenses  
 Years Ended June 30, 2024 and 2023

	2024			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
FLC program support	\$ 7,112,091	\$ -	\$ -	\$ 7,112,091
FLC scholarships	1,230,548	-	-	1,230,548
Fees for FLC services	126,760	252,444	140,245	519,449
<b>Total College expenses</b>	<b>8,469,399</b>	<b>252,444</b>	<b>140,245</b>	<b>8,862,088</b>
Professional fees	55,000	50,198	-	105,198
Other	3,733	36,657	8,095	48,485
Food and beverage	26,277	-	10,472	36,749
Licenses, dues and fees	-	34,510	-	34,510
Bank and credit card fees	-	22,059	-	22,059
Depreciation	-	17,361	-	17,361
Insurance	-	16,203	-	16,203
<b>Total expenses</b>	<b>\$ 8,554,409</b>	<b>\$ 429,432</b>	<b>\$ 158,812</b>	<b>\$ 9,142,653</b>
	2023			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
FLC program support	\$ 2,633,723	\$ -	\$ -	\$ 2,633,723
FLC scholarships	1,181,944	-	-	1,181,944
Fees for FLC services	119,495	151,376	105,426	376,297
<b>Total College expenses</b>	<b>3,935,162</b>	<b>151,376</b>	<b>105,426</b>	<b>4,191,964</b>
Collection items transferred to FLC	2,794,545	-	-	2,794,545
Professional fees	53,750	43,548	2,221	99,519
Other	5,074	1,317	-	6,391
Food and beverage	27,961	-	15,034	42,995
Licenses, dues and fees	-	14,663	-	14,663
Bank and credit card fees	-	17,976	-	17,976
Depreciation	-	17,361	-	17,361
Insurance	-	7,746	-	7,746
<b>Total expenses</b>	<b>\$ 6,816,492</b>	<b>\$ 253,987</b>	<b>\$ 122,681</b>	<b>\$ 7,193,160</b>

The Fort Lewis College Foundation

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 17,349,292	\$ 8,902,814
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	17,361	17,361
Contributions restricted to endowment	(12,772,857)	(1,257,065)
Collection items transferred	-	2,794,545
Contributions of investments	(11,374,423)	(438,665)
Loss on uncollectable promises to give	(84,000)	-
Realized and unrealized (gain) on investments	(6,279,617)	(3,334,896)
Change in beneficial interest in assets held by others	(32,424)	(12,592)
Changes in operating assets and liabilities		
Promises to give, net	369,195	(2,602,890)
Refundable advance	94,509	-
Accrued liabilities	54,656	(71,912)
Due to/ from Fort Lewis College	84,174	83,507
Net Cash from (used for) Operating Activities	<u>(12,574,134)</u>	<u>4,080,207</u>
Investing Activities		
Proceeds from sales of investments	2,835,127	1,132,361
Purchases of investments	<u>(4,680,354)</u>	<u>(5,902,403)</u>
Net Cash used for Investing Activities	<u>(1,845,227)</u>	<u>(4,770,042)</u>
Financing Activities		
Collections of contributions restricted for endowment	<u>13,885,025</u>	<u>1,125,122</u>
Net Cash from Financing Activities	<u>13,885,025</u>	<u>1,125,122</u>
Net Change In Cash, Cash Equivalents, and Restricted Cash	(534,336)	435,287
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>1,112,078</u>	<u>676,791</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 577,742</u>	<u>\$ 1,112,078</u>

**Note 1 - Principal Activity and Significant Accounting Policies****Organization**

The Fort Lewis College Foundation (the Foundation, we, us, our) was organized in 1969 as a Colorado nonprofit corporation exempt from federal and state income taxes. Its purpose is to enrich education, research, and cultural opportunities at Fort Lewis College (the College, FLC) by encouraging and stewarding gifts for scholarships, programs, partnerships, and facilities. Although legally separate, the College considers the Foundation a critical partner in supporting its mission.

**Fundraising Success**

With our expanding engagement of alumni, friends, parents, staff, retirees, and philanthropic grantors, we have achieved unprecedented success in fundraising. The combined efforts of the Advancement team, FLC Foundation Directors, campus partners, and volunteers have led to the most successful fundraising year on record for 2023-2024. We secured donations that directly enhance opportunities for our students, support critical programs and facility renovations, and advance regional workforce development and community engagement.

Notably, we increased our endowment significantly, doubling our long-term investments within a year. A landmark \$10.4 million gift—the largest in FLC’s history—allowed us to rename the School of Business Administration to the Katz School of Business, with much of this gift allocated to endowment. We also received a substantial contribution from the Durango Industrial Development Foundation, which has been instrumental in creating an endowment and providing immediate funding for internship experiences, student career readiness programs, and workforce development and entrepreneurship training in the Four Corners region.

In our commitment to student support, we enhanced scholarships (both endowed and expendable) to aid recruitment, retention, and timely graduation. Additionally, President’s Impact Fund donations enabled us to introduce the FLC Tuition Promise, covering tuition expenses for students from families earning \$70,000 or less. We also saw strong support for experiential learning initiatives, including internships, undergraduate research, and mentorship, with gifts expanding research in water, environment, clean energy, and chemistry, as well as enhancing the Navajo Nation Solar program and Springboard Fellowship program.

As FLC continues its reconciliation efforts as a former Federal Indian Boarding School, donations have supported language reclamation and Tribal Nation building programs. We have also raised funds for mental and physical well-being, food, and housing security programming. Community engagement through KDUR radio, the Community Concert Hall, the Center of Southwest Studies, and Skyhawk Athletics has continued to attract philanthropic contributions for students, programs, and outreach. Skyhawk Athletics, in particular, has achieved record-breaking levels of general support for our teams and facilities.

As we commence crucial capital renovation projects for the Nursing Collaborative program and Sports Performance Center, we have inspired new donors and grantors to support these important initiatives.

**Cash, Cash Equivalents, and Restricted Cash**

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, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or held in the investment portfolio are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	2024	2023
Cash and cash equivalents	\$ 504,012	\$ 905,045
Restricted cash - endowment	73,730	207,033
	<u>\$ 577,742</u>	<u>\$ 1,112,078</u>

**Promises to Give**

The Foundation records 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. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024 and 2023, the total allowance was \$35,000 and \$0, respectively.

**Investments**

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

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

### **Collections**

The Foundation's collection items are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for by college staff, and activities verifying their existence and assessing their condition are performed continuously. Collections are defined as historical treasures and works of art, which are items considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public services instead of financial gain. Generally, because collections are considered inexhaustible, they are not depreciated. Collections are maintained by the College in various venues on campus, primarily in the Center for Southwest Studies, and are subject to policy that requires the proceeds from deaccession of collection items to be used only for acquisition or direct care of the collections. Gains and losses on the deaccession of collection items, if any, are classified on the statements of activities depending on donor restrictions, if any, placed on the item at the time of accession. During the years ended June 30, 2024 and 2023, the Foundation transferred \$0 and \$2,794,545, respectively, of collections to the College.

### **Beneficial Interests in Assets Held by Others**

The Foundation has been named as an irrevocable beneficiary of a trust held and administered by an independent trustee. The trust provides for the distribution of the net income of the trust to the Foundation; however, the Foundation will never receive the assets of the trust. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities and a beneficial interest in assets held by others is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 Foundation's Board has designated, from net assets without donor restrictions, net assets for a board-designated endowment, operational and scholarship reserves (Note 7).

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Foundation reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released as revenue when the assets are placed in service.

### **Revenue and Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation had conditional promises to give of \$1.7 and \$1.1 million as of June 30, 2024 and 2023, respectively, with matching provisions of future fundraising efforts that have not yet been recorded in the financial statements as the conditions have not yet been met. Consequently, at June 30, 2024 and 2023, contributions of \$94,509 and \$0, respectively, have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met, and are presented as a refundable advance in the statements of financial position.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include fees for FLC services on the basis of estimates of time and effort.

### **Income Taxes**

The Foundation is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation's Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2021.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation 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 could differ from those estimates, and those differences could be material.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and organizations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

The Foundation maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024 and 2023, the Foundation had approximately \$330,000 and \$850,000 in excess of FDIC-insured limits, respectively.

### **Subsequent Events**

The Foundation has evaluated subsequent events through October 10, 2024, the date the financial statements were available to be issued.

**Note 2 - Liquidity**

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

	2024	2023
Cash and cash equivalents	\$ 504,012	\$ 905,045
Promises to give	-	5,000
Investments	2,569,648	2,267,454
	<u>\$ 3,073,660</u>	<u>\$ 3,177,499</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes upon appropriation. Donor-restricted endowment funds are not available for general expenditure.

The Foundation has operational reserve funds that are subject to a reserve usage policy which totaled \$825,099 and \$0, respectively, at June 30, 2024 and 2023. These funds are intended to maintain short term operational continuity and service in the event of adverse financial events, and to invest in strategic or programmatic objectives that support the college mission. These amounts could be made available if necessary. The Foundation had a separate scholarship reserve fund that was subject to a reserve usage policy which totaled \$0 and \$40,085, respectively, at June 30, 2024 and 2023.

The Foundation has board-designated endowments that are subject to discretionary spending policy as described in Note 6 which totaled \$1,230,138 and \$1,186,066 at June 30, 2024 and 2023, respectively. Although the Foundation does not intend to spend from these board-designated endowments (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. The Board further designated net assets without donor restrictions for housing solutions and scholarship funds which could be made available, if deemed necessary.

**Note 3 - Fair Value Measurements of Financial Instruments**

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

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
- Level 3 - Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

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

A significant portion of investment assets are classified within Level 1 because they comprise equities and mutual funds, exchange-traded funds, or cryptocurrency with readily determinable fair values based on daily redemption values. U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in perpetual trust held by others are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. Preferred stock of a private company is based on an annual valuation performed. These are considered Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2024:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable inputs Level 3
Cash and money market funds (at cost)	\$ 8,375,320	\$ -	\$ -	\$ -
Equities and mutual funds				
Domestic	9,999,690	9,999,690	-	-
International	5,311,690	5,311,690	-	-
Emerging markets	3,309,220	3,309,220	-	-
Exchange-traded funds				
Fixed income	9,920,313	9,920,313	-	-
Master limited partnerships	842,040	842,040	-	-
U.S. Government securities	7,509,550	-	7,509,550	-
Cryptocurrency	4,760,554	4,760,554	-	-
Preferred stock	35,188	-	-	35,188
At NAV				
Private equity funds	2,229,840	-	-	-
Private credit funds	4,032,234	-	-	-
Hedge funds	2,472,005	-	-	-
<b>Total investments at fair value</b>	<b>\$ 58,797,644</b>	<b>\$ 34,143,507</b>	<b>\$ 7,509,550</b>	<b>\$ 35,188</b>
Beneficial interest in assets held by others	\$ 641,740	\$ -	\$ -	\$ 641,740

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) and cryptocurrency for the year ended June 30, 2024:

	Cryptocurrency	Significant Unobservable Inputs Level 3	
		Preferred Stock	Beneficial Interest in Assets Held by Others
Balance at June 30, 2023	\$ 3,828,086	\$ 32,777	\$ 609,316
Contributions	-	12,420	-
Sales and distributions	(2,654,104)	-	(40,000)
Net investment return	3,586,572	(10,009)	72,424
<b>Balance at June 30, 2024</b>	<b>\$ 4,760,554</b>	<b>\$ 35,188</b>	<b>\$ 641,740</b>

Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2023:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs Level 3
Cash and money market funds (at cost)	\$ 2,246,419	\$ -	\$ -	\$ -
Equities and mutual funds				
Domestic	7,349,122	7,349,122	-	-
International	4,895,267	4,895,267	-	-
Emerging markets	2,320,469	2,320,469	-	-
Exchange-traded funds				
Equities	14,362,455	14,362,455	-	-
Fixed income	505,338	505,338	-	-
Master limited partnerships	274,974	274,974	-	-
U.S. Government securities	942,753	-	942,753	-
Cryptocurrency	3,828,086	3,828,086	-	-
Preferred stock	32,777	-	-	32,777
At NAV				
Private equity funds	950,561	-	-	-
Private credit funds	1,590,156	-	-	-
<b>Total investments at fair value</b>	<b>\$ 39,298,377</b>	<b>\$ 33,535,711</b>	<b>\$ 942,753</b>	<b>\$ 32,777</b>
Beneficial interest in assets held by others	\$ 609,316	\$ -	\$ -	\$ 609,316

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) and cryptocurrency for the year ended June 30, 2023:

	Cryptocurrency	Significant Unobservable Inputs Level 3	
		Preferred Stock	Beneficial Interest in Assets Held by Others
Balance at June 30, 2022	\$ 1,124,655	\$ 142,296	\$ 596,724
Contributions	1,122,219	12,420	-
Distributions	-	-	(40,000)
Net investment return	1,581,212	(121,939)	52,592
<b>Balance at June 30, 2023</b>	<b>\$ 3,828,086</b>	<b>\$ 32,777</b>	<b>\$ 609,316</b>

Investments measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2024 and 2023:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice
<u>At June 30, 2024</u>					
Private equity funds	10	\$ 2,229,840	\$ 1,921,093	Illiquid	None
Private credit funds	4	4,032,234	-	Quarterly	30 day
Hedge funds	4	2,472,005	-	Quarterly	30 day
		<u>\$ 8,734,079</u>	<u>\$ 1,921,093</u>		
<u>At June 30, 2023</u>					
Private equity funds	7	\$ 950,561	\$ 2,254,500	Illiquid	None
Private credit funds	3	1,590,156	-	Quarterly	30 day
		<u>\$ 2,540,717</u>	<u>\$ 2,254,500</u>		

Private equity funds – funds focused on buyout, growth equity, and/or distressed debt. These investments are not readily redeemable, but a secondary market does exist. The distributions are received through the liquidation of the underlying assets in the fund.

Private credit funds – funds that target a range of private credit strategies with focus on current income by primarily investing in privately originated and negotiated U.S. senior secured floating rate loans.

Hedge funds – funds that can invest long and short, primarily in common stocks. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2024 and 2023:

	2024	2023
Within one year	\$ 2,549,004	\$ 2,309,424
In one to five years	1,518,964	3,148,353
	4,067,968	5,457,777
Less allowance for uncollectible pledges	(35,000)	-
Less discount to net present value at rates ranging from 2.29% to 6.33%	(112,085)	(139,531)
Total	\$ 3,920,883	\$ 5,318,246

Approximately 69% and 68% of the Foundation's unconditional promises to give as of June 30, 2024 and 2023, respectively, consisted of promises to give from four and three donors, respectively. Total amounts above include promises to give restricted for endowment of \$784,270 and \$386,172 at June 30, 2024 and 2023, respectively.

**Note 5 - Property and Equipment**

Property and equipment consist of the following at June 30, 2024 and 2023:

	2024	2023
Land and buildings	\$ 994,400	\$ 994,400
Accumulated depreciation	(345,038)	(327,677)
Total property and equipment, net	\$ 649,362	\$ 666,723

Property and equipment includes the President's residence, which is the only property held as of June 30, 2024 and 2023.

**Note 6 - Endowments**

The Foundation's endowment (Endowment) is composed of 167 individual funds established by donors (Perpetual Endowment) and two purpose-restricted quasi-endowment funds (Quasi-Endowment). The funds were established by donors primarily to provide student scholarships, finance special projects of the College, and supplement operating budget. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors (Board-Designated Endowment). Perpetual Endowment funds are charitable funds whose principal must be preserved in perpetuity as a condition imposed by the donor. Quasi-Endowment funds are purpose-restricted gifts whose principal may be expended in accordance with the Foundation's spending-rate policy, with no requirement that any such expenditure be replenished. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original Permanent Endowment gifts as of each gift date, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

## Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

As of June 30, 2024, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,230,138	\$ -	\$ 1,230,138
Donor-restricted quasi-endowment	-	2,064,122	2,064,122
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	28,651,301	28,651,301
Accumulated investment gains	-	2,672,711	2,672,711
Total funds	\$ 1,230,138	\$ 33,388,134	\$ 34,618,272

As of June 30, 2023, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,186,066	\$ -	\$ 1,186,066
Donor-restricted quasi-endowment	-	211,690	211,690
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	13,976,875	13,976,875
Accumulated investment gains	-	838,660	838,660
Total funds	\$ 1,186,066	\$ 15,027,225	\$ 16,213,291

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no endowment funds with deficiencies for the years ended June 30, 2024 and 2023.

### Investment and Spending Policies

New investment and spending policies for the Endowment were adopted during 2023 that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. The Endowment assets are invested in a manner that is intended to produce results that equal or exceeds a targeted five-year rolling average of 8%. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the Foundation relies on a strategic (non-tactical) investment approach 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 greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined as 4.0% by the Board of Directors, is applied to the average market value of the Endowment investments for the prior three-years' quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2024 and 2023, the spending rate minimum was 3.0% and the maximum was 4.5%. The endowment administrative fee is assessed annually at 1.5% of the market value of the Endowment at December 31.

Changes in Endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, June 30, 2022	\$ 1,669,418	\$ 14,303,387	\$ 15,972,805
Contributions	-	1,257,065	1,257,065
Net investment return	105,788	1,319,321	1,425,109
Program expenditures and scholarships	(589,140)	(2,320,499)	(2,909,639)
Other changes	-	467,951	467,951
Endowment Net Assets, June 30, 2023	1,186,066	15,027,225	16,213,291
Contributions	-	12,772,857	12,772,857
Net investment return	88,428	2,597,131	2,685,559
Promises to give written off	-	(20,000)	(20,000)
Appropriations	(44,356)	(763,080)	(807,436)
Change in donor intent	-	3,774,001	3,774,001
Endowment Net Assets, June 30, 2024	<u>\$ 1,230,138</u>	<u>\$ 33,388,134</u>	<u>\$ 34,618,272</u>

During the normal course of business, the donor will change their initial intent and may designate their restricted funds for endowment. The Foundation will reclassify the amounts involved to the new classification. These reclassifications have no effect on the overall financial position.

**Note 7 - Net Assets with Donor Restrictions and Board-Designated Net Assets**

Board-designated net assets represent net assets without donor restrictions, which the Board of Directors has earmarked for a specified purpose at June 30, 2024 and 2023:

	2024	2023
Board-designated endowment	\$ 1,230,138	\$ 1,186,066
Operational reserve	825,099	-
Scholarship reserve	-	40,085
Total designated net assets	<u>\$ 2,055,237</u>	<u>\$ 1,226,151</u>

Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2024 and 2023

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2024 and 2023:

	2024	2023
<b>Subject to Expenditure for Specified Purpose</b>		
Student support and scholarships	\$ 9,617,281	\$ 9,893,992
Sports Performance Center	3,962,470	3,610,000
Health Sciences Center	2,724,073	4,947,461
Sky Pavilion and Indigenous Gardens	1,912,851	1,992,380
Concert Hall	849,871	939,371
Athletic Programs	340,924	558,162
Alumni Programs	264,213	236,542
Center of Southwest Studies	218,818	124,108
Radio station	128,183	967,618
<b>Subject to the Passage of Time</b>		
Promise to give with no purpose restrictions	-	5,000
Term-restricted by donor and unavailable until 2027	4,760,554	3,828,086
<b>Endowments</b>		
Subject to appropriation and expenditure when a specified event occurs - restricted by donors for		
Donor-restricted quasi-endowment	2,064,122	211,690
Student support and scholarships	2,672,711	838,660
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations		
Student support and scholarships	28,651,301	13,976,875
Total endowments	33,388,134	15,027,225
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in assets held by others	641,740	609,316
Total net assets with donor restrictions	\$ 58,809,112	\$ 42,739,261

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions		
Student support, scholarships and other programs	\$ 8,484,185	\$ 3,042,781
Subject to the passage of time		
Collections of promises to give with no purpose restrictions	5,000	-
Transfer of Collections and gifts in-kind	<u>-</u>	<u>2,794,545</u>
Total released from restriction	<u>\$ 8,489,185</u>	<u>\$ 5,837,326</u>

#### **Note 8 - Related Party Transactions**

The Foundation exists only to benefit the College students, programs and activities and, as such, is supported in several ways by the College. The Foundation Board and the Board of Trustees of the College enter into an annual Memorandum of Understanding (MOU) which addresses payment for the use of facilities, personnel and services provided directly by the College, as well as other less tangible support. The College also provides coordination of fundraising initiatives and major gift solicitations. For each of the years ended June 30, 2024 and 2023, the Foundation recognized support and offsetting expenses of \$519,449 and \$376,297, respectively, under the terms of the respective MOUs. At June 30, 2024 and 2023, the Foundation reflected \$477,370 and \$298,687, respectively, as the balance due to the College for reimbursements under the MOUs.

At June 30, 2024 and 2023, \$94,509 and \$0, respectively, was due from the College to the Foundation for an advanced payment on a conditional grant for which conditions have not yet been met.

The College leases the residence of the College President from the Foundation at an estimated annual value of \$38,400 which was recorded as rental income during the years ended June 30, 2024 and 2023.

Total contribution revenue recorded from Board members was \$786,397 and \$587,151 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, \$30,000 and \$72,500, respectively, was outstanding on promises to give from Board members.