ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Cloud State University Foundation, Inc.
St. Cloud, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of St. Cloud State University Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Cloud State University Foundation, Inc., as of June 30, 2022 and 2021, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Cloud State University Foundation, Inc., 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt St. Cloud State University Foundation, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 St. Cloud State University Foundation, Inc.'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 St. Cloud State University Foundation, Inc.'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
October 6, 2022

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 842,267	$ 313,174
Investments	49,415,927	55,195,394
Construction Bond Fund Accounts	1,022,114	1,022,019
Pledges Receivable, Current Portion	889,175	768,510
Current Portion of Finance Lease Receivable	-	1,007,999
Other Receivables	50	-
Prepaid Expenses	170,526	78,185
Interest Receivable	6,913	13,759
Assets Held for Others	479,564	-
Total Current Assets	52,826,536	58,399,040
PROPERTY AND EQUIPMENT		
Real Estate	139,000	139,000
Furniture and Fixtures	278,172	278,172
Leasehold Improvements	107,145	107,145
Construction in Process	124,382	-
Total Property and Equipment	648,699	524,317
Less: Accumulated Depreciation	369,682	368,695
Net Property and Equipment	279,017	155,622
OTHER ASSETS		
Beneficial Interest in Unitrusts	320,348	376,487
Pledges Receivable, Net of Current Portion and Allowance for Doubtful Pledges	1,627,374	1,187,655
Total Other Assets	1,947,722	1,564,142
Total Assets	$ 55,053,275	$ 60,118,804

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS	2022	2021
CURRENT LIABILITIES		
Current Maturities of Revenue Bonds Payable	$ 1,020,000	$ 1,010,000
Accounts Payable	208,101	132,335
Construction Revenue Bonds Interest Payable	6,913	13,759
Funds Held for Others	96,267	100,200
Current Portion of Annuities Payable	39,815	46,108
Total Current Liabilities	1,371,096	1,302,402
LONG-TERM LIABILITIES		
Annuities Payable, Net of Current Portion	194,419	233,193
Construction Revenue Bonds Payable, Net of Current Portion and Unamortized Financing Fees	58,914	1,149,612
Total Long-Term Liabilities	253,333	1,382,805
Total Liabilities	1,624,429	2,685,207
NET ASSETS		
Without Donor Restrictions - Undesignated	3,435,880	4,445,867
Without Donor Restrictions - Designated	749,002	156,518
Total Without Donor Restrictions	4,184,882	4,602,385
With Donor Restrictions	49,243,964	52,831,212
Total Net Assets	53,428,846	57,433,597
Total Liabilities and Net Assets	$ 55,053,275	$ 60,118,804

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 230,867	$ 6,316,169	$ 6,547,036
Nongift Deposits	5,233	53,104	58,337
In-Kind University Contribution	1,672,775	-	1,672,775
In-Kind Contributions Other	53,431	-	53,431
Asset Earnings	(558,133)	(5,715,402)	(6,273,535)
Bond Repayment Interest Income	74,450	-	74,450
Transfers	1,092,453	(1,092,453)	-
Subtotal	2,571,076	(438,582)	2,132,494
Net Assets Released from Restriction	3,143,756	(3,143,756)	-
Total Support and Revenue	5,714,832	(3,582,338)	2,132,494
EXPENSES			
Gifts and Scholarships:			
Restricted Gifts	1,944,763	-	1,944,763
Restricted Scholarships	1,313,458	-	1,313,458
Program	558,524	-	558,524
Total Program Expenses	3,816,745	-	3,816,745
Fundraising	819,369	-	819,369
Administrative and General	1,493,387	-	1,493,387
Reduction (Recovery) for Bad Debts	2,834	4,910	7,744
Total Administrative and General	1,496,221	4,910	1,501,131
Total Expenses	6,132,335	4,910	6,137,245
CHANGE IN NET ASSETS	(417,503)	(3,587,248)	(4,004,751)
Net Assets - Beginning of Year	4,602,385	52,831,212	57,433,597
NET ASSETS - END OF YEAR	$ 4,184,882	$ 49,243,964	$ 53,428,846

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 149,522	$ 3,527,544	$ 3,677,066
Nongift Deposits	250	62,059	62,309
In-Kind University Contribution	1,741,333	-	1,741,333
In-Kind Contributions Other	14,769	-	14,769
Asset Earnings	639,246	9,733,132	10,372,378
Bond Repayment Interest Income	110,475	-	110,475
Transfers	839,272	(839,272)	-
Subtotal	3,494,867	12,483,463	15,978,330
Net Assets Released from Restriction	1,904,880	(1,904,880)	-
Total Support and Revenue	5,399,747	10,578,583	15,978,330
EXPENSES			
Gifts and Scholarships:			
Restricted Gifts	720,786	-	720,786
Restricted Scholarships	1,262,699	-	1,262,699
Program	554,008	-	554,008
Total Program Expenses	2,537,493	-	2,537,493
Fundraising	835,195	-	835,195
Administrative and General	1,220,310	-	1,220,310
Reduction (Recovery) for Bad Debts	(177)	(1,915)	(2,092)
Total Administrative and General	1,220,133	(1,915)	1,218,218
Total Expenses	4,592,821	(1,915)	4,590,906
CHANGE IN NET ASSETS	806,926	10,580,498	11,387,424
Net Assets - Beginning of Year	3,795,459	42,250,714	46,046,173
NET ASSETS - END OF YEAR	$ 4,602,385	$ 52,831,212	$ 57,433,597

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising and Development	Total
Gifts and Scholarships	$ 3,258,221	$ -	$ -	$ 3,258,221
Demographic Maintenance	-	26,173	-	26,173
Research	118	982	-	1,100
Subscription/Memberships	150	6,880	34	7,064
Cultivation	27,946	7,185	4,042	39,173
Fees - Banks	-	14,493	-	14,493
Location/Furnishings	-	4,447	-	4,447
Food/Refreshments	-	81	65	146
Other Expense	-	105,250	82,400	187,650
Payroll	226,932	1,005,872	529,594	1,762,398
Accounting Fees	-	27,261	-	27,261
Consulting Fees	-	6,059	758	6,817
Supplies	405	4,857	331	5,593
Property Management	-	8,693	-	8,693
Telephone	1,135	1,144	1,840	4,119
Postage and Shipping	16,277	6,277	14,397	36,951
Printing	23,195	5,639	118,568	147,402
Technology/Computer Expense	9,350	180,261	5,800	195,411
Travel	4,417	3,152	14,305	21,874
Plaques/Premiums	57,812	438	-	58,250
Phonathon - Telemarketing	-	-	46,992	46,992
Staff Development	1,561	500	-	2,061
Bond Project Expense	-	-	-	-
Alumni Events	159,894	-	243	160,137
In-Kind Disbursements	53,431	-	-	53,431
In-Kind Rent Expense	-	49,000	-	49,000
Interest Expense (Premium Ammortization)	(24,099)	-	-	(24,099)
Amortization	-	27,756	-	27,756
Depreciation	-	987	-	987
Pledges Write-Off	-	7,744	-	7,744
Total Expenses by Function	$ 3,816,745	$ 1,501,131	$ 819,369	$ 6,137,245

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising and Development	Total
Gifts and Scholarships	$ 1,983,485	$ -	$ -	$ 1,983,485
Demographic Maintenance	1,076	1,453	-	2,529
Research	-	23,171	-	23,171
Subscription/Memberships	150	6,731	130	7,011
Cultivation	29,430	263	2,864	32,557
Fees - Banks	-	12,908	-	12,908
Location/Furnishings	7,671	13,505	-	21,176
Food/Refreshments	-	136	-	136
Other Expense	1,939	2,805	76,038	80,782
Payroll	294,595	888,238	546,518	1,729,351
Accounting Fees	-	29,792	-	29,792
Consulting Fees	-	1,260	-	1,260
Supplies	1,416	4,304	120	5,840
Property Management	-	7,804	-	7,804
Telephone	1,144	921	3,336	5,401
Postage and Shipping	9,621	4,756	16,227	30,604
Printing	45,887	7,976	106,976	160,839
Technology/Computer Expense	19,577	133,336	11,050	163,963
Travel	51	950	1,685	2,686
Plaques/Premiums	1,009	1,938	-	2,947
Phonathon - Telemarketing	-	-	65,815	65,815
Staff Development	746	299	4,269	5,314
Bond Project Expense	-	-	-	-
Alumni Events	108,958	-	167	109,125
In-Kind Disbursements	14,769	-	-	14,769
In-Kind Rent Expense	-	49,000	-	49,000
Interest Expense	15,969	-	-	15,969
Amortization	-	27,756	-	27,756
Depreciation	-	1,008	-	1,008
Pledges Write-Off (Recovery)	-	(2,092)	-	(2,092)
Total Expenses by Function	$ 2,537,493	$ 1,218,218	$ 835,195	$ 4,590,906

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Support and Revenue	$ 2,008,841	$ 2,092,325
Interest and Dividends Received	1,131,018	775,721
Cash Paid to Suppliers and Employees	(4,430,560)	(2,756,833)
Interest Paid	(53,445)	(22,747)
Net Cash Provided (Used) by Operating Activities	(1,344,146)	88,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(8,368,414)	(13,939,832)
Proceeds from Sale of Investments	6,824,624	11,817,015
Increase (Decrease) in Beneficial Interest in Unitrusts	56,139	(46,265)
Purchase of Fixed Assets	(124,382)	-
Payments Received on Lease Receivable	1,007,999	1,000,000
Net Cash Used by Investing Activities	(604,034)	(1,169,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowment	3,487,368	1,775,003
Principal Payments on Construction Revenue Bonds Payable	(1,010,000)	(1,000,000)
Net Cash Provided by Financing Activities	2,477,368	775,003
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	529,188	(305,613)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,335,193	1,640,806
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,864,381	$ 1,335,193

See accompanying Notes to Consolidated Financial Statements.

ST. CLOUD STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH CASH EQUIVALENTS AND RESTRICTED CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	$ (4,004,751)	$ 11,387,424
Adjustments to Reconcile Change in Net Assets to Net Cash and Restricted Cash Provided (Used) by Operating Activities:		
Depreciation	987	1,008
Amortization	27,756	27,756
Realized (Loss) on Sale of Investments	(1,485,524)	(1,631,130)
Unrealized Gain (Loss) on Investments	8,808,781	(7,984,326)
Revenue from Contributions Restricted for Investment in Endowment	(2,711,365)	(2,165,661)
Amortization of Premium on Bond Payable	(98,454)	(98,454)
Adjustment of Actuarial Liability	(5,252)	54,215
(Increase) Decrease in:		
Pledges Receivable	(1,336,387)	496,467
Other Receivables	(50)	-
Prepaid Expenses	(92,341)	62,481
Interest Receivable	6,846	6,778
Assets Held for Sale	(479,564)	-
Increase (Decrease) in:		
Accounts Payable	75,766	(16,781)
Funds Held for Others	(3,933)	3,507
Annuities Payable	(39,815)	(48,040)
Construction Revenue Bonds Interest Payable	(6,846)	(6,778)
Net Cash and Restricted Cash Provided (Used) by Operating Activities	$ (1,344,146)	$ 88,466
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
In-Kind Donations	$ 1,726,206	$ 1,756,102
RECONCILIATION OF CASH AND RESTRICTED CASH - END OF YEAR PER THE STATEMENT OF CASH FLOWS TO CASH AND RESTRICTED CASH PER THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	$ 842,267	$ 313,174
Construction Bond Fund Accounts	1,022,114	1,022,019
Cash and Restricted Cash per the Statement of Cash Flows	$ 1,864,381	$ 1,335,193

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Foundation

The St. Cloud State University Foundation, Inc. (the Foundation) is a nonprofit corporation with primary functions of gift development, relationship development, and funds management for the advancement of St. Cloud State University. The Foundation exists to support and enhance St. Cloud State University's ability to ignite students' learning and discovery of their gifts, their passions, and their potential contributions to society. The core qualities of the Foundation are integrity and passion, respect of all people, tenacity and motivation, innovation and creativity, and excellence and results.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as codified by the Financial Accounting Standards Board. Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Without Donor Restrictions – Resources over which the board of trustees has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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 resource was restricted has been fulfilled, or both.

Principles of Consolidation

The consolidated financial statements include the accounts of St. Cloud State Alumni Association a separately incorporated tax-exempt organization. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and investments in debt and other securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Pledges Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using a discount rate applicable in the year in which the pledge is received which was 1.45% for both years ended June 30, 2022 and 2021, respectively. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until such time as the conditions are substantially met. At June 30, 2022 and 2021, the Foundation recorded a reserve for uncollectible pledges of $39,215 and $32,872, respectively.

Property and Equipment

Property and equipment are stated at cost or at appraised value for donated assets. Major renewals and improvements over $5,000 are charged to the property and equipment accounts, while replacements, maintenance, and repairs, which do not improve or extend the lives of the assets, are expensed currently. Depreciation of property and equipment has been recorded using the straight-line method over the estimated useful lives. Office equipment is depreciated over 5 to 7 years and leasehold improvements are depreciated over 5 to 30 years.

Annuities

The Foundation has received contributions under annuity contracts, which generally provide for payments to the grantor for life. Assets received under these agreements are recorded at the fair value. A liability related to future payments under these agreements has been recorded at the present value using a discount rate of 5% for the years ended June 30, 2022 and 2021. Contribution income is recognized for the difference between the asset and the related liability. A liability related to split-interest agreements is recalculated annually, with the amortization of discounts and adjustments for changes to life expectancies recognized as actuarial liability adjustments on the consolidated statements of activities.

For the years ended June 30, 2022 and 2021, adjustments to reflect the amortization of discounts and changes in life expectancies were ($5,252) and $54,215, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Unitrusts

The Foundation receives contributions in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by a trustee, and distributions are made to the beneficiaries during the term of the agreement. These funds are invested in debt and equity securities, and the Foundation records its interest in these trusts at fair value based on estimated future cash receipts discounted at 5.4% and 6.8% for the years 2022 and 2021, respectively. Initial recognition and subsequent adjustments to the assets' carrying value are recognized as contribution revenue and changes in value of split-interest agreements, respectively, and are classified as with donor restricted or without donor-restricted support, depending on donor-imposed purpose and time restrictions, if any.

Funds Held for Others

The Foundation holds funds transferred to them from various campus organizations for investment management purposes. The funds are to be distributed back to the organizations as they request them. The Foundation has recognized the funds as a liability in the accompanying consolidated statements of financial position.

Asset Earning Allocation

The Foundation's policy is to allocate pooled investment earnings to the various funds by using the average monthly-invested balance. The Foundation charges a 2.5% fee based on the average monthly-invested balance to offset the costs incurred by the Foundation to receipt, disburse, and invest funds.

Fair Value Measurements

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the Foundation has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

The Foundation has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value at June 30, 2022. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to functions based on management's best estimate of usage.

Tax-Exempt Status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no expense has been recognized for income taxes in the accompanying consolidated financial statements. The Foundation is not a private foundation and contributions to the Foundation qualify as charitable deductions by the contributor.

The Foundation files as a tax exempt organization. Should that status be challenged in future periods, all years since inception would be subject to review by the Internal Revenue Service.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grant funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 6, 2022, the date the consolidated financial statements were available to be issued.

Change in Accounting Principal

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Foundation has updated disclosures as necessary (See Note 8).

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2022	2021
Cash and Cash Equivalents	$ 842,267	$ 313,174
Investments	49,415,927	55,195,394
Pledges Receivable, Current Portion	889,175	768,510
Other Receivable	50	-
Interest Receivable	6,913	13,759
Subtotal	51,154,332	56,290,837
Less: Donor-Imposed Restrictions	(47,616,590)	(51,643,557)
Total	$ 3,537,742	$ 4,647,280

Investments consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes which is largely to fund scholarships. The endowment funds are subject to an annual spending rate of up to 4.75% as described in Note 12.

NOTE 3 CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments in marketable securities, pledge receivables, and lease receivables.

At times, cash and temporary cash investments may be in excess of the FDIC insurance limit.

For the year ended June 30, 2022, two donors accounted for approximately 46% of its total pledges receivable. For the year ended June 30, 2021, two donors accounted for approximately 41% of total pledges receivable.

The Foundation received approximately 52% of its total contributions from three donors for the year ended June 30, 2022. For the year ended June 30, 2021, the Foundation received approximately 22% of its total contributions from one donor.

The finance lease receivable is due from one organization for the years ended June 30, 2022 and 2021. The Foundation considers there to be minimal risk with the lease receivable as it is due from a state institution.

NOTE 4 INVESTMENTS

Investments are comprised of the following at June 30, 2022 and 2021:

	Cost Value	Fair Value	Percent of Total
June 30, 2022			
Mutual Funds	$ 20,471,306	$ 23,823,174	48.21 %
Corporate Stocks	6,242,711	9,096,354	18.41
Foreign Stocks	2,329,503	2,358,070	4.77
Corporate Bonds	10,552,791	9,790,347	19.81
Foreign Bonds	820,707	789,565	1.60
Commodities	190,320	183,829	0.37
Closely Held Securities	180,783	180,783	0.37
Partnership	1,599,489	1,764,495	3.57
Cash and Money Market	1,429,310	1,429,310	2.89
Total	$ 43,816,920	$ 49,415,927	100.00 %

	Cost Value	Fair Value	Percent of Total
June 30, 2021			
Mutual Funds	$ 19,185,319	$ 28,971,508	52.48 %
Corporate Stocks	6,151,589	9,920,689	17.97
Foreign Stocks	2,356,662	2,906,588	5.27
Corporate Bonds	11,318,615	11,550,087	20.93
Foreign Bonds	945,627	991,416	1.80
Commodities	5,320	14,047	0.03
Closely Held Securities	148,640	148,640	0.27
Cash and Money Market	692,419	692,419	1.25
Total	$ 40,804,191	$ 55,195,394	100.00 %

Investment income (loss) is comprised of the following at June 30:

	2022	2021
Interest	$ 274,415	$ 296,129
Dividends	862,093	621,281
Unrealized Gain	(8,808,781)	7,984,326
Realized Gain	1,485,524	1,631,130
Investment Management Fees	(86,786)	(160,488)
Total Investment Activity	$ (6,273,535)	$ 10,372,378

NOTE 5 FUNDS HELD BY THE CENTRAL MINNESOTA COMMUNITY FOUNDATION

The Foundation has funds invested with Central Minnesota Community Foundation, Inc. (CMCF). These mutual fund investments are recorded at fair market value and are included with investments on the consolidated statement of financial position. These assets were contributed to CMCF by the Foundation under the terms of an agreement dated May 1, 1989. The agreement requires CMCF to pay the net income earned on all assets held in the Foundation's Designated Fund to the Foundation at convenient intervals. The Financial Accounting Standards Board (FASB) has issued a standard regarding funds established by a charitable organization for their own benefit. Although CMCF has "variance powers" to redirect the funds, the Foundation still retains future economic benefit in the transferred assets. Investment balance as of June 30, 2022 and 2021 is $348,538 and $364,525, respectively.

NOTE 6 CONSTRUCTION BOND FUND ACCOUNTS AND CONSTRUCTION REVENUE BONDS PAYABLE

The Foundation entered into an agreement on March 1, 2002 with the Housing and Redevelopment Authority in and for the city of St. Cloud, Minnesota and U.S. Bank National Association to issue $16,515,000 in revenue bonds. On May 30, 2012, the bonds were paid off and refinanced with $10,220,000 of new bonds issued with the Economic Development Authority of St. Cloud, Minnesota and U.S. Bank National Association. The bonds were used for the purpose of:

a. Constructing and equipping a new 4,800-seat, approximately 30,000-square-foot multipurpose stadium, including installing a dome and synthetic playing field and related parking improvements.
b. Demolishing the existing grandstands and renovating and equipping Selke Field for recreational use.
c. Constructing and equipping an approximately 16,398-square-foot addition to, and renovating and equipping approximately 19,888 square feet of, Atwood Memorial Center (including constructing a pedestrian skyway), a student services organizations facility.
d. Constructing and equipping a 40,000-square-foot one-story student fitness and recreational facility.
e. Funding a Reserve Fund in an amount equal to the Reserve Requirement.
f. Paying costs of issuance.

The proceeds from the issuance of bonds are held in different cash accounts as follows:

NOTE 6 CONSTRUCTION BOND FUND ACCOUNTS AND CONSTRUCTION REVENUE BONDS PAYABLE (CONTINUED)

The Bond Fund

The Bond Fund will be used solely for repayment of the principal and interest on the bonds. Upon payment of the first interest payment, the Bond Fund qualified as a “bona fide debt service fund” and those funds deposited in the Bond Fund will be used within 13 months of their deposit for payment of the principal and interest on the bonds. The Bond Fund will be used primarily to achieve a proper matching of payments of the loan repayments and debt service on the bonds within each bond year. It is expected that the Bond Fund will be depleted at least once each bond year (on February 1) except for a reasonable carryover amount not expected to exceed the greater of one year’s earnings on the Bond Fund for the immediately preceding bond year or 1/12 of the annual debt service on the Bonds for the immediately preceding bond year.

The Reserve Fund

The Reserve Fund is a “reasonably required reserve or replacement fund.” The amount on deposit in the Reserve Fund must never exceed the reserve fund limit, which is the least of the following:

a. 10% of the stated principal amount of the bonds, which is $1,022,000;

b. the maximum annual principal and interest requirements on the bonds, which is $1,171,750 occurring in the 12-month period ending May 1, 2018; or

c. 125% of the average annual principal and interest requirements on the bonds, which is $1,420,526.

For purposes of the bonds, the series required reserve of $1,022,165 is equal to or less than the reserve fund limit.

The Project Fund

The Project Fund monies were used to pay the project costs and costs of issuance.

Construction Revenue Bonds Payable

Interest on the bonds is payable semiannually on the first day of May and November each year. The average interest rate paid on the bonds over the term is 3.629%.

Included in the bond payable is the unamortized premium on the issuance of the 2012 bonds and are amortized over the term of the bonds. As of June 30, 2022 and 2021, the unamortized premium was $82,044 and $180,498, respectively.

NOTE 6 CONSTRUCTION BOND FUND ACCOUNTS AND CONSTRUCTION REVENUE BONDS PAYABLE (CONTINUED)

Construction Revenue Bonds Payable (Continued)

The principal payments of the bonds are payable on the first day of May each year. Principal maturities of the bonds payable for the next five years are as follows:

Year Ending June 30,	Amount
2023	$ 1,020,000
2024	-
2025	-
Unamortized Bond Premium	82,044
Unamortized Financing Fees	(23,130)
Total	$ 1,078,914

The bonds have coupon rates ranging from 2% to 4% and have maturity dates through 2023.

NOTE 7 PLEDGES RECEIVABLE

Included in pledges receivable at June 30 are the following unconditional promises to give:

	2022	2021
Promises to Give Expected to be Collected in:		
Less Than One Year	$ 889,175	$ 768,510
One to Five Years	1,520,020	1,062,463
Greater Than Five Years	225,000	225,000
Total	2,634,195	2,055,973
Less: Allowance for Uncollectible Promises to Give	39,215	32,872
Less: Discounts on Promises to Give	78,431	66,936
Net Unconditional Promises to Give	$ 2,516,549	$ 1,956,165

NOTE 8 CONTRIBUTION OF NONFINANCIAL ASSETS

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributed nonfinancial assets are recorded at fair value at the date of donation. The Foundation receives use of its office space from St. Cloud State University which is recorded at fair market value based on the average rental cost per square foot in the area. The foundation receives contributed services and supplies from the University during the year which are recorded at fair market value based on the cost to the University.

NOTE 8 CONTRIBUTION OF NONFINANCIAL ASSETS (CONTINUED)

In-kind contributions have also been recorded for various items received by the Foundation and subsequently disbursed to St. Cloud State University which donors have valued the fair market value based on appraisals. These contributions are reflected in the without donor restrictions column on the statement of activities due to the contributions being received and disbursed to the University within the same fiscal year.

Contributed nonfinancial assets consisted of the following for the years ended June 30:

	2022	2021
Contributed Services	$ 1,579,031	$ 1,645,603
Contributed Items	53,431	14,769
Donated Office Space	49,000	49,000
Donated Office Supplies	44,744	46,730
Total Contributed Nonfinancial Assets	$ 1,726,206	$ 1,756,102

NOTE 9 RELATED PARTY ACTIVITY

In-Kind Donations

For the years ended June 30, 2022 and 2021, an in-kind contribution of $1,672,775 and $1,741,333, respectively, has been recorded to reflect St. Cloud State University’s donation of services, supplies, and space. See note 8 for further detail.

Finance Lease Receivable

The Foundation has entered into an operating agreement with St. Cloud State University to lease assets being constructed or renovated with proceeds from the revenue bonds. The payment terms of the operating agreement reflect the payment terms required by the bond issuance. At the end of the operating agreement, the title to these assets shall pass to the University. The operating agreement qualifies as a capital lease under accounting standards. Payments under the operating agreement are equal to the interest payment and principal, if any, due at May 1 and November 1 of each year. See also Note 6 for future principal payments. As of fiscal year end June 30, 2022, the final payment was made and the financing lease receivable was closed.

NOTE 10 NET ASSETS

Net assets with donor restrictions consisted of the following:

	2022	2021
Pledges to be Received in Future Years	$ 2,516,549	$ 1,956,165
Department Program/Scholarship Funds	46,727,415	50,875,047
Total	$ 49,243,964	$ 52,831,212

NOTE 10 NET ASSETS (CONTINUED)

Net assets released from restriction were $3,143,756 and $1,904,880 for the years ended June 30, 2022 and 2021, respectively. Net assets were released from donor restriction by incurring expenses satisfying the purposes or by occurrence of other events specified by the donor, and by the passage of time.

Net assets without donor restrictions – designated:

Included in net assets without donor restrictions – designated are two board-designated funds that are invested within the investment pool. During the year ended June 30, 2022, the board transferred $600,000 from the annual fund via a board designation to the Herb Brooks National Hockey Center Technology Fund. Total net assets without donor restrictions – designated were $749,002 and $156,518, for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds	$ 23,823,174	$ -	$ -	$ 23,823,174
Corporate Stocks	9,096,354	-	-	9,096,354
Foreign Stocks	2,358,070	-	-	2,358,070
Corporate Bonds	-	9,790,347	-	9,790,347
Foreign Bonds	-	789,565	-	789,565
Commodities	-	183,829	-	183,829
Closely Held Securities	-	-	180,783	180,783
Cash and Money Market	1,429,310	-	-	1,429,310
Partnership	-	-	1,764,495	1,764,495
Total	36,706,908	10,763,741	1,945,278	49,415,927
Beneficial Interests in Unitrusts	-	320,348	-	320,348
Total	$ 36,706,908	$ 11,084,089	$ 1,945,278	$ 49,736,275

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds	$ 28,971,508	$ -	$ -	$ 28,971,508
Corporate Stocks	9,920,689	-	-	9,920,689
Foreign Stocks	2,906,588	-	-	2,906,588
Corporate Bonds	-	11,550,087	-	11,550,087
Foreign Bonds	-	991,416	-	991,416
Commodities	-	14,047	-	14,047
Closely Held Securities	-	-	148,640	148,640
Cash and Money Market	692,419	-	-	692,419
Total	42,491,204	12,555,550	148,640	55,195,394
Beneficial Interests in Unitrusts	-	376,487	-	376,487
Total	$ 42,491,204	$ 12,932,037	$ 148,640	$ 55,571,881

Unrealized changes in fair value for investments and realized gains and losses from sales are recorded in asset earnings (losses) in the consolidated statements of activities.

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 assets include corporate bonds, foreign bonds, and commodities. The fair value of the investments in this category is based on quoted market prices for the underlying investment.

Level 3 assets consist of an investment in Granite Equity Partners LLC (the company), a private investment and holding company. The investment is governed by an Assignment, Consent, and Joinder agreement. Transferability of this investment, in whole or in part, is subject to prior written consent of the company. In addition, the Foundation has an interest in a partnership joint venture.

The following table provides a summary of changes in fair value of the organization's Level 3 financial assets for the year ended June 30:

2022	Granite Equity	Partnership
Purchases	$ -	$ 1,599,489
Distributions	(3,510)	-
2021		
Purchases	$ -	$ -
Distributions	(2,914)	-

NOTE 12 ENDOWMENTS

The Foundation's endowment consists of approximately 400 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment (unless otherwise directed), and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment net assets by type of fund for the years ended June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Donor-Restricted Endowment Funds	$ -	$ 40,223,961	$ 40,223,961
Board-Designated Endowment Funds	114,205	-	114,205
Total Endowment Funds	$ 114,205	$ 40,223,961	$ 40,338,166

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
Donor-Restricted Endowment Funds	$ -	$ 43,777,681	$ 43,777,681
Board-Designated Endowment Funds	131,905	-	131,905
Total Endowment Funds	$ 131,905	$ 43,777,681	$ 43,909,586

NOTE 12 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset activity and type of fund for the years ended June 30, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, June 30, 2020	$ 104,185	$ 33,583,949	$ 33,688,134
Earnings:			
Interest and Dividends	2,339	751,565	753,904
Realized and Unrealized Gains	28,202	8,989,729	9,017,931
Total Investment Returns	30,541	9,741,294	9,771,835
Contributions	3,940	2,401,614	2,405,554
Appropriations for Expenditures, Including Fees	(6,761)	(2,169,294)	(2,176,055)
Transfers	-	220,118	220,118
Endowment Net Assets, June 30, 2021	131,905	43,777,681	43,909,586
Earnings:			
Interest and Dividends	-	3,499	3,499
Realized and Unrealized Losses	(17,374)	(5,710,790)	(5,728,164)
Total Investment Returns	(17,374)	(5,707,291)	(5,724,665)
Contributions	8,224	4,904,443	4,912,667
Appropriations for Expenditures, Including Fees	(8,550)	(2,723,040)	(2,731,590)
Transfers	-	(27,832)	(27,832)
Endowment Net Assets, June 30, 2022	$ 114,205	$ 40,223,961	$ 40,338,166

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature that are reported in net assets with donor restrictions were $-0- for both the years ended June 30, 2022 and 2021.

NOTE 12 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

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 Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark comprised of the Russell 1000, Russell 2000, EAFE, and LBIGC indexes while assuming a moderate level of investment risk. The secondary objective is to achieve a net return on investment equal to the sum of the board-approved disbursement rate (currently 4.75%) plus the Foundation's annual administrative fee (currently 2.5%) and the annual Consumer Price Index. The Foundation expects its endowment funds, over time, to maximize return within reasonable and prudent levels of risk and maintain sufficient liquidity to meet distribution needs on a timely basis. There are no assurances these objectives will be met, and actual returns may vary.

Strategies Employed for Achieving Objectives

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 4.75% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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