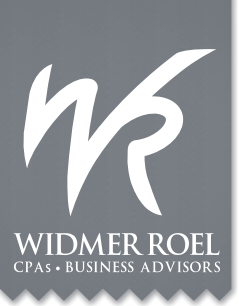


**MINNESOTA STATE UNIVERSITY
MOORHEAD FOUNDATION, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

WITH INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota State University Moorhead Foundation, Inc.
Moorhead, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of **Minnesota State University Moorhead Foundation, Inc.** (a Minnesota non-profit foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Minnesota State University Moorhead Foundation, Inc.** as of June 30, 2021 and 2020, 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.

A handwritten signature in black ink, appearing to read "William R. Rupp". The signature is written in a cursive style with a large initial "W" and a distinct "R" at the end.

Fargo, North Dakota
September 27, 2021

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,817,609	\$ 4,027,411
Current portion of promises to give, net	2,072,826	1,222,415
Other receivables	<u>179</u>	<u>3,486</u>
Total current assets	<u>5,890,614</u>	<u>5,253,312</u>
PROPERTY AND EQUIPMENT, net	<u>1,466,550</u>	<u>1,597,884</u>
OTHER ASSETS		
Promises to give, net	3,188,836	1,583,853
Investments	44,425,229	35,996,734
Assets held in charitable remainder trusts	310,433	267,886
Beneficial interest in assets held by others	2,324,356	1,860,290
Remainder life interests in real estate, net of depreciation	231,875	233,748
Property held for sale	<u>-</u>	<u>256,818</u>
Total other assets	<u>50,480,729</u>	<u>40,199,329</u>
Total assets	<u>\$ 57,837,893</u>	<u>\$ 47,050,525</u>

LIABILITIES AND NET ASSETS	2021	2020
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 165,253	\$ 165,253
Current portion of liabilities under charitable remainder trusts	4,913	8,807
Current portion of remainder life interest obligations	13,303	12,332
Current portion of annuity obligations	51,813	49,185
Accounts payable and other accrued liabilities	<u>94,424</u>	<u>30,214</u>
Total current liabilities	<u>329,706</u>	<u>265,791</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	2,015,606	2,180,859
Liabilities under charitable remainder trusts, net of current portion	75,826	84,611
Remainder life interest obligations, net of current portion	158,311	171,613
Annuity obligations, net of current portion	<u>397,229</u>	<u>412,539</u>
Total long-term liabilities	<u>2,646,972</u>	<u>2,849,622</u>
Total liabilities	<u>2,976,678</u>	<u>3,115,413</u>
NET ASSETS		
Without donor restrictions		
Unrestricted	4,185,337	3,180,229
Board designated	91,232	125,633
With donor restrictions	<u>50,584,646</u>	<u>40,629,250</u>
Total net assets	<u>54,861,215</u>	<u>43,935,112</u>
Total liabilities and net assets	<u>\$ 57,837,893</u>	<u>\$ 47,050,525</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and campaigns	\$ 215,744	\$ 4,896,430	\$ 5,112,174
Contributions from MSUM	667,224	-	667,224
Net investment return	1,532,462	6,584,563	8,117,025
Change in value			
of split-interest agreements	(14,316)	501,968	487,652
Lease and rental income	210,140	-	210,140
Gain on extinguishment of PPP #1 debt	131,500	-	131,500
Miscellaneous income	1,210	-	1,210
Net assets released from restrictions	<u>2,027,565</u>	<u>(2,027,565)</u>	<u>-</u>
 Total support and revenue	 <u>4,771,529</u>	 <u>9,955,396</u>	 <u>14,726,925</u>
 EXPENSES			
Program services			
Support to university	2,151,184	-	2,151,184
Resource support university/alumni	336,998	-	336,998
Supporting services			
Management and general	523,971	-	523,971
Fundraising	<u>788,669</u>	<u>-</u>	<u>788,669</u>
 Total expenses	 <u>3,800,822</u>	 <u>-</u>	 <u>3,800,822</u>
 CHANGE IN NET ASSETS	 970,707	 9,955,396	 10,926,103
 NET ASSETS, Beginning of year	 <u>3,305,862</u>	 <u>40,629,250</u>	 <u>43,935,112</u>
 NET ASSETS, End of year	 <u>\$ 4,276,569</u>	 <u>\$ 50,584,646</u>	 <u>\$ 54,861,215</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and campaigns	\$ 319,606	\$ 2,385,656	\$ 2,705,262
Contributions from MSUM	856,213	-	856,213
Investment income, net	944,808	(994,772)	(49,964)
Change in value			
of split-interest agreements	17,197	6,775	23,972
Lease and rental income	229,243	-	229,243
Miscellaneous income	34,775	-	34,775
Net assets released from restrictions	<u>1,954,653</u>	<u>(1,954,653)</u>	<u>-</u>
 Total support and revenue	 <u>4,356,495</u>	 <u>(556,994)</u>	 <u>3,799,501</u>
 EXPENSES			
Program services			
Support to university	1,918,788	-	1,918,788
Resource support university/alumni	426,792	-	426,792
Supporting services			
Management and general	503,170	-	503,170
Fundraising	<u>888,516</u>	<u>-</u>	<u>888,516</u>
 Total expenses	 <u>3,737,266</u>	 <u>-</u>	 <u>3,737,266</u>
 CHANGE IN NET ASSETS	 619,229	 (556,994)	 62,235
 NET ASSETS, Beginning of year	 <u>2,686,633</u>	 <u>41,186,244</u>	 <u>43,872,877</u>
 NET ASSETS, End of year	 <u>\$ 3,305,862</u>	 <u>\$ 40,629,250</u>	 <u>\$ 43,935,112</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>					
	<u>Support to University</u>	<u>Resource Support University/Alumni</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships	\$ 1,544,401	\$ -	\$ 1,544,401	\$ -	\$ -	\$ 1,544,401
University department support	411,458	-	411,458	-	-	411,458
Dorm building support	195,325	-	195,325	-	-	195,325
Other support	-	30,000	30,000	-	-	30,000
Salary and wages	-	291,293	291,293	434,507	695,224	1,421,024
Technology/computer expense	-	13,139	13,139	25,111	56,842	95,092
Meals, travel, lodging	-	114	114	125	9,617	9,856
Professional fees	-	-	-	34,144	-	34,144
Insurance - general	-	-	-	10,591	-	10,591
Printing expense	-	1,193	1,193	623	11,903	13,719
Credit card and bank fees	-	-	-	10,125	-	10,125
Staff training and dues	-	-	-	-	4,484	4,484
Postage expense	-	-	-	136	8,179	8,315
Supplies and promotional items	-	1,034	1,034	996	2,326	4,356
Board expense	-	-	-	5,662	-	5,662
Miscellaneous expense	-	225	225	1,951	94	2,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses by function	\$ <u>2,151,184</u>	\$ <u>336,998</u>	\$ <u>2,488,182</u>	\$ <u>523,971</u>	\$ <u>788,669</u>	\$ <u>3,800,822</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>					
	<u>Support to</u>	<u>Resource Support</u>		<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>University</u>	<u>University/Alumni</u>	<u>Total</u>	<u>and General</u>		
Scholarships	\$ 1,366,665	\$ -	\$ 1,366,665	\$ -	\$ -	\$ 1,366,665
University department support	351,753	-	351,753	-	-	351,753
Dorm building support	200,370	-	200,370	-	-	200,370
Other support	-	30,000	30,000	-	-	30,000
Salaries and wages	-	333,427	333,427	422,573	704,198	1,460,198
Consultant expense	-	-	-	-	14,978	14,978
Technology/computer expense	-	12,935	12,935	18,790	70,474	102,199
Meals, travel, lodging	-	3,063	3,063	1,323	28,170	32,556
Professional fees	-	-	-	26,354	-	26,354
Insurance - general	-	-	-	16,141	-	16,141
Printing expense	-	4,430	4,430	1,479	23,334	29,243
Hospitality expense	-	17,139	17,139	-	13,411	30,550
Production expense	-	11,900	11,900	-	7,350	19,250
Credit card and bank fees	-	-	-	7,567	-	7,567
Staff training and dues	-	1,159	1,159	2,871	6,408	10,438
Postage expense	-	104	104	289	16,427	16,820
Supplies and promotional items	-	2,991	2,991	539	1,392	4,922
Board expense	-	-	-	3,706	-	3,706
Miscellaneous expense	-	9,644	9,644	1,538	2,374	13,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses by function	\$ <u>1,918,788</u>	\$ <u>426,792</u>	\$ <u>2,345,580</u>	\$ <u>503,170</u>	\$ <u>888,516</u>	\$ <u>3,737,266</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,926,103	\$ 62,235
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Forgiveness of Payroll Protection Program loan #1	(131,500)	-
Change in value of charitable remainder trusts	(36,615)	16,180
Change in value of beneficial interest in assets held by others	(464,066)	(78,733)
Unrealized (appreciation) depreciation of investments	(4,819,847)	1,764,670
Realized gains on sale of investments	(2,739,376)	(1,158,694)
Contributions of securities	(332,153)	(507,708)
Contributions restricted for endowments	(491,243)	(3,122,523)
Depreciation on property and equipment	131,334	131,334
Depreciation on remainder life interest assets	1,873	36,309
Amortization of discount on remainder life interest obligations	(12,331)	(18,284)
Change in value of annuity obligations	36,503	(24,976)
Changes in assets and liabilities		
Promises to give	(2,455,394)	380,897
Bequest receivables	-	2,308,612
Other receivables	3,307	279,780
Accounts payable and other accrued liabilities	<u>64,210</u>	<u>(45,690)</u>
Net cash provided by (used in) operating activities	<u>(319,195)</u>	<u>23,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	32,921	36,296
Proceeds from sale of property held for sale	256,818	320,000
Purchases of investments	<u>(570,040)</u>	<u>(561,088)</u>
Net cash used in investing activities	<u>(280,301)</u>	<u>(204,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments	491,243	3,122,523
Principal payments on long-term debt	(165,253)	(160,208)
Principal payments on liabilities under charitable remainder trusts	(18,611)	(17,609)
Net proceeds from annuity obligations	-	71,620
Proceeds from long-term debt	131,500	131,500
Payments on annuity obligations	<u>(49,185)</u>	<u>(46,900)</u>
Net cash provided by financing activities	<u>389,694</u>	<u>3,100,926</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(209,802)	2,919,543
CASH AND CASH EQUIVALENTS, Beginning of year	<u>4,027,411</u>	<u>1,107,868</u>
CASH AND CASH EQUIVALENTS, End of year	\$ <u><u>3,817,609</u></u>	\$ <u><u>4,027,411</u></u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ <u>63,991</u>	\$ <u>69,036</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Contributed securities acquired	\$ <u>332,153</u>	\$ <u>507,708</u>
Increase to property held for sale through the termination of remainder life interests in real estate	\$ <u>-</u>	\$ <u>256,818</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Minnesota State University Moorhead Foundation, Inc. (“Foundation”) is a nonprofit organization established for the purpose of providing support to Minnesota State University Moorhead (“MSUM”). The Foundation obtains pledges and bequests primarily from former graduates of the University, residents and businesses in North Dakota and Minnesota. The Foundation provides academic scholarship funding to Minnesota State University Moorhead. The Foundation also provides funding to Minnesota State University Moorhead to enhance and support its mission for academic excellence and for its academic departments.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be extended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Minnesota State University Moorhead Foundation, Inc.’s management and board of directors. The Foundation’s board designated net assets have been established to provide scholarship funds for eligible students.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Concentration of Credit Risk

The Foundation maintains funds on deposit at a local financial institution. The majority of these balances are held in an interest-bearing account subject to FDIC limits. At times, the Foundation’s bank balances exceed the federally insured limits. At June 30, 2021 and 2020, the Foundation’s uninsured cash balance totaled \$3,550,290 and \$3,813,894, respectively. The Foundation has not experienced any losses on such accounts.

At June 30, 2021, approximately \$3,530,000 of the Foundation’s promises to give has been promised by three donors. The current level of the Foundation’s operations and program services may be impacted if these promises to give become uncollectible.

At June 30, 2020, approximately \$1,300,000 of the Foundation’s promises to give has been promised by two donors. The current level of the Foundation’s operations and program services may be impacted if these promises to give become uncollectible.

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

The Foundation's investments are exposed to various risks, such as fluctuation in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements.

Cash and Cash Equivalents

The Foundation includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. Cash and short-term investments held in money market accounts are reported as investments instead of cash and cash equivalents because the Foundation holds those amounts as investments.

Promises to Give

Promises to give, net of an allowance for uncollectible promises to give, are recorded as receivables and revenue when received. The Foundation distinguishes between promises to give for each net asset category in accordance with donor-imposed restrictions. Promises to give are recorded after being discounted to the anticipated net present value of the future cash flows.

The Foundation provides for losses on promises to give using the allowance method. The allowance is based on historical collection experience and other circumstances. It is the Foundation's policy to charge off uncollectible promises to give when management determines the receivable will not be collected.

Investments

Investments consist primarily of assets invested in common stocks, corporate and government obligations, and money market funds. Investments are generally stated at fair value based on published amounts, net asset value of underlying assets, or net expected cash payment upon cancellation of life insurance policies.

Realized and unrealized gains and losses on investments, interest and dividend income, as well as investment fees are included in the change in net assets in the statements of activities and changes in net assets. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Property and Equipment

Purchases of property and equipment are recorded at cost at the time of purchase. Donated property and equipment are recorded at fair value at the date of the gift. The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of \$10,000 as well as major repair and maintenance costs on equipment or buildings that exceed \$10,000, whereas expenditures for maintenance and repairs that do not meet the \$10,000 threshold are charged to expense. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts and the resulting gain or loss is reflected in the statements of activities and changes in net assets.

Depreciation is provided for over the estimated useful lives of the individual assets using the straight-line method. The estimated useful lives is 30 years.

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Donated Assets and Services

Property, equipment, and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market values at the date they are received. During fiscal years 2021 and 2020, MSUM provided employees, supplies and services valued at \$667,224 and \$856,213 respectively, which were recorded as contribution revenue and expense in the statements of activities and changes in net assets.

Income Taxes

The Foundation is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is required to record a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonable estimated. As of June 30, 2021 and 2020, no such liability existed. Management will continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Revenue Recognition

The Foundation's primary source of revenue is from contributions. Due to contributions being both voluntary and nonreciprocal, they are excluded from ASU No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)". The Foundation has analyzed the provision of Topic 606, including the five-step approach to evaluating contracts and has concluded that no changes are necessary to conform with the new standard.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses have been allocated on a functional basis between program, supporting services, and fundraising based on directly identifiable costs. Payroll is allocated based on personnel time devoted to various activities.

Use of Estimates

The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. The Foundation believes that there have been events subsequent to year end where disclosure is necessary. See Note 13 for subsequent events.

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 – AVAILABILITY AND LIQUIDITY

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,817,609	\$ 4,027,411
Promises to give without donor restriction, current	2,875	11,605
Accounts receivable	-	3,650
Investments without donor restriction	1,867,259	669,154
Endowment spending-rate allocations	<u>13,086</u>	<u>17,236</u>
 Total	 \$ <u>5,700,829</u>	 \$ <u>4,729,056</u>

Endowment funds consist of donor-restricted endowment and fund designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes and therefore, not available for general expenditure. There are six endowment funds that the donors have designated the Foundation Board of Directors to determine how to spend their allocations on an annual basis, plus the Board created an endowment. The spending allocation could be made available for general purposes if necessary. The amount allocated is reflected in the liquidity figure.

NOTE 3 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2021 and 2020:

	<u>Due in 1 Year</u>	<u>Due in 2 - 5 Years</u>	<u>Due in Over 5 Years</u>	<u>Total</u>	<u>2020</u>
Gross promises to give	\$ 2,113,076	\$ 2,139,805	\$ 1,446,100	\$ 5,698,981	\$ 2,989,035
Less:					
Discount to net present value	-	(142,541)	(254,528)	(397,069)	(147,167)
Allowance for uncollectible promises	<u>(40,250)</u>	<u>-</u>	<u>-</u>	<u>(40,250)</u>	<u>(35,600)</u>
	 \$ <u>2,072,826</u>	 \$ <u>1,997,264</u>	 \$ <u>1,191,572</u>	 \$ <u>5,261,662</u>	 \$ <u>2,806,268</u>

Promises to give due in one year are reflected at the net realizable value. Pledges receivable with due dates extending beyond one year are discounted at a rate of 3%. Amortization of the discount is included in contributions in the statements of activities and changes in net assets.

NOTE 4 – PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Neumaier dorm	\$ 3,940,000	\$ 3,940,000
Accumulated depreciation	<u>(2,473,450)</u>	<u>(2,342,116)</u>
	 \$ <u>1,466,550</u>	 \$ <u>1,597,884</u>

(Continued)

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$131,334 and \$131,334, respectively, is recorded in the dorm building support expense account with interest expense.

NOTE 5 – INVESTMENTS

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Money market mutual funds	\$ 979,478	\$ 721,886
Common stocks	29,660,929	21,348,879
Corporate bonds	7,693,617	7,908,075
Government obligations	6,079,514	6,005,153
Cash surrender value of life insurance	<u>11,691</u>	<u>12,741</u>
 Total investments	 <u>\$ 44,425,229</u>	 <u>\$ 35,996,734</u>

The following schedule summarizes the investment return and its classification in the statements of activities and changes in net assets for the year ended June 30:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 303,703	\$ 455,038	\$ 758,741
Investment advisory fees	(14,790)	(186,149)	(200,939)
Realized gains on sale of investments, net	587,569	2,151,807	2,739,376
Unrealized appreciation of investments, net	<u>655,980</u>	<u>4,163,867</u>	<u>4,819,847</u>
 Net investment return	 <u>\$ 1,532,462</u>	 <u>\$ 6,584,563</u>	 <u>\$ 8,117,025</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 420,766	\$ 322,767	\$ 743,533
Investment advisory fees	(36,907)	(150,614)	(187,521)
Realized gains on sale of investments, net	626,176	532,518	1,158,694
Unrealized depreciation of investments, net	<u>(65,227)</u>	<u>(1,699,443)</u>	<u>(1,764,670)</u>
 Net investment return	 <u>\$ 944,808</u>	 <u>\$ (994,772)</u>	 <u>\$ (49,964)</u>

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

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NOTE 6 – FAIR VALUE MEASUREMENTS

Professional standards state that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, they establish a fair value hierarchy that prioritizes the information used to develop those assumptions. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Money Market Mutual Funds – Valued at the net asset value (“NAV”) of shares held by the Foundation at year-end. Mutual funds held by the Foundation are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. The money market mutual funds held by the Foundation are deemed to be actively traded.

Common Stocks – Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds – Valued at the most recent traded prices reported on the active market on which the individual securities are traded. When the held asset is infrequently traded, valuations are based on various market and industry inputs including a combination of the relative changes in market interest rates, changes in the credit quality of bonds, and the relative supply of and demand for bonds.

Government Obligations – Valued at the most recent traded prices reported on the active market on which the individual securities are traded. When the held asset is infrequently traded, valuations are based on various market and industry inputs including the use of pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

Cash Surrender Value of Life Insurance – Valued the estimated amounts of payout from the insurance companies in the event the policies are voluntarily terminated before their maturities, net of surrender charges.

Promises to Give, Liabilities under Charitable Remainder Trusts, Remainder Life Interest and Annuity Obligations – Valued based on the net present value of expected future cash flows to be received from the donors based on various discount rates and donor or beneficiaries’ life expectancies.

Assets Held in Charitable Remainder Trusts – Valued at the NAV of shares held by the trusts at year-end. Mutual funds held by the trusts are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. The money market mutual funds held by the trusts are deemed to be actively traded.

Beneficial Interest in Assets Held by Others – Valued based on the present value of expected future cash flows based on donor or beneficiaries’ life expectancies and various discount rates.

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The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation's fair value measurement policies and procedures are reviewed annually to determine if the valuation techniques are still appropriate.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of June 30, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market mutual funds	\$ 979,478	\$ 979,478	\$ -	\$ -
Common stocks				
Consumer discretionary	2,651,411	2,651,411	-	-
Consumer staples	1,150,082	1,150,082	-	-
Energy	420,173	420,173	-	-
Financials	5,863,540	5,863,540	-	-
Foreign	3,522,147	3,522,147	-	-
Health care	3,192,070	3,192,070	-	-
Industrials	3,957,863	3,957,863	-	-
Information technology	5,115,748	5,115,748	-	-
Materials	1,099,513	1,099,513	-	-
Real estate	420,740	420,740	-	-
Telecommunication services	2,065,427	2,065,427	-	-
Transportation	13,421	13,421	-	-
Utilities	188,794	188,794	-	-
Corporate bonds	7,693,617	-	7,693,617	-
Government obligations	6,079,514	-	6,079,514	-
Cash surrender value of				
life insurance	11,691	-	11,691	-
Promises to give	5,261,662	-	-	5,261,662
Assets held in charitable				
remainder trusts	310,433	310,433	-	-
Beneficial interest				
in assets held by others	<u>2,324,356</u>	<u>-</u>	<u>-</u>	<u>2,324,356</u>
Total assets at fair value	\$ <u>52,321,680</u>	\$ <u>30,950,840</u>	\$ <u>13,784,822</u>	\$ <u>7,586,018</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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The following table sets forth by level, within the fair value hierarchy, the Foundation's liabilities measured at fair value on a recurring basis as of June 30, 2021:

	<u>Fair Value</u>		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Liabilities under charitable remainder trusts	\$ 80,739	\$	-	\$	-	\$	80,739
Remainder life interest obligations	171,614		-		-		171,614
Annuity obligations	<u>449,042</u>		<u>-</u>		<u>-</u>		<u>449,042</u>
Total liabilities at fair value	\$ <u>701,395</u>	\$	\$ <u>-</u>	\$	\$ <u>-</u>	\$	\$ <u>701,395</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of June 30, 2020:

	<u>Fair Value</u>		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Money market mutual funds	\$ 721,886	\$	721,886	\$	-	\$	-
Common stocks							
Communication services	2,570		2,570		-		-
Consumer discretionary	2,637,629		2,637,629		-		-
Consumer staples	1,063,006		1,063,006		-		-
Energy	1,249		1,249		-		-
Financials	3,781,580		3,781,580		-		-
Foreign	1,392,198		1,392,198		-		-
Health care	3,025,614		3,025,614		-		-
Industrials	3,042,776		3,042,776		-		-
Information technology	3,439,211		3,439,211		-		-
Materials	880,875		880,875		-		-
Real estate	198,206		198,206		-		-
Telecommunication services	1,382,330		1,382,330		-		-
Transportation	5,381		5,381		-		-
Utilities	496,254		496,254		-		-
Corporate bonds	7,908,075		-		7,908,075		-
Government obligations	6,005,153		-		6,005,153		-
Cash surrender value of life insurance	12,741		-		12,741		-
Promises to give	2,806,268		-		-		2,806,268
Assets held in charitable remainder trusts	267,886		267,886		-		-
Beneficial interest in assets held by others	<u>1,860,290</u>		<u>-</u>		<u>-</u>		<u>1,860,290</u>
Total assets at fair value	\$ <u>40,931,178</u>	\$	\$ <u>22,338,651</u>	\$	\$ <u>13,925,969</u>	\$	\$ <u>4,666,558</u>

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The following table sets forth by level, within the fair value hierarchy, the Foundation's liabilities measured at fair value on a recurring basis as of June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities under charitable remainder trusts	\$ 93,418	\$ -	\$ -	\$ 93,418
Remainder life interest obligations	183,945	-	-	183,945
Annuity obligations	<u>461,724</u>	<u>-</u>	<u>-</u>	<u>461,724</u>
Total liabilities at fair value	\$ <u>739,087</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>739,087</u>

Valuation Techniques

The following table describes the valuation techniques used for the other recurring fair value measurements for assets and liabilities in Level 3 of the fair value hierarchy:

	Quantitative Information about Level 3 Fair Value Measurements				
	Fair Value as of 06/30/21	Fair Value as of 06/30/20	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Promises to give	\$ 5,261,662	\$ 2,806,268	Present value	Discount rate	3.0%
Beneficial interest in assets held by others	\$ 2,324,356	\$ 1,860,290	Present value	Discount rate	6.0%
Liabilities under charitable remainder trusts	\$ 80,739	\$ 93,418	Present value	Life expectancies, Discount rate	6 - 13 years 6.0% - 7.25%
Remainder life interest obligations	\$ 171,614	\$ 183,945	Present value	Life expectancies calculated using IRS annuity tables, Discount rate	7.60%
Annuity obligations	\$ 449,042	\$ 461,724	Present value	Life expectancies calculated using IRS annuity tables, Discount rates	1.34% - 9.90%

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Changes in Level 3 assets and liabilities are as follows for the year ended June 30:

	<u>Promises to Give</u>	<u>Beneficial Interest in Assets Held by Others</u>	<u>Liabilities under Charitable Remainder Trusts</u>	<u>Remainder Life Interest Obligations</u>	<u>Annuity Obligations</u>
June 30, 2019	\$ 3,187,165	\$ 1,781,557	\$ 112,793	\$ 202,229	\$ 461,981
Changes in value	27,002	78,733	(19,375)	(18,284)	(24,976)
Additions	642,285	-	-	-	71,620
Payments	(1,057,584)	-	-	-	(46,900)
Changes in allowance	12,156	-	-	-	-
Promises written off	<u>(4,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020	\$ 2,806,268	\$ 1,860,290	\$ 93,418	\$ 183,945	\$ 461,724
Changes in value	(249,808)	464,066	(12,679)	(12,331)	36,503
Additions	3,976,155	-	-	-	-
Payments	(1,266,303)	-	-	-	(49,185)
Change in allowance	11,060	-	-	-	-
Promises written off	<u>(15,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2021	\$ <u>5,261,662</u>	\$ <u>2,324,356</u>	\$ <u>80,739</u>	\$ <u>171,614</u>	\$ <u>449,042</u>

NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
2.95% dormitory bond payable to Bremer Bank, due in monthly installments of \$19,104, including interest, through November 2031. Secured by assignment of rents and guaranteed by Minnesota State Colleges and Universities.	\$ 2,049,359	\$ 2,214,612
1.00% Paycheck Protection Program loan payable to Bremer Bank. If relief is not granted, the loan will be required to be paid by April 14, 2022 with monthly payments commencing on November 14, 2020. In January of 2021, this loan was forgiven.	-	131,500
1.00% Paycheck Protection Program loan payable to Bremer Bank. If relief is not granted, the loan will be required to be paid by April 18, 2026 with monthly payments commencing on March 18, 2022.	<u>131,500</u>	<u>-</u>
	2,180,859	2,346,112
Current portion	<u>(165,253)</u>	<u>(165,253)</u>
	\$ <u>2,015,606</u>	\$ <u>2,180,859</u>

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The following schedule shows the principal payments required on the above long-term debt for the years ending June 30:

2022	\$	165,253
2023		175,427
2024		180,645
2025		186,223
2026		323,370
Thereafter		<u>1,149,941</u>
Total	\$	<u>2,180,859</u>

Interest expense on the long-term debt for the years ended June 30, 2021 and 2020, totaled \$63,991 and \$69,036, respectively.

NOTE 8 – SPLIT-INTEREST AGREEMENTS

The Foundation is the beneficiary of various charitable gift annuity agreements, charitable remainder trusts, and remainder life interests, in which the donor generally contributes assets in exchange for distributions to the donor or other beneficiaries based on the value of trust assets for a specified period of time. At the end of the specified time, the remaining assets are available for the Foundation's use. Assets received are recorded at fair value on the date the agreement is recognized. A liability for the charitable remainder trusts is recorded equal to the present value of the future distributions using published discount rates issued by the *American Council on Gift Annuities*. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Foundation revalues the liabilities based on life expectancy rates determined by the IRS dependent on the age(s) of the donors as of year-end.

A liability recorded for the life estates is based on the fair market value at the time of the donation less any remaining amortized liability. The liability is re-evaluated each year for any changes to the life expectancies of the donors and evaluated for impairment each year.

In addition, the Foundation is the beneficiary under various wills and remainder life interest agreements, the total realizable amount of which is not presently determinable. Such amounts will be recorded when clear title is established and the proceeds are measurable.

NOTE 9 – RELATED PARTY TRANSACTIONS

A significant portion of the Foundation's operations and management are conducted by personnel of MSUM. In addition, MSUM also compensates the Foundation for certain operating expenses. Amounts paid by MSUM for the years ended June 30, 2021 and 2020 totaled \$667,224 and \$856,213, respectively, have been recognized as contribution and expense in the statements of activities and changes in net assets.

The Foundation reimburses MSUM for certain operating expenses incurred on its behalf and provides scholarships to MSUM students. Payments for operating expenses incurred totaled \$606,783 and \$552,123 for the years ended June 30, 2021 and 2020, respectively. Payments for scholarships for the years ended June 30, 2021 and 2020 totaled \$1,544,401 and \$1,366,665, respectively. These payments are included as expenses in the statements of activities and changes in net assets.

The Foundation uses office space provided by MSUM. No fees are charged for this service.

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The Foundation has a banking relationship with a financial institution in which a Board member of the Foundation is an employee of the financial institution. The banking relationship consists of a checking account and a debt facility. Total deposits as of June 30, 2021 and 2020 were approximately \$3,800,290 and \$4,063,894, respectively. Total note payable indebted to the financial institution as of June 30, 2021 and 2020 was \$2,180,859 and \$2,346,112, respectively.

MSUM operates and maintains the Neumaier Dorm which is owned by the Foundation. In return for using the property, MSUM reimburses the Foundation for the interest and principal payments due on the long-term dormitory bond payable to Bremer Bank.

During 2021 and 2020, the Foundation received contributions from Board members totaling \$125,858 and \$54,303, respectively. Promises to give from Board members at June 30, 2021 and 2020, totaled \$300,005 and \$303,680, respectively.

NOTE 10 – ENDOWMENTS

The Foundation's endowments consist of approximately 284 individual donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") 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 net assets with donor restrictions for endowment subject to spending policy and appropriation (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any 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 donor restricted for endowment subject to spending policy and appropriation net assets is classified donor restricted for appropriation and expenditure when a specific event occurs until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, 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; and
- (7) The investment policies of the Foundation.

Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. The Foundation expects its endowment funds, over time, to provide a reasonable level of

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total return to support the spending policy authorized by the Board of Directors and to grow endowment assets. Therefore, the Foundation expects endowment assets to produce an average 5.5% return net of annual payouts and inflation (as measured by the Consumer Price Index) that exceeds 1% annually over a ten-year period. Actual results may vary from this objective, however, failure to meet this objective should prompt the Board of Directors to re-examine the investment and spending policies.

Endowment assets are managed on a total return basis. While the Foundation recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Foundation’s best interest on a risk adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Foundation is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Foundation is willing to accept.

Spending Policy

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment fund’s average fair value. The approved distribution percentage for fiscal years 2021 and 2020 was 3.5% and 4.0%, respectively. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

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 MUPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2021 and 2020, the fair value of invested assets assigned to individual donor restricted endowment net asset balances required to be maintained in perpetuity had no deficiencies.

Endowment net asset consisted of the following at June 30, 2021:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 91,232	\$ -	\$ 91,232
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	25,376,272	25,376,272
Original donor restricted gift amount and amounts required to be maintained for time by donor	-	900,000	900,000
Accumulated investment gains	-	9,696,700	9,696,700
	<u>\$ 91,232</u>	<u>\$ 35,972,972</u>	<u>\$ 36,064,204</u>

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Endowment net asset consisted of the following at June 30, 2020:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 125,633	\$ -	\$ 125,633
Donor restricted endowment funds			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	23,861,513	23,861,513
Original donor restricted gift amount and amounts required to be maintained for time by donor	-	900,000	900,000
Accumulated investment gains	-	4,899,498	4,899,498
	<u>\$ 125,633</u>	<u>\$ 29,661,011</u>	<u>\$ 29,786,644</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Endowment fund net assets, June 30, 2019	\$ 126,587	\$ 29,056,355	\$ 29,182,942
Investment income, net	(954)	(993,818)	(994,772)
Contributions	-	3,122,523	3,122,523
Appropriation of endowment assets for expenditure	-	(1,524,049)	(1,524,049)
Endowment fund net assets, June 30, 2020	125,633	29,661,011	29,786,644
Investment income, net	(34,401)	6,618,964	6,584,563
Contributions	-	491,243	491,243
Appropriation of endowment assets for expenditure	-	(798,246)	(798,246)
Endowment fund net assets, June 30, 2021	<u>\$ 91,232</u>	<u>\$ 35,972,972</u>	<u>\$ 36,064,204</u>

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NOTE 11 – DONOR RESTRICTED NET ASSETS

Donor restricted net assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specific purpose		
Scholarships	\$ 2,285,248	\$ 1,598,818
University departmental/program support	2,435,183	2,593,507
Building project	1,864,567	1,474,244
Promises to give for specific purpose	<u>5,026,769</u>	<u>2,348,188</u>
Total purpose restriction	<u>11,611,767</u>	<u>8,014,757</u>
Subject to passage of time		
Beneficial interests in charitable trusts held by others	2,324,356	1,860,290
Charitable remainder trusts	229,694	174,468
Charitable gift amount of annuity agreement	14,977	22,421
Promises to give unavailable until due	<u>6,228</u>	<u>17,503</u>
Total time restriction	<u>2,575,255</u>	<u>2,074,682</u>
Endowment		
Subject to appropriation and expenditure when a specific event occurs:		
Available for general use	135,878	68,413
Scholarship	8,003,097	3,204,594
Department/program support	<u>1,557,725</u>	<u>1,626,491</u>
Total purpose restriction	<u>9,696,700</u>	<u>4,899,498</u>
Subject to endowment spending policy and appropriation for specific time and purpose:		
Scholarship	800,000	800,000
Department/program support	<u>100,000</u>	<u>100,000</u>
Total specific time and purpose restriction	<u>900,000</u>	<u>900,000</u>
Subject to endowment spending policy, perpetual in nature		
General use	321,003	321,003
Scholarship	22,265,098	16,181,497
Department/program support	<u>2,790,171</u>	<u>7,359,013</u>
Total perpetual in nature restriction	<u>25,376,272</u>	<u>23,861,513</u>
Total endowment	<u>35,972,972</u>	<u>29,661,011</u>

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	<u>2021</u>	<u>2020</u>
Not subject to endowment spending policy		
Promises to give, the proceeds which have been restricted by donors for endowment	228,664	440,577
Life insurance	11,672	-
Property held for sale and life insurance	-	244,936
Charitable gift amount of annuity agreements	124,054	143,484
Life estates net of liability	<u>60,262</u>	<u>49,803</u>
 Total not subject to endowment spending policy	 <u>424,652</u>	 <u>878,800</u>
 Total net assets with donor restrictions	 \$ <u><u>50,584,646</u></u>	 \$ <u><u>40,629,250</u></u>

NOTE 12 – RETIREMENT PLANS

During the years ended June 30, 2021 and 2020, the Foundation had a 401(k) and profit-sharing plan covering all employees who meet the eligibility requirements. The Foundation matches 100% of employee contributions on the first 3% and 50% on the next 2% of each employee's elective contribution. The Foundation added an HRA plan in the year ended June 30, 2020, in which the employer makes contributions of \$429 per month for each eligible employee or \$550 per month for each eligible employee and his/her covered dependents. Total retirement plan related expense totaled approximately \$75,727 and \$58,533 for the years ended June 30, 2021 and 2020, respectively.

NOTE 13 – SUBSEQUENT EVENTS

In September 2021, the full amount of the Paycheck Protection Program Loan was forgiven under the CARES Act.