



Financial Statements  
June 30, 2021 and 2020

# DSU Heritage Foundation

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## Independent Auditor's Report

The Board of Directors  
DSU Heritage Foundation  
Dickinson, North Dakota

We have audited the accompanying financial statements of DSU Heritage Foundation, which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DSU Heritage Foundation as of June 30, 2021 and 2020, and the changes in its net assets and 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 that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
November 16, 2021

DSU Heritage Foundation  
Statements of Financial Position  
June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 390,997	\$ 227,356
Investments	9,932,950	7,788,545
Promises to give, net	889,164	1,561,443
Note receivable	24,844	30,449
Other receivables	8,091	4,745
Prepaid expenses	11,693	11,693
Property and equipment, net	1,364,121	1,404,543
Mineral rights	362,387	362,387
	<u>\$ 12,984,247</u>	<u>\$ 11,391,161</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 53,750	\$ 44,964
Funds held for others	-	42,465
	<u>53,750</u>	<u>87,429</u>
<b>Net Assets</b>		
Without donor restrictions	2,595,660	2,160,634
With donor restrictions	10,334,837	9,143,098
	<u>12,930,497</u>	<u>11,303,732</u>
	<u>\$ 12,984,247</u>	<u>\$ 11,391,161</u>

DSU Heritage Foundation  
Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Support, and Gains</b>			
Contributions	\$ 303,289	1,356,627	\$ 1,659,916
In-kind contributions	419,925	-	419,925
Badlands Activity Center revenues	60,706	-	60,706
Other income	95,684	67,919	163,603
Net investment return	44,304	1,429,510	1,473,814
Special events	160,072	-	160,072
Mineral income	45,242	55,205	100,447
Grant revenue	-	68,557	68,557
Net assets released from restrictions	1,786,079	(1,786,079)	-
	<u>2,915,301</u>	<u>1,191,739</u>	<u>4,107,040</u>
<b>Expenses and Losses</b>			
Program services expense			
Scholarships	1,040,698	-	1,040,698
University support	599,253	-	599,253
	<u>1,639,951</u>	<u>-</u>	<u>1,639,951</u>
Supporting services expense			
Management and general	649,571	-	649,571
Fundraising and development	190,753	-	190,753
	<u>840,324</u>	<u>-</u>	<u>840,324</u>
	<u>2,480,275</u>	<u>-</u>	<u>2,480,275</u>
Change in Net Assets	435,026	1,191,739	1,626,765
Net Assets, Beginning of Year	<u>2,160,634</u>	<u>9,143,098</u>	<u>11,303,732</u>
Net Assets, End of Year	<u>\$ 2,595,660</u>	<u>\$ 10,334,837</u>	<u>\$ 12,930,497</u>

DSU Heritage Foundation  
Statement of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Support, and Gains</b>			
Contributions	\$ 521,920	\$ 2,183,070	\$ 2,704,990
In-kind contributions	422,550	-	422,550
Badlands Activity Center revenues	95,371	-	95,371
Other income	14,163	54,912	69,075
Net investment return	28,197	103,607	131,804
Special events	140,911	3,865	144,776
Mineral income	73,999	235,514	309,513
Grant revenue	16,100	693,262	709,362
Net assets released from restrictions	1,604,284	(1,604,284)	-
Total revenue, support, and gains	<u>2,917,495</u>	<u>1,669,946</u>	<u>4,587,441</u>
<b>Expenses and Losses</b>			
Program services expense			
Scholarships	839,988	-	839,988
University support	480,191	-	480,191
Total program expenses	<u>1,320,179</u>	<u>-</u>	<u>1,320,179</u>
Supporting services expense			
Management and general	669,785	-	669,785
Fundraising and development	203,677	-	203,677
Total supporting services expenses	<u>873,462</u>	<u>-</u>	<u>873,462</u>
Total expenses and losses	<u>2,193,641</u>	<u>-</u>	<u>2,193,641</u>
Change in Net Assets	723,854	1,669,946	2,393,800
Net Assets, Beginning of Year	<u>1,436,780</u>	<u>7,473,152</u>	<u>8,909,932</u>
Net Assets, End of Year	<u>\$ 2,160,634</u>	<u>\$ 9,143,098</u>	<u>\$ 11,303,732</u>

DSU Heritage Foundation  
Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services			Management and General	Fundraising and Development	Total
	Scholarships	University Support	Total			
Scholarships	\$ 966,454	\$ -	\$ 966,454	\$ -	\$ -	\$ 966,454
University support	-	326,296	326,296	-	-	326,296
Salaries and benefits	74,244	104,283	178,527	220,476	144,941	543,944
Special events	-	-	-	-	45,812	45,812
Other program disbursements	-	168,174	168,174	-	-	168,174
Printing and reproduction	-	-	-	24,434	-	24,434
Depreciation	-	-	-	40,422	-	40,422
Computer and software	-	-	-	58,432	-	58,432
Professional fees	-	-	-	56,400	-	56,400
Sublet services	-	500	500	-	-	500
Public relations	-	-	-	9,588	-	9,588
Utilities	-	-	-	20,700	-	20,700
Repairs and maintenance	-	-	-	47,281	-	47,281
Awards and recognition	-	-	-	17,491	-	17,491
Business insurance	-	-	-	25,255	-	25,255
Other expenses	-	-	-	9,563	-	9,563
Advertising and promotional	-	-	-	29,263	-	29,263
Travel, training, and conventions	-	-	-	7,391	-	7,391
Postage	-	-	-	17,652	-	17,652
Office supplies	-	-	-	5,066	-	5,066
Credit card fees	-	-	-	2,654	-	2,654
Vehicle, gas and oil	-	-	-	1,811	-	1,811
Dues and subscriptions	-	-	-	10,227	-	10,227
Operating supplies	-	-	-	754	-	754
Meals and entertainment	-	-	-	2,923	-	2,923
Taxes	-	-	-	588	-	588
Rent	-	-	-	-	-	-
Bike-a-thon	-	-	-	1,500	-	1,500
Management fees	-	-	-	39,700	-	39,700
Total expenses	<u>\$ 1,040,698</u>	<u>\$ 599,253</u>	<u>\$ 1,639,951</u>	<u>\$ 649,571</u>	<u>\$ 190,753</u>	<u>\$ 2,480,275</u>



DSU Heritage Foundation  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services			Management and General	Fundraising and Development	Total
	Scholarships	University Support	Total			
Scholarships	\$ 782,078	\$ -	\$ 782,078	\$ -	\$ -	\$ 782,078
University support	-	295,073	295,073	-	-	295,073
Salaries and benefits	57,910	92,823	150,733	221,632	161,334	533,699
Special events	-	-	-	-	42,343	42,343
Other program disbursements	-	63,365	63,365	-	-	63,365
Printing and reproduction	-	-	-	45,152	-	45,152
Depreciation	-	-	-	40,196	-	40,196
Computer and software	-	-	-	38,789	-	38,789
Professional fees	-	-	-	32,347	-	32,347
Sublet services	-	28,930	28,930	-	-	28,930
Public relations	-	-	-	36,058	-	36,058
Utilities	-	-	-	16,724	-	16,724
Repairs and maintenance	-	-	-	11,548	-	11,548
Awards and recognition	-	-	-	10,219	-	10,219
Business insurance	-	-	-	23,251	-	23,251
Other expenses	-	-	-	88,542	-	88,542
Advertising and promotional	-	-	-	30,896	-	30,896
Travel, training, and conventions	-	-	-	2,898	-	2,898
Postage	-	-	-	18,593	-	18,593
Office supplies	-	-	-	3,561	-	3,561
Credit card fees	-	-	-	4,171	-	4,171
Vehicle, gas and oil	-	-	-	2,157	-	2,157
Dues and subscriptions	-	-	-	2,013	-	2,013
Operating supplies	-	-	-	78	-	78
Meals and entertainment	-	-	-	4,462	-	4,462
Taxes	-	-	-	621	-	621
Rent	-	-	-	400	-	400
Bike-a-thon	-	-	-	2,791	-	2,791
Management fees	-	-	-	32,686	-	32,686
<b>Total expenses</b>	<b>\$ 839,988</b>	<b>\$ 480,191</b>	<b>\$ 1,320,179</b>	<b>\$ 669,785</b>	<b>\$ 203,677</b>	<b>\$ 2,193,641</b>

DSU Heritage Foundation  
Statement of Cash Flows  
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 1,626,765	\$ 2,393,800
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	40,422	40,196
Realized and unrealized gains and losses on investments	(1,216,236)	120,282
Contributions restricted to endowment	(579,683)	(1,055,754)
Contributed property and land capitalized	-	(60,000)
Changes in operating assets and liabilities		
Promises to give, net	539,897	(904,198)
Note receivable	5,605	5,455
Other receivables	(3,346)	(4,745)
Funds held for others	(42,465)	42,465
Refundable advance	-	(281,809)
Accounts payable	8,786	40,250
Net Cash from Operating Activities	379,745	335,942
Investing Activities		
Purchases of investments	(3,156,345)	(3,564,481)
Proceeds from sales of investments	2,228,176	1,966,766
Net Cash used for Investing Activities	(928,169)	(1,597,715)
Financing Activity		
Collections of contributions restricted to endowment	712,065	1,282,731
Net Change in Cash and Cash Equivalents	163,641	20,958
Cash and Cash Equivalents, Beginning of Year	227,356	206,398
Cash and Cash Equivalents, End of Year	\$ 390,997	\$ 227,356

## **Note 1 - Principal Activity and Accounting Policies**

### **Organization**

DSU Heritage Foundation (the Foundation), a not-for-profit corporation, was established to stimulate and foster support for Dickinson State University (University) by securing, managing, and disbursing funds to benefit the University and the University's students. The Foundation solicits and accepts gifts from individuals, businesses and organizations; administers its funds; makes scholarships and awards; and generally promotes the University.

### **Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments with donor restrictions for the endowment or other long-term purposes are excluded from this definition.

### **Promises to Give**

The Foundation records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2021 and 2020, the allowance for uncollectible promises to give was \$44,084.

### **Property and Equipment**

The Foundation records property and equipment additions over \$5,000 at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

### **Collections**

The Foundation has several collections, which were acquired through contributions since the Foundation's inception, that are not recognized as assets on the statement of financial position. The Foundation's collections are made up of artifacts of historical significance, books, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. Collection items are subject to a policy that requires them to be held by the Foundation or returned to the donor.

### **Mineral Rights**

The Foundation records mineral rights purchases at cost or, if donated, at fair value on the date of donation. Mineral rights are subsequently recorded at the lower of cost or fair value.

### **Investments**

The Foundation records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Investments are made in accordance with the criteria established by the Investment Committee, a subset of the Board of Directors. The Investment Committee is authorized to delegate certain responsibilities to professional experts who have the discretion to purchase, sell, and/or hold the specific securities that will be used to meet the fund's investment objectives.

The Foundation requires all fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently with minimal impact on market price.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets 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. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. During the years ended June 30, 2021 and 2020, \$419,925 and \$422,550, respectively, of salaries and benefits were donated by the University (see Note 8).

### **Functional Allocation of Expenses**

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

### **Income Taxes**

The Foundation is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose, if any. The Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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

The Foundation manages deposit concentration risk by placing cash and money market with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and local area businesses supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Subsequent Events**

The Foundation has evaluated subsequent events through November 16, 2021, the date the financial statements were available to be issued.

**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 statement of financial position date, comprise the following:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 390,997	\$ 227,356
Promises to give, current portion	225,674	540,629
Investments	9,932,950	7,788,545
Total financial assets	10,549,621	8,556,530
Less amounts not available for general expenditure in the next year:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	7,863,903	7,369,287
Subject to expenditure for specified purpose		
Foundation house operations/maintenance	458	1,369
Memorabilia fund	300	300
Golf program	20,200	35,721
Rental property	41,421	46,975
Fundraising events	-	91,631
DSU rodeo practice arena	22,300	22,300
DSU dual mission	19,806	12,231
Total financial assets not available for general expenditure within the next year	7,968,388	7,579,814
Financial assets available for general expenditure within the next year	\$ 2,581,233	\$ 976,716

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Donor-restricted endowment funds are not available for general expenditure.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

### Note 3 - Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

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

The Foundation invests in cash and money market funds, equity securities, and bonds traded in the financial markets. Cash and money market funds are valued at cost. Equity securities are actively traded and are valued based on market prices and are classified as Level 1. Bond investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.



The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds (at cost)	\$ 2,064,585	\$ -	\$ -	\$ -
Fixed income bonds	106,692	-	106,692	-
Fixed income mutual funds	3,379,192	3,379,192	-	-
Equity mutual funds	3,428,807	3,428,807	-	-
Exchange traded equity funds	953,674	953,674	-	-
	<u>\$ 9,932,950</u>	<u>\$ 7,761,673</u>	<u>\$ 106,692</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds (at cost)	\$ 1,788,987	\$ -	\$ -	\$ -
Fixed income bonds	128,045	-	128,045	-
Fixed income mutual funds	2,271,717	2,271,717	-	-
Equity mutual funds	2,586,355	2,586,355	-	-
Exchange traded equity funds	1,013,441	1,013,441	-	-
	<u>\$ 7,788,545</u>	<u>\$ 5,871,513</u>	<u>\$ 128,045</u>	<u>\$ -</u>

**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020:

	2021	2020
Within one year	\$ 225,674	\$ 540,629
In one to five years	712,024	1,099,073
In six to ten years	27,500	-
	965,198	1,639,702
Less discount to net present value at rates ranging from 1.07% to 2.33%	(31,950)	(34,175)
Less allowance for uncollectible promises to give	(44,084)	(44,084)
	\$ 889,164	\$ 1,561,443

As of June 30, 2021, 42% of the Foundation's unconditional promises to give were receivable from two donors.

**Note 5 - Property and Equipment**

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 182,100	\$ 182,100
Buildings and improvements	1,297,900	1,297,900
Furniture and equipment	50,000	50,000
	1,530,000	1,530,000
Less accumulated depreciation	(165,879)	(125,457)
	\$ 1,364,121	\$ 1,404,543

**Note 6 - Endowment Fund**

The Foundation's endowment (the Endowment) consists of approximately 111 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value) donated to the Endowment, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 223,277	\$ -	\$ 223,277
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	7,863,903	7,863,903
Accumulated investment gains	-	1,465,045	1,465,045
	\$ 223,277	\$ 9,328,948	\$ 9,552,225

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 111,573	\$ -	\$ 111,573
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	7,369,287	7,369,287
Accumulated investment gains	-	215,926	215,926
	<u>\$ 111,573</u>	<u>\$ 7,585,213</u>	<u>\$ 7,696,786</u>

#### Investment Spending Policies

The Foundation determines the distribution of its endowment funds on an on-going basis. Distributions are determined based upon the availability of income from the endowment funds and the applicability of the request to the purposes of the endowments. The Foundation has established an investment policy to achieve expected returns adequate to meet the requests made of the endowment funds. 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.

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds, June 30, 2019	\$ 154,553	\$ 6,239,474	\$ 6,394,027
Net investment return	3,100	103,607	106,707
Mineral royalties	-	44,038	44,038
Change in present value discount	-	(6,968)	(6,968)
Contributions	-	1,473,113	1,473,113
Withdrawals	(46,080)	(268,051)	(314,131)
Endowment Funds, June 30, 2020	111,573	7,585,213	7,696,786
Net investment return	42,782	1,429,510	1,472,292
Mineral royalties	-	2,902	2,902
Change in present value discount	-	2,517	2,517
Contributions	71,888	646,009	717,897
Withdrawals	(2,966)	(337,203)	(340,169)
Endowment Funds, June 30, 2021	<u>\$ 223,277</u>	<u>\$ 9,328,948</u>	<u>\$ 9,552,225</u>

**Note 7 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specified Purpose		
Foundation house operations/maintenance	\$ 458	\$ 1,369
Memorabilia fund	300	300
Golf program	20,200	35,721
Rental property	41,421	46,975
Fundraising events	-	91,631
Financial aid	472,367	636,922
DSU rodeo practice arena	22,300	22,300
DSU dual mission	19,806	12,231
Promises to give, the proceeds from which have been restricted by donors for Financial aid	429,037	710,436
	1,005,889	1,557,885
Endowments		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	7,863,903	7,369,287
Accumulated investment gains	1,465,045	215,926
	9,328,948	7,585,213
	\$ 10,334,837	\$ 9,143,098

**Note 8 - Related Party Transactions**

The Foundation paid the University \$1,457,187 and \$1,162,000, respectively, for expenses during the years ended June 30, 2021 and 2020. The expenses were for salaries, scholarships, direct gifts to programs, and other shared expenses. As of June 30, 2021 and 2020, the Foundation owed the University \$44,455 and \$40,608 related to these expenses.

The University made payments to the Foundation during the years ended June 30, 2021 and 2020 totaling \$0 and \$3,595, respectively. The payments were for expense reimbursements.

The Foundation made payments to different clubs at the University during the years ended June 30, 2021 and 2020, totaling \$1,600 and \$2,574, respectively. These payments were for activities that help support the University.

Under the terms of their operating agreement, the University has agreed to pay the full salary and benefits for a number of Foundation employees. The in-kind salaries and benefits donated by the University totaled \$469,020 and \$532,054, respectively, during the years ended June 30, 2021 and 2020.

The Foundation had promises to give receivables of \$77,595 and \$246,064, respectively, as of June 30, 2021 and 2020, from members of the Board of Directors and management of the Foundation.

**Note 9 - Contingency**

During 2021 and 2020, the Foundation has been impacted by the effects of the world-wide coronavirus pandemic. The Foundation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of the issuance of these financial statements, the full impact of the Foundation's financial position is not known.