
University of Colorado Foundation

**Consolidated Financial Report
with Supplemental Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Directors
University of Colorado Foundation

Opinion

We have audited the accompanying consolidated financial statements of the University of Colorado Foundation (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities and changes in net assets 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 the University of Colorado Foundation as of June 30, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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.

Emphasis of Matter

As described in Note 6, the consolidated financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on monthly and quarterly statements provided by fund managers and partnership general partners. The investments are valued at approximately \$1,970,000,000 and \$1,905,000,000 (61 and 62 percent, respectively, of total assets) at June 30, 2024 and 2023, respectively. Additionally, there are approximately \$349,000,000 and \$307,100,000 in unfunded future commitments related to these investments as of June 30, 2024 and 2023, respectively. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 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 about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

To the Board of Directors
University of Colorado Foundation

Auditor's Responsibilities for the Audits of the Consolidated 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moreau, PLLC

October 17, 2024

University of Colorado Foundation

Consolidated Statement of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 84,071,999	\$ 23,507,623
Contributions receivable (Note 4)	28,040,266	38,938,789
Other assets	1,161,826	793,332
Total current assets	113,274,091	63,239,744
Investments (Notes 5 and 6)	2,961,991,991	2,816,734,090
Contributions Receivable - Net of current portion (Note 4)	114,334,222	123,948,407
Property and Equipment - Net (Note 7)	1,063,345	1,129,227
Assets Held Under Split-interest Agreements (Notes 6 and 8)	30,524,726	30,456,074
Beneficial Interest in Charitable Trusts Held by Others (Notes 6 and 8)	12,369,243	12,886,469
Total assets	\$ 3,233,557,618	\$ 3,048,394,011
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 133,038	\$ 532,266
Accounts payable and accrued liabilities - University	13,373,044	10,183,961
Liabilities under split-interest agreements (Note 8)	1,910,811	2,110,938
Custodial funds (Note 9)	18,022,419	22,257,573
Total current liabilities	33,439,312	35,084,738
Liabilities Under Split-interest Agreements (Note 8)	15,277,600	14,700,317
Funds Held in Trust for Others (Note 8)	2,712,816	2,848,398
Custodial Funds - Net of current portion (Note 9)	590,888,938	565,970,673
Total liabilities	642,318,666	618,604,126
Net Assets (Notes 10 and 11)		
Without donor restrictions:		
Undesignated	24,309,829	5,824,932
Board designated	33,743,845	45,725,564
Total without donor restrictions	58,053,674	51,550,496
With donor restrictions	2,533,185,278	2,378,239,389
Total net assets	2,591,238,952	2,429,789,885
Total liabilities and net assets	\$ 3,233,557,618	\$ 3,048,394,011

University of Colorado Foundation

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ -	\$ 224,143,162	\$ 224,143,162	\$ 2,120	\$ 306,186,235	\$ 306,188,355
Advancement support assessment (Note 15)	31,193,139	(24,302,848)	6,890,291	34,506,809	(26,625,043)	7,881,766
Investment return - Net	30,916,174	163,969,868	194,886,042	23,525,927	135,133,445	158,659,372
Change in value of split-interest agreements (Note 8)	-	673,395	673,395	-	3,379,407	3,379,407
Other revenue	(12,737)	338,234	325,497	-	460,234	460,234
Transfers from the University	-	335,962	335,962	-	384,645	384,645
Other changes in net assets	(486,113)	486,113	-	(225,000)	225,000	-
Net assets released from restrictions (Note 11)	207,220,438	(207,220,438)	-	205,263,238	(205,263,238)	-
Total revenue, gains, and other support	268,830,901	158,423,448	427,254,349	263,073,094	213,880,685	476,953,779
Distributions and Expenses						
Transfers to the University	219,413,631	-	219,413,631	222,045,447	-	222,045,447
Support services:						
Advancement support to the University (Note 15)	36,921,216	-	36,921,216	35,656,335	-	35,656,335
Administrative (Note 13)	5,992,876	-	5,992,876	6,125,638	-	6,125,638
Total support services	42,914,092	-	42,914,092	41,781,973	-	41,781,973
Total distributions and expenses	262,327,723	-	262,327,723	263,827,420	-	263,827,420
Change in Net Assets - Before other items	6,503,178	158,423,448	164,926,626	(754,326)	213,880,685	213,126,359
Other Items - Write-off of uncollectible contributions receivable (Note 4)	-	(3,477,559)	(3,477,559)	-	(603,040)	(603,040)
Change in Net Assets	6,503,178	154,945,889	161,449,067	(754,326)	213,277,645	212,523,319
Net Assets - Beginning of year	51,550,496	2,378,239,389	2,429,789,885	52,304,822	2,164,961,744	2,217,266,566
Net Assets - End of year	\$ 58,053,674	\$ 2,533,185,278	\$ 2,591,238,952	\$ 51,550,496	\$ 2,378,239,389	\$ 2,429,789,885

Consolidated Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 161,449,067	\$ 212,523,319
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	72,865	71,801
Realized and unrealized gains - Net	(192,297,087)	(152,901,888)
Change in beneficial interest in charitable trusts held by others	517,226	2,080,252
Contributions restricted for long-term investments	(54,701,638)	(56,537,351)
Change in value of split-interest agreements	(2,463,236)	1,074,575
Write-off of uncollectible contributions receivable	3,477,559	603,040
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Contributions receivable - Net	17,035,149	(82,395,616)
Other assets	(368,494)	(420,918)
Accounts payable and accrued expenses	2,789,855	3,335,471
Custodial funds	(26,946,268)	(29,020,174)
Funds held in trust for others	(135,582)	(47,743)
Net cash and cash equivalents used in operating activities	(91,570,584)	(101,635,232)
Cash Flows from Investing Activities		
Purchase of property and equipment	(6,983)	(23,254)
Purchase of investments	(1,026,625,597)	(1,073,257,749)
Sale of investments	1,121,294,161	1,093,215,080
Net cash and cash equivalents provided by investing activities	94,661,581	19,934,077
Cash Flows from Financing Activities		
Contributions received for long-term investment	54,701,638	56,537,351
Payments on split-interest agreement obligations	1,722,922	(2,299,554)
Distributions from closeout of charitable remainder and lead trusts	1,048,819	2,270,402
Contributions under split-interest agreements	-	83,905
Net cash and cash equivalents provided by financing activities	57,473,379	56,592,104
Net Change in Cash and Cash Equivalents	60,564,376	(25,109,051)
Cash and Cash Equivalents - Beginning of year	23,507,623	48,616,674
Cash and Cash Equivalents - End of year	\$ 84,071,999	\$ 23,507,623

Note 1 - Nature of Business

The University of Colorado Foundation (the "Foundation") was founded in 1967 by a group of dedicated alumni and community leaders who sought to raise and invest private support for the University of Colorado (the "University") to augment its other revenue streams. The Foundation is a legally separate 501(c)(3) charitable organization that is governed by a board of directors and operates with a staff of approximately 23 employees.

The Foundation has been authorized by the board of regents of the University to serve as the financial portal for philanthropic giving to and for the benefit of the University. Private support given to the Foundation for the benefit of the University enables the University to transform lives through education, research, clinical care, and community engagement.

The Foundation focuses its efforts on donor stewardship through customer service and assurance in gift acceptance, processing, and administration. The Foundation administers and allocates gift funds in a manner consistent with the purposes established by donors and distributes dollars from its managed funds to support a wide variety of programs and activities throughout the university system and on its four campuses.

Note 2 - Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared on the basis of accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the University of Colorado Foundation and The University of Colorado UK Foundation Limited (UCUK) because the Foundation has both control of and an economic interest in UCUK. All significant intercompany balances and transactions have been eliminated in consolidation. Collectively, these consolidated entities are hereinafter referred to as the "Foundation" unless otherwise noted.

UCUK, a charitable company limited by shares, was formed under the laws of England and Wales and incorporated on February 25, 2010. The Foundation is UCUK's sole shareholder. UCUK's purpose is to advance and promote education for the public benefit, in particular for any educational and charitable purposes connected with the University, its affiliates, and its past and present students and staff. UCUK owns property in London for the use of the university faculty and graduate students who are conducting scholarly research in the United Kingdom. UCUK's net assets at June 30, 2024 and 2023 were \$943,358 and \$1,008,532, respectively.

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Foundation considers all unrestricted cash and highly liquid investments with an initial maturity of three months or less that are not held as components of the Foundation's investment portfolio to be cash equivalents.

Note 2 - Significant Accounting Policies (Continued)

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying consolidated financial statements. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipients under the contract.

Contributions of marketable securities are recorded at the estimated fair value as of the date of the gift. It is the Foundation's practice to determine appropriate disposition of such gifts of securities at the time of receipt.

The Foundation reports gifts of property and equipment and other noncash receipts as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports the expiration of donor restrictions when the assets are placed in service.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

Investments

Investments are recorded at fair value. Fair value is determined as more fully described in Note 6. The majority of investments are held in a long-term investment pool (LTIP) and a short-term investment pool (STIP), both of which are managed by the Foundation's outsourced chief investment officer (OCIO).

Investments in marketable equity and fixed-income securities with readily determinable market values are reported at fair value based on quoted prices in active markets.

Alternative investments include real estate funds, private equity, commingled funds, hedge funds, investments in partnerships, and investments in limited liability and other investment companies. The fair values for alternative investments represent the Foundation's pro rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the OCIO and management of the Foundation. Alternative investments are not publicly traded on national security market exchanges, are generally illiquid, and may be valued differently than if readily available markets existed for such investments. Because of inherent uncertainties of the valuation of alternative investments, the reported fair values of such investments may differ significantly from realized values. Included in the investment portfolio are real estate and note receivable assets. These assets are stated at cost and present value, respectively.

Note 2 - Significant Accounting Policies (Continued)

Net investment return reported on the consolidated statement of activities and changes in net assets consists of the Foundation's distributive share of any interest, dividends, and capital gains and losses generated from the Foundation's investments, less investment and custodial fees and the OCIO's fees. Realized gains and losses attributable to the Foundation's investments are reported upon a sale or disposition of the investment. Restricted gains and investment income are generally reported as increases to net investment return with donor restrictions.

Concentrations of Credit Risk

Potential concentrations of credit risk include cash and cash equivalents, investments, and contributions receivable. The Foundation places temporary cash, cash equivalents, and money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds is not insured by the Federal Deposit Insurance Corporation or a related entity. Investments are made primarily in investment managers engaged by the Foundation's OCIO, which has been delegated discretion of manager selection by the investment policy committee (IPC) of the board of directors. Investments are regularly monitored by the OCIO, with oversight by management and the IPC. Although the market values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation. Collection risk associated with contributions receivable is limited due to the large number of contributors comprising the Foundation's contributor base and historical high-collectibility experience.

Property and Equipment

Property and equipment held by the Foundation valued in excess of \$10,000 are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which range from 3 to 30 years. The cost of leasehold improvements is amortized over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Custodial Funds

The Foundation holds and invests certain endowment and other funds in the LTIP in trust on behalf of the University. The Foundation also holds funds on behalf of separate not-for-profit corporations. These funds are accounted for as a liability by the Foundation.

Transfers from the University

The University periodically sends the Foundation certain funds approved to be added to Foundation endowments and invested in the LTIP. The Foundation received \$335,962 and \$384,645 in the years ended June 30, 2024 and 2023, respectively. The University also has authority from the board of regents to convert custodial endowments to foundation endowments when doing so enhances operational efficiencies or allows for stronger donor stewardship. There were no conversions of custodial endowments during the years ended June 30, 2024 and 2023.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Board-designated net assets are net assets without donor restrictions designated based on actions taken by the board of directors, which can be altered or revoked at a future time by the board of directors.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

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 and/or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets with donor restrictions unless specifically unrestricted by the donor.

Support Services

The Foundation generates revenue from three primary sources: an assessment on endowed funds in the LTIP, a distribution from the Foundation's STIP, and a distribution from a board-designated quasi endowment. The majority of this income is transferred to the University to support fundraising operations on each of the University's campuses and the central office of advancement and is shown on the consolidated statement of activities and changes in net assets as advancement support to the University. Administrative expenses represent the general operating costs of the Foundation.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 17, 2024, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

Financial assets available for current obligations are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Total assets	\$ 3,233,557,618	\$ 3,048,394,011
Less fixed and nonfinancial assets	<u>(45,119,140)</u>	<u>(45,265,102)</u>
Financial assets	3,188,438,478	3,003,128,909
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Endowment assets	1,963,938,272	1,819,759,304
Custodial funds	608,911,357	588,654,935
Restricted by donor with time or purpose restrictions	555,257,856	540,491,034
Investments held in annuity trust	5,252,226	4,724,415
Board designations:		
Quasi-endowment funds	22,924,872	22,215,071
Designated for university programs	<u>10,818,973</u>	<u>23,510,493</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,334,922</u>	<u>\$ 3,773,657</u>

The Foundation receives, holds, and invests contributions that are almost entirely restricted by donors to support specific purposes at the University. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those obligations to its donors and the University. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 3 - Liquidity and Availability of Resources (Continued)

The Foundation has two investment pools: the LTIP and the STIP. The STIP policy allocation goal is 50 percent in the LTIP, 40 percent in fixed income, and 10 percent in cash. The STIP consists primarily of donor-restricted current expendable gifts and endowment distributions that are held by the Foundation until called by the University. In addition, the Foundation's operating cash and reserves are part of the STIP. Endowments are generally invested in the LTIP, and life income arrangements are invested in separate mutual funds. Investment gains or losses on the STIP increase or decrease the financial assets available for general expenditure. The Foundation is generally allocated an annual assessment fee for advancement support of approximately 1.5 percent on endowment funds held, which is transferred to the Foundation's undesignated net assets throughout the year. The Foundation's finance/operations committee regularly reviews this balance and recommends a reserve amount to the board of directors. Balances above any reserve are periodically made available for university priorities.

The Foundation's board of directors occasionally designates funds for long-term giving to the University from the Foundation's net assets without donor restrictions. These designations are often for long-term capital projects, for which funds are disbursed to the University in future periods. As a result, board-designated net assets can exceed the undesignated net assets on hand. Although these funds are intended to be used for the purpose designated by the board, they could be undesignated for liquidity purposes if necessary. Additionally, as described in Note 2, the Foundation generates certain revenue from the distributions of a quasi endowment from within the board-designated quasi endowment. While distributions only from this quasi endowment are currently being used, the entire balance could be liquidated if necessary. The balance of this board-designated quasi endowment as of June 30, 2024 and 2023 is \$20,384,555 and \$19,775,495, respectively.

Note 4 - Contributions Receivable

Contributions receivable, net of allowance for uncollectible contributions and unamortized discount, are summarized as follows:

	2024	2023
Gross contributions receivable	\$ 155,266,344	\$ 178,116,981
Allowance for uncollectible contributions	(5,569,826)	(10,636,409)
Allowance for net present value discount	(7,322,030)	(4,593,376)
Contributions receivable - Net	\$ 142,374,488	\$ 162,887,196
Amounts due in:		
Less than one year	\$ 53,180,356	\$ 49,959,986
One to five years	101,821,605	126,063,449
More than five years	264,383	2,093,546
Total	\$ 155,266,344	\$ 178,116,981

Contributions receivable are recorded at estimated fair value based on the present value of future cash flows, adjusted for uncollectible amounts. Discount rates used by the Foundation to determine the net present value of contributions receivable are based on the duration over which payments are received and are commensurate with United States Treasury zero coupon bond rates for the same period. Discount rates used for outstanding contributions receivable range from 0.11 to 5.40 percent.

Contributions receivable related to long-term purposes, such as for an endowment, are classified as noncurrent assets due to the long-term nature of the underlying purpose.

During the years ended June 30, 2024 and 2023, the Foundation wrote off \$3,477,559 and \$603,040, respectively, of contributions receivable balances.

Note 5 - Investments

The Foundation has entered into an investment advisory agreement with a third party to provide investment management services as an OCIO. The Foundation may terminate this arrangement at any time provided it gives 90 days' written notice. The OCIO has investment discretion within the framework of the Foundation's investment policy statement (IPS). The IPS was drafted by and is reviewed annually by the Foundation's IPC and approved by the board of directors. The Foundation's management and IPC meet regularly with the OCIO to discuss asset class allocations and to review the LTIP's performance over 1-, 3-, 5-, 7-, and 10-year time horizons. All investment management fees, including the OCIO's, are included in net investment return on the consolidated statement of activities and changes in net assets.

The Foundation's investments include privately and publicly held investments and are structured to provide the financial resources needed to meet the Foundation's charitable objectives. They include a variety of investment products, such as commingled mutual funds and trusts, foreign-domiciled hedge funds, and limited partnerships. Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investments to fluctuate from period to period and could result in material changes to the consolidated net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions, and the state and perceived direction of the economy. The values of bond investments and other fixed-income securities fluctuate in response to changing interest rates, creditworthiness of issuers, and overall economic policies that impact market conditions. Investments in private equity and real estate funds can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction.

Certain investment managers selected by the OCIO are permitted to use investment strategies and techniques designed to achieve higher investment returns with volatility that may be either higher or lower than traditional strategies but exhibit lower correlations to major market indices and other asset classes. Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio. Certain investments contain liquidity restrictions ranging from less than one month to more than one year.

Many of the investments held in the portfolio have management cost components that may or may not be discretely reported and can vary depending on the timing of capital investments, life cycle of the fund, accounting methodology followed by the fund, flows of investments and redemptions within the accounting period, and the degree to which a manager charges an incentive fee. Discrete investment management fees, as well as OCIO and custodial services expenses, are generally paid through the investments held in the LTIP and the STIP.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 5 - Investments (Continued)

The details of the Foundation's investments in trading securities at June 30 are as follows:

	2024	2023
Cash and cash equivalents	\$ 71,784,763	\$ 81,470,077
Mutual funds:		
Domestic	102,594,029	85,993,595
International	193,920,487	183,778,856
Fixed income	2,166,109	1,925,021
Equity securities:		
Domestic	275,294,872	225,242,191
International	100,124,235	113,468,383
Exchange-traded fund	29,320,972	41,791,209
Fixed income securities	265,318,533	226,937,154
Alternative:		
Real estate	120,303,118	108,169,115
Private equity	588,270,860	551,210,934
Commingled equity funds	579,012,171	571,740,581
Absolute return	286,654,725	276,515,649
Venture capital	305,679,051	305,395,572
Commodities	40,111,111	41,706,581
Other	1,436,955	1,389,172
Total	<u>\$ 2,961,991,991</u>	<u>\$ 2,816,734,090</u>

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As required by GAAP, the Foundation uses net asset value (NAV) per share or its equivalent (practical expedient), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment. GAAP also requires additional fair value disclosures for the Foundation's alternative investments.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 6 - Fair Value Measurements (Continued)

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Foundation to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024					
	Quoted Prices in			Carried at NAV	Balance at June 30, 2024
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets					
Investments held at fair value and net asset value:					
Mutual funds:					
Domestic equities	\$ 102,594,029	\$ -	\$ -	\$ -	\$ 102,594,029
International equities	193,920,487	-	-	-	193,920,487
Fixed income	2,166,109	-	-	-	2,166,109
Equity securities:					
Domestic	234,494,872	-	40,800,000	-	275,294,872
International	98,507,922	-	1,616,313	-	100,124,235
Exchange-traded fund	29,320,972	-	-	-	29,320,972
Fixed-income securities	14,638,561	250,679,972	-	-	265,318,533
Alternatives:					
Real estate	-	-	-	119,079,896	119,079,896
Private equity	4,197,923	-	-	584,072,937	588,270,860
Commingled equity funds	-	-	-	579,012,171	579,012,171
Absolute return	-	-	-	286,654,725	286,654,725
Venture capital	-	-	832,204	304,846,847	305,679,051
Commodities	-	-	-	40,111,111	40,111,111
Other	-	675,225	581,729	-	1,256,954
Total investments held at fair value and net asset value	679,840,875	251,355,197	43,830,246	1,913,777,687	2,888,804,005
Assets held under split-interest agreements:					
Domestic equities	10,366,680	-	-	-	10,366,680
International equities	6,701,001	-	-	-	6,701,001
Real estate	4,245,297	-	-	-	4,245,297
Fixed income	6,959,956	-	-	-	6,959,956
Total assets held under split-interest agreements	28,272,934	-	-	-	28,272,934
Beneficial interest in charitable trusts held by others	-	-	12,369,243	-	12,369,243
Total assets	\$ 708,113,809	\$ 251,355,197	\$ 56,199,489	\$ 1,913,777,687	\$ 2,929,446,182

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 6 - Fair Value Measurements (Continued)

Money market funds and cash equivalents and certain investments held at cost or present value are not subject to fair value disclosures and, therefore, are not included in the table above. As of June 30, 2024, the Foundation held money market funds and cash equivalents in the amount of \$71,784,763, certain investments held at cost or present value of \$1,403,223, and cash and cash equivalents under split-interest arrangements of \$686,792. In addition to total assets held under split-interest agreements at fair value, the Foundation has \$1,565,000 of real estate held at the appraised value at the date of donation at June 30, 2024.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carried at NAV	Balance at June 30, 2023
Assets					
Investments held at fair value and net asset value:					
Mutual funds:					
Domestic equities	\$ 85,993,595	\$ -	\$ -	\$ -	\$ 85,993,595
International equities	183,778,856	-	-	-	183,778,856
Fixed income	1,925,021	-	-	-	1,925,021
Equity securities:					
Domestic	189,242,191	-	36,000,000	-	225,242,191
International	110,956,436	-	2,511,947	-	113,468,383
Exchange-traded fund	41,791,209	-	-	-	41,791,209
Fixed-income securities	-	226,937,154	-	-	226,937,154
Alternatives:					
Real estate	-	-	-	106,270,893	106,270,893
Private equity	-	-	-	551,210,934	551,210,934
Commingled equity funds	-	-	-	571,740,581	571,740,581
Absolute return	-	-	-	276,515,649	276,515,649
Venture capital	-	-	633,580	304,761,992	305,395,572
Commodities	-	-	-	41,706,581	41,706,581
Other	-	627,518	581,903	-	1,209,421
Total investments held at fair value and net asset value	613,687,308	227,564,672	39,727,430	1,852,206,630	2,733,186,040
Assets held under split-interest agreements:					
Domestic equities	10,354,782	-	-	-	10,354,782
International equities	6,549,010	-	-	-	6,549,010
Real estate	4,115,683	-	-	-	4,115,683
Fixed income	7,221,578	-	-	-	7,221,578
Total assets held under split-interest agreements	28,241,053	-	-	-	28,241,053
Beneficial interest in charitable trusts held by others	-	-	12,886,469	-	12,886,469
Total assets	\$ 641,928,361	\$ 227,564,672	\$ 52,613,899	\$ 1,852,206,630	\$ 2,774,313,562

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 6 - Fair Value Measurements (Continued)

Money market funds and cash equivalents and certain investments held at cost or present value are not subject to fair value disclosures and, therefore, are not included in the table above. As of June 30, 2023, the Foundation held money market funds and cash equivalents in the amount of \$81,470,077, certain investments held at cost or present value of \$2,077,973, and cash and cash equivalents under split-interest arrangements of \$650,021. In addition to total assets held under split-interest agreements at fair value, the Foundation has \$1,565,000 of real estate held at the appraised value at the date of donation at June 30, 2023.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2024 and 2023 are as follows:

	Investments	Beneficial Interest in Charitable Trusts Held by Others
Balance - July 1, 2023	\$ 39,727,430	\$ 12,886,469
Sales	(196,280)	-
Dividend income	1,680,000	-
Total unrealized and realized gains (losses)	4,299,096	(123,301)
Transfers out of Level 3	(1,680,000)	(393,925)
Balance - June 30, 2024	<u>\$ 43,830,246</u>	<u>\$ 12,369,243</u>
	Investments	Beneficial Interest in Charitable Trusts Held by Others
Balance - July 1, 2022	\$ 48,804,166	\$ 14,966,721
Purchases	2,531,895	-
Dividend income	2,220,000	-
Total unrealized losses	(11,608,631)	-
Transfers out of Level 3	(2,220,000)	(2,080,252)
Balance - June 30, 2023	<u>\$ 39,727,430</u>	<u>\$ 12,886,469</u>

Investments in certain entities that calculate NAV per share are as follows:

Fund Description	Unfunded Commitments June 30, 2024	Fair Value June 30, 2024	Fair Value June 30, 2023	Redemption Frequency	Redemption Notice Period
Real estate	\$ 65,835,410	\$ 119,079,896	\$ 106,270,893	None	N/A
Private equity	167,477,056	584,072,937	551,210,934	None	N/A
Commingled equity funds	-	579,012,171	571,740,581	Varies	30 to 90 days
Absolute return	6,315,757	286,654,725	276,515,649	Varies	45 to 90 days
Venture capital	78,964,215	304,846,847	304,761,992	None	N/A
Commodities	30,151,848	40,111,111	41,706,581	None	N/A
Total	<u>\$ 348,744,286</u>	<u>\$ 1,913,777,687</u>	<u>\$ 1,852,206,630</u>		

As of June 30, 2024, the fair values of these investments have been provided by the underlying general partner. Subsequent to June 30, 2024, the Foundation entered into commitments to fund additional investments of approximately \$89,500,000.

Note 6 - Fair Value Measurements (Continued)

Domestic equities include publicly traded U.S. stocks; an investment in a privately held bank holding company; and a fund that may invest in vehicles, including equity-related, hybrid, and credit securities that are publicly and privately traded in U.S. and non-U.S. markets.

International equities primarily include equities and equity-related securities, including securities of emerging and frontier markets, which are listed or traded on recognized exchanges. Some funds may also employ nonequity investments, including fixed-income securities, futures, spot and forward currency contracts, repurchase and reverse repurchase agreements, over-the-counter options, other derivatives, and exchange-traded funds.

Fixed income includes a diversified portfolio of fixed-income securities, including bonds, bank loans, and securitized assets. Some funds may utilize derivative instruments, including futures, swaps, forwards, and options for both hedging and investment purposes.

Real estate includes private equity funds that focus on real estate assets primarily located in the U.S. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of each of these investments ranges from 1 to 10 years.

Private equity funds focus on buyout, growth equity, and/or distressed debt. These investments are not readily redeemable, but a secondary market does exist. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 1 to 12 years.

Commingled equity funds include holdings in U.S. and non-U.S. publicly traded equities and equity-related securities that are listed or traded on recognized market exchanges. Liquidity terms vary by investment manager and typically have monthly or quarterly redemption periods.

Absolute return includes funds that seek to generate returns through the implementation of specialized strategies that have historically exhibited a low correlation to the broad equity markets. These managers may employ strategies, such as long/short hedged equity or credit, distressed debt, merger arbitrage, litigation, direct lending, or event-driven strategies, among others, and the allocation to these strategies may vary over time. As of June 30, 2024, all of the investments in this category are subject to certain lock-up restrictions, which may limit the amount of capital eligible for redemption for certain time periods.

Venture capital includes private equity funds that focus on startup companies or companies earlier in their growth cycle. These investments are not readily redeemable, but a secondary market does exist in some cases. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 0.5 to 12 years.

Commodities may consist of investments related to food products, energy, metals, and other natural resources. These investments are not readily redeemable. Instead, the nature of these investments relies on interest income and principal repayment from loans made to agricultural firms based in North America. The loans are fully collateralized by the underlying agricultural product or commodity. The term of the investment is generally 3 to 5 years.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023
Equipment, software, and other	\$ 2,853,119	\$ 2,846,136
Land, building, and improvements	2,289,441	2,289,441
Furniture and fixtures	427,656	427,656
Total cost	5,570,216	5,563,233
Accumulated depreciation	4,506,871	4,434,006
Property and equipment - Net	<u>\$ 1,063,345</u>	<u>\$ 1,129,227</u>

Note 8 - Split-interest Agreements

GAAP requires the recording of all unconditional, irrevocable split-interest agreements under which the Foundation is entitled to receive a benefit. With the exception of charitable gift annuities, split-interest agreements are carried out through the formation of charitable trusts, the trustees of which may be either the Foundation or third parties, such as commercial banks. A summary of the Foundation's split-interest agreements is as follows:

For the years ended June 30, 2024 and 2023, \$230,360 and \$225,596, respectively, was included in contribution revenue relating to new split-interest agreements.

Charitable Trusts Held by the Foundation

Charitable Remainder Trusts

The Foundation is the trustee and remainder beneficiary of approximately 60 charitable remainder trusts and, as trustee, is required to make annual distributions to the specified life income beneficiaries. Charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trusts' terms or designated beneficiaries' lifetimes, respectively. At the end of the trusts' terms, the remaining assets are transferred to the Foundation to support the University, as directed by the grantor or donor.

In the case of a charitable remainder annuity trust, the distribution is a fixed amount, whereas in the case of a charitable remainder unitrust, the distribution is computed at a fixed percentage of the fair value of the trust's assets at rates ranging from 5 to 10 percent.

On the date each trust was established, the Foundation recorded a contribution equal to the difference between the fair value of the assets placed in trust and the amount of the estimated present value of the distributions to be made to the life income beneficiaries over the terms of the trusts, discounted at the then-current applicable federal rate. After recording the initial contribution, the Foundation has been making the stipulated annual distributions, recording investment gains and losses on the assets held in the trusts, and amortizing the discounts to present value. On any given date, the Foundation's remainder interest is represented by the difference between the fair value of the assets held by the trust and the present value of the estimated remaining distributions to be made to the life income beneficiaries.

Charitable Lead Trusts

During the year ended June 30, 2023, the Foundation was the trustee and beneficiary of two charitable lead trusts, both of which were terminated during 2023. The trusts were designed to make periodic payments to the Foundation for a fixed period of years, after which the trusts terminated and the assets passed to the designated individuals. The Foundation did not hold any charitable lead trusts as of June 30, 2024 and 2023.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 8 - Split-interest Agreements (Continued)

On the date the trusts were established, the Foundation recorded a contribution equal to the present value of the distributions to be made to the Foundation over the term of the trusts using an estimated discount rate of 3 percent.

Charitable Gift Annuities

The Foundation had approximately 80 charitable gift annuity contracts outstanding at June 30, 2024. These contracts require the Foundation to make fixed payments to the beneficiaries over their lifetimes. Under a charitable gift annuity contract, the assets received by the Foundation are immediately available for use by the Foundation and, as such, are not held in trust separately from other investments of the Foundation. The obligation to make periodic disbursements to the beneficiaries becomes a general obligation of the Foundation. On the date each charitable gift annuity was established, the Foundation recorded a contribution equal to the difference between the amount transferred from the donor and the present value of the future cash flows expected to be paid to the specified beneficiaries using a discount rate equal to the then-current applicable federal rate.

The Foundation had a liability for charitable gift annuities of \$3,166,308 and \$3,006,175 as of June 30, 2024 and 2023, respectively.

Life Interest in Real Estate

The Foundation is the beneficiary of three real estate gifts subject to retained life estates. These gifts are of a remainder interest in a personal residence where an individual irrevocably transfers title to the Foundation with a retained right to the use of the property for a term that is specified in the life estate agreement. At the conclusion of the measuring term, all rights in the property are transferred to the Foundation, and it is used in accordance with the applicable gift instrument.

At the inception of real estate gifts subject to a retained life estate, the Foundation recorded a contribution equal to the fair value of the property less the estimated discounted present value of the use interest. The Foundation records the amortization of the life estate interest, initially recorded as deferred revenue, based upon the life expectancy of the youngest donor or other applicable term.

Pooled Life Income Fund

The Foundation manages a pooled life income fund where the contributions of many donors may be combined for investment purposes. Each donor receives actual investment earnings in proportion to his or her ownership interest in the fund. At the time of the donor's death, the value of the donor's ownership interest is assigned to the Foundation. On the date each pooled life income fund account was established, the Foundation recorded a contribution equal to the fair value of the assets received, discounted for a term equal to the life expectancy of the donor at a rate mandated by the Internal Revenue Service (IRS) based on the average of the monthly IRS discount rate over the past three calendar years.

Total split-interest agreements associated with trusts administered by the Foundation are as follows:

	2024	2023
Assets held in charitable remainder trusts	\$ 28,879,021	\$ 28,764,014
Assets held in life interest in real estate	1,565,000	1,565,000
Assets held in pooled life income fund	80,705	127,060
Total	30,524,726	30,456,074
Less associated liabilities	(13,829,075)	(13,577,791)
Less associated deferred revenue	(193,028)	(227,289)
Net present value of trust assets administered by the Foundation	\$ 16,502,623	\$ 16,650,994

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 8 - Split-interest Agreements (Continued)

Charitable Trusts Held by Others

Charitable Remainder Trusts

The Foundation is the remainder beneficiary of various charitable remainder trusts held by others. Charitable remainder trusts provide for the payment of distributions to the donor or other designated beneficiaries over the donor's or other designated beneficiaries' lifetimes. At the end of the trusts' terms, the remaining assets are transferred to the Foundation to support the University, as directed by the grantor or donor. At the inception of each trust, the Foundation recorded a contribution equal to the estimated discounted present value of the distribution expected to be received upon the termination of each trust. Thereafter, the Foundation has been recording adjustments to that estimate based on changes in the fair value of trust assets, changes in actuarial assumptions, and amortization of the discount to net present value.

The net present value of the Foundation's beneficial interest in these trusts is as follows:

	2024	2023
Gross value of beneficial interests	\$ 13,448,034	\$ 15,514,657
Less unamortized discount	<u>(6,076,049)</u>	<u>(8,011,908)</u>
Net present value of beneficial interests	<u>\$ 7,371,985</u>	<u>\$ 7,502,749</u>

Perpetual Trusts

Perpetual trusts provide for the distribution of the net income of the trusts to the Foundation; however, the Foundation will never receive the assets of the trusts. At June 30, 2024 and 2023, the fair value of assets held in perpetual trusts for the benefit of the Foundation was \$4,997,258 and \$5,383,720, respectively.

Note 9 - Custodial Funds

Custodial funds held at June 30, 2024 consisted of the following:

	University of Colorado	Other Not-for-profits	Total
Endowment	\$ 258,302,711	\$ -	\$ 258,302,711
Nonendowed	<u>350,608,646</u>	<u>-</u>	<u>350,608,646</u>
Custodial funds held	608,911,357	-	608,911,357
Accounts payable and accrued expenses - University	<u>(462,931)</u>	<u>-</u>	<u>(462,931)</u>
Total	<u>\$ 608,448,426</u>	<u>\$ -</u>	<u>\$ 608,448,426</u>

Custodial funds held at June 30, 2023 consisted of the following:

	University of Colorado	Other Not-for-profits	Total
Endowment	\$ 248,655,717	\$ 5,430,625	\$ 254,086,342
Nonendowed	<u>334,159,904</u>	<u>-</u>	<u>334,159,904</u>
Custodial funds held	582,815,621	5,430,625	588,246,246
Accounts payable and accrued expenses - University	<u>(426,689)</u>	<u>-</u>	<u>(426,689)</u>
Total	<u>\$ 582,388,932</u>	<u>\$ 5,430,625</u>	<u>\$ 587,819,557</u>

University of Colorado Foundation

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 10 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2024	2023
Undesignated	\$ 24,309,829	\$ 5,824,932
Board designated:		
University of Colorado Colorado Springs - Engineering building renovations	785,675	9,571,350
University of Colorado System Advancement - Staff support	944,413	1,396,091
University of Colorado Colorado Springs - Biofrontiers	207,932	213,825
University of Colorado Anschutz - Advancement staff support	3,996,896	5,869,012
University of Colorado Boulder - Advancement outreach and engagement	4,762,570	6,250,000
University of Colorado Denver - Venture capital investment pool	175,675	225,675
Board-designated endowment to support advancement and foundation operations	20,384,555	19,775,495
Board-designated funds held for Boulder Alumni Association	1,440,682	1,378,505
Board designation - Undesignated bequests	1,045,447	1,045,611
	<u>33,743,845</u>	<u>45,725,564</u>
Total net assets without donor restrictions	<u>\$ 58,053,674</u>	<u>\$ 51,550,496</u>

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

	Academic Support	Athletics	Capital Projects	Chairs, Professorships, and Other Faculty Support	Public Service, Library, and Other Support	Research	Scholarships	Total
Endowments - Subject to endowment spending policy and appropriation:								
Pure	\$ 234,214,298	\$ 5,080,664	\$ 1,500,099	\$ 685,186,055	\$ 24,118,707	\$ 60,201,818	\$ 438,215,135	\$ 1,448,516,776
Quasi	221,957,944	2,049,412	9,007,875	104,870,726	11,292,879	46,650,213	119,592,447	515,421,496
Subject to expenditure for specified purpose	198,056,916	3,953,127	10,113,005	12,994,700	6,506,923	54,645,082	33,188,631	319,458,384
Endowment distributions	23,330,574	358,691	718,831	27,054,144	2,060,673	8,063,014	20,081,301	81,667,228
Subject to passage of time and/or purpose:								
Life income arrangements	10,860,933	61,218	636,292	5,444,526	646,029	3,069,827	4,084,723	24,803,548
Promises to give:								
Endowment - Pure	9,815,623	949,823	375,000	17,340,072	980	87,665	9,325,384	37,894,547
Endowment - Quasi	3,474,709	10,260	-	-	501	-	676,090	4,161,560
Endowment distribution funds	182,000	231,647	-	515,750	-	80,000	566,170	1,575,567
Current expendable	47,210,309	6,205,542	11,672,082	3,447,034	334,837	15,491,957	14,381,053	98,742,814
Not subject to spending policy or appropriation - UCUK	-	-	-	-	943,358	-	-	943,358
Total net assets with donor restrictions	<u>\$ 749,103,306</u>	<u>\$ 18,900,384</u>	<u>\$ 34,023,184</u>	<u>\$ 856,853,007</u>	<u>\$ 45,904,887</u>	<u>\$ 188,289,576</u>	<u>\$ 640,110,934</u>	<u>\$ 2,533,185,278</u>

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 10 - Net Assets (Continued)

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

	Academic Support	Athletics	Capital Projects	Chairs, Professorships, and Other Faculty Support	Public Service, Library, and Other Support	Research	Scholarships	Total
Endowments - Subject to endowment spending policy and appropriation:								
Pure	\$ 213,830,230	\$ 4,158,297	\$ 1,370,438	\$ 634,619,752	\$ 23,189,538	\$ 54,042,448	\$ 400,732,747	\$ 1,331,943,450
Quasi	207,854,312	1,835,345	8,803,758	100,335,542	10,752,266	45,829,339	112,405,292	487,815,854
Subject to expenditure for specified purpose	177,196,281	2,541,684	9,708,763	13,776,365	6,465,755	47,470,622	29,598,328	286,757,798
Endowment distributions	23,659,223	245,109	572,303	26,495,345	1,905,460	7,350,049	18,901,320	79,128,809
Subject to passage of time and/or purpose:								
Life income arrangements	9,732,316	62,573	472,884	6,047,492	668,677	3,050,128	8,663,680	28,697,750
Promises to give:								
Endowment - Pure	7,328,055	655,822	375,000	16,684,209	31,980	472,129	10,314,109	35,861,304
Endowment - Quasi	4,758,158	11,900	-	25,700	500	20,000	464,810	5,281,068
Endowment distribution funds	157,975	23,358	-	591,500	-	5,000	648,277	1,426,110
Current expendable	69,543,869	7,635,105	12,417,537	3,940,943	375,937	12,563,536	13,841,787	120,318,714
Not subject to spending policy or appropriation - UCUK	-	-	-	-	1,008,532	-	-	1,008,532
Total net assets with donor restrictions	\$ 714,060,419	\$ 17,169,193	\$ 33,720,683	\$ 802,516,848	\$ 44,398,645	\$ 170,803,251	\$ 595,570,350	\$ 2,378,239,389

Note 11 - Net Assets Released from Purpose Restrictions

Net assets released from purpose restrictions are composed of the following:

	2024	2023
Academic support	\$ 87,659,788	\$ 89,074,240
Athletics	3,239,199	7,317,405
Capital projects	5,699,106	14,565,143
Chairs, professorships, and other faculty support	30,162,078	29,045,872
Public service, library, and other support	17,233,044	4,161,325
Research	25,184,199	27,268,080
Scholarships	38,043,024	33,831,173
Total	\$ 207,220,438	\$ 205,263,238

Note 12 - Donor-restricted and Board-designated Endowments

The Foundation's endowments consist of approximately 3,300 individual donor-restricted pure or quasi endowments. Donor-restricted pure endowment funds are permanent charitable funds whose principal is treated in accordance with a defined spending policy or that must be preserved in perpetuity as a condition imposed by the donor. Donor-restricted quasi-endowment funds are those purpose-restricted gifts that are generally intended to be maintained in perpetuity; however, under specific circumstances defined by the donor, the principal may be invaded fully to meet the defined purpose. The Foundation also has certain funds without donor restrictions that have been designated by the Foundation's board of directors to function as endowments.

Interpretation of Relevant Law

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Accordingly, the Foundation follows FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

The Foundation is subject to UPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation 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 Foundation
- The investment policies of the Foundation

Total managed endowments at the Foundation were \$2,245,165,855 and \$2,096,060,717 at June 30, 2024 and 2023, respectively. Included in these totals are custodial endowments (see Note 9) totaling \$258,302,711 and \$254,086,342 at June 30, 2024 and 2023, respectively. Foundation endowments consist of various individual funds established for a variety of purposes.

The composition and changes of endowments (net of custodial endowments) by type of fund as of June 30, 2024 consisted of the following:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 22,924,872	\$ -	\$ 22,924,872
Donor-restricted quasi-endowment funds	-	515,421,496	515,421,496
Donor-restricted pure endowment funds:			
Accumulated investment gains	-	504,479,882	504,479,882
Amount required by donor to be held in perpetuity	-	944,036,894	944,036,894
Total	\$ 22,924,872	\$ 1,963,938,272	\$ 1,986,863,144

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 22,215,071	\$ 1,819,759,304	\$ 1,841,974,375
Investment return - Net	1,845,943	163,194,627	165,040,570
Contributions	-	67,913,606	67,913,606
Appropriation of endowment assets for expenditure	(1,067,967)	(85,492,847)	(86,560,814)
Other changes	(68,175)	(1,436,418)	(1,504,593)
Endowment net assets - End of year	<u>\$ 22,924,872</u>	<u>\$ 1,963,938,272</u>	<u>\$ 1,986,863,144</u>

The composition and changes of endowments (net of custodial endowments) by type of fund as of June 30, 2023 consisted of the following:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 22,215,071	\$ -	\$ 22,215,071
Donor-restricted quasi-endowment funds	-	487,815,854	487,815,854
Donor-restricted pure endowment funds:			
Accumulated investment gains	-	446,217,329	446,217,329
Amount required by donor to be held in perpetuity	-	885,726,121	885,726,121
Total	<u>\$ 22,215,071</u>	<u>\$ 1,819,759,304</u>	<u>\$ 1,841,974,375</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 21,724,110	\$ 1,706,255,481	\$ 1,727,979,591
Investment return - Net	1,644,599	135,149,482	136,794,081
Contributions	2,120	61,436,603	61,438,723
Appropriation of endowment assets for expenditure	(1,065,047)	(83,013,924)	(84,078,971)
Other changes	(90,711)	(68,338)	(159,049)
Endowment net assets - End of year	<u>\$ 22,215,071</u>	<u>\$ 1,819,759,304</u>	<u>\$ 1,841,974,375</u>

Funds with Deficiencies (Underwater Endowment Funds)

From time to time, as a result of investment losses and board-authorized distributions, the fair value of certain endowments may fall below the historical gift value of a donor-restricted pure endowment. The Foundation's board of directors has determined that the distributions must be suspended if a fund's fair market value falls below 90 percent of its historical gift value. In accordance with GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. As of June 30, 2024 and 2023, there were no funds with such deficiencies.

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

Nearly all endowments are invested in the LTIP. The Foundation has adopted an investment policy for the LTIP with an objective to provide a steady (and increasing) stream of funding to programs supported by the endowments while seeking to maintain the real (inflation-adjusted) purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce an average annual total return in excess of a policy benchmark, net of investment management expenses, over a rolling five-year period. The policy benchmark is a blend of 80 percent MSCI All Country World Index and 20 percent Barclays Capital U.S. Aggregate Bond Index.

The risk objective is to attain a risk level (as measured by standard deviation over a rolling five-year period) at or below the policy benchmark. The LTIP is willing to have meaningful levels of illiquid assets within the overall portfolio in order to enhance the returns necessary to achieve investment goals and objectives.

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's endowment spending policy, as approved by the board of directors, has three components: (1) a distribution formula and timing, (2) rules relating to the suspension of distributions in certain situations when an endowment's value declines, and (3) an advancement support assessment formula. The policy is intended to be 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 growth through investment returns.

The Foundation annually appropriates for distribution an amount equal to 4 percent of the endowment's trailing 36-month average market value.

The Foundation's policy is to suspend distributions on any pure endowment if the endowment's fair market value is less than 90 percent of its historic gift value.

Endowment funds incur an annual assessment to support advancement operations. The amount of the assessment will be equal to 1.5 percent of the fund's principal account as of December 31 for the year preceding the assessment. The proceeds from this advancement support assessment are used to support advancement services at the University, as discussed in Note 2.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 13 - Functional Expenses

The Foundation's administrative expenses are composed of the following:

	2024	2023
Administrative:		
Accounting	\$ 215,571	\$ 164,993
Contracted services	224,562	306,035
Depreciation and amortization	72,865	71,801
Donor stewardship	204,602	248,715
Dues and subscriptions	20,107	20,612
Health and other employee benefits	306,761	268,928
Information technology	294,049	551,190
Insurance	209,001	223,727
Legal	15,831	154,088
Occupancy	147,394	147,394
Office expenses	433,997	332,143
Other	3,766	104,538
Payroll taxes	220,959	219,373
Professional development	143,198	167,197
Retirement plan contributions	172,621	134,604
Salaries and wages	3,275,908	2,987,054
Travel	31,684	23,246
	\$ 5,992,876	\$ 6,125,638
Total		

Note 14 - Employee Retirement Plan

The Foundation sponsors a 401(k) plan for the benefit of its employees. Under the 401(k) plan, the Foundation matches employee contributions up to 6 percent of the employee's salary. For the years ended June 30, 2024 and 2023, the Foundation's matching contributions were \$172,621 and \$134,604, respectively.

Note 15 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

The Foundation holds and invests custodial endowments and treasury funds on behalf of the University in the LTIP. In 2024 and 2023, the Foundation assessed 1.5 percent on the University's custodial endowments and 1.0 percent on the University's treasury funds. These assessments are used to support advancement operations in alignment with the Foundation's endowment spending policy described in Note 12. The Foundation collected approximately \$6,700,000 and \$7,500,000 from the University for the years ended June 30, 2024 and 2023, respectively.

As discussed in Note 2, the Foundation transfers funds to the University to support the budget for the CU Advancement on each of the University's campuses and the central office of advancement. These transferred funds are included on the consolidated statement of activities and changes in net assets as advancement support to the University and totaled \$36,921,216 and \$35,656,335 during the years ended June 30, 2024 and 2023, respectively.

Note 16 - Contingencies

Guarantees

The Foundation assists the University by guaranteeing a limited number of primary residence loans through a local federal credit union for qualified university full-time tenured and tenure-track faculty members under a program called the Faculty Housing Assistance Program (FHAP). The Foundation guarantees up to \$100,000 for each qualified loan. As of June 30, 2024 and 2023, the Foundation guaranteed 54 and 64 FHAP loans totaling \$3,852,548 and \$4,534,744, respectively.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
University of Colorado Foundation

We have audited the consolidated financial statements of the University of Colorado Foundation as of and for the years ended June 30, 2024 and 2023 and have issued our report thereon dated October 17, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of June 30, 2024 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

October 17, 2024

University of Colorado Foundation

Consolidating Statement of Financial Position

June 30, 2024

	University of Colorado Foundation	The University of Colorado UK Foundation Limited	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 84,065,572	\$ 6,427	\$ 84,071,999
Contributions receivable	28,040,266	-	28,040,266
Other assets	1,153,646	8,180	1,161,826
Investments	2,961,991,015	976	2,961,991,991
Contributions Receivable - Net	114,334,222	-	114,334,222
Property and Equipment - Net	135,570	927,775	1,063,345
Assets Held Under Split-interest Agreements	30,524,726	-	30,524,726
Beneficial Interest in Charitable Trusts Held by Others	12,369,243	-	12,369,243
Total assets	\$ 3,232,614,260	\$ 943,358	\$ 3,233,557,618
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 133,038	\$ -	\$ 133,038
Accounts payable and accrued liabilities - University	13,373,044	-	13,373,044
Liabilities under split-interest agreements	1,910,811	-	1,910,811
Custodial funds	18,022,419	-	18,022,419
Total current liabilities	33,439,312	-	33,439,312
Funds Held in Trust for Others	2,712,816	-	2,712,816
Liabilities Under Split-interest Agreements - Net of current portion	15,277,600	-	15,277,600
Custodial Funds - Net of current portion	590,888,938	-	590,888,938
Total liabilities	642,318,666	-	642,318,666
Net Assets			
Without donor restrictions:			
Undesignated	24,309,829	-	24,309,829
Board designated	33,743,845	-	33,743,845
Total without donor restrictions	58,053,674	-	58,053,674
With donor restrictions	2,532,241,920	943,358	2,533,185,278
Total net assets	2,590,295,594	943,358	2,591,238,952
Total liabilities and net assets	\$ 3,232,614,260	\$ 943,358	\$ 3,233,557,618