



Financial Statements
June 30, 2022 and 2021

Fort Lewis College Foundation

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Independent Auditor's Report

The Board of Directors
Fort Lewis College Foundation
Durango, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fort Lewis College Foundation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Fort Lewis College Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Fort Lewis College Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Fort Lewis College Foundation for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on October 8, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fort Lewis College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Lewis College Foundation's ability to continue as a going concern for a reasonable period of time.

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Denver Colorado
October 20, 2022

Fort Lewis College Foundation
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 676,791	\$ 326,405
Promises to give, net	2,325,046	1,661,673
Advance to Fort Lewis College for programs	-	165,734
Operating investments	15,040,336	12,007,169
Property and equipment, net	684,084	1,102,619
Collection items	2,794,545	5,677,400
Beneficial interest in assets held by others	596,724	762,842
Endowment		
Promises to give, net	258,367	66,513
Investments	15,714,438	15,883,709
Total assets	38,090,331	37,654,064
Liabilities and Net Assets		
Accounts payable and accrued expenses	72,248	5,205
Due to Fort Lewis College	215,180	53,499
Total liabilities	287,428	58,704
Net Assets		
Without donor restrictions		
Undesignated	1,369,766	1,748,165
Board-designated	2,343,156	2,019,612
	3,712,922	3,767,777
With donor restrictions	34,089,981	33,827,583
Total net assets	37,802,903	37,595,360
Total liabilities and net assets	\$ 38,090,331	\$ 37,654,064

Fort Lewis College Foundation
Statement of Activities
Year Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 28,296	\$ 9,146,841	\$ 9,175,137
Net investment loss	(221,495)	(2,331,024)	(2,552,519)
Change in value of beneficial interest in assets held by others	40,000	(166,118)	(126,118)
Gain on sale of real estate	399,991	-	399,991
Rental and other revenue	93,916	-	93,916
Net assets released from restrictions	6,387,301	(6,387,301)	-
Total revenue, gains and other support	<u>6,728,009</u>	<u>262,398</u>	<u>6,990,407</u>
Expenses			
Program services	6,374,127	-	6,374,127
Support services			
Management and general	217,422	-	217,422
Fundraising	191,315	-	191,315
Total expenses	<u>6,782,864</u>	<u>-</u>	<u>6,782,864</u>
Change in Net Assets	(54,855)	262,398	207,543
Net Assets, Beginning of year	<u>3,767,777</u>	<u>33,827,583</u>	<u>37,595,360</u>
Net Assets, End of year	<u>\$ 3,712,922</u>	<u>\$ 34,089,981</u>	<u>\$ 37,802,903</u>

Fort Lewis College Foundation
Statement of Activities
Year Ended June 30, 2021 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Donations	\$ 145,624	\$ 2,591,171	\$ 2,736,795
In-kind donations	57,955	302,439	360,394
Fundraising revenue	-	55,674	55,674
Investment return, net	563,022	4,217,784	4,780,806
Other revenue	35,730	7,036	42,766
Change in value of beneficial interest in assets held by others	-	78,038	78,038
Other changes in net assets	(978,514)	978,514	-
Net assets released from restrictions	2,754,947	(2,754,947)	-
Total revenue, gains and other support	<u>2,578,764</u>	<u>5,475,709</u>	<u>8,054,473</u>
Expenses			
Program services	2,633,936	-	2,633,936
Support services			-
Management and general	199,044	-	199,044
Fundraising	140,686	-	140,686
Total expenses	<u>2,973,666</u>	<u>-</u>	<u>2,973,666</u>
Change in Net Assets	(394,902)	5,475,709	5,080,807
Net Assets, Beginning of year	<u>4,162,679</u>	<u>28,351,874</u>	<u>32,514,553</u>
Net Assets, End of year	<u>\$ 3,767,777</u>	<u>\$ 33,827,583</u>	<u>\$ 37,595,360</u>

Fort Lewis College Foundation
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022			
	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
FLC program support	\$ 2,034,753	\$ -	\$ -	\$ 2,034,753
Collection items transferred	2,955,029	-	-	2,955,029
FLC scholarships	1,156,475	-	-	1,156,475
Fees for FLC services	115,519	115,519	154,025	385,063
Total College expenses	6,261,776	115,519	154,025	6,531,320
Professional fees	61,250	41,866	25,768	128,884
Food and beverage	22,995	-	10,156	33,151
Licenses, dues and fees	20,748	8,114	-	28,862
Depreciation	-	17,361	-	17,361
Bank and credit card fees	-	9,767	-	9,767
Insurance	-	9,480	-	9,480
Other	7,358	15,315	1,366	24,039
Total expenses	\$ 6,374,127	\$ 217,422	\$ 191,315	\$ 6,782,864
	2021			
	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
FLC program support	\$ 1,370,784	\$ -	\$ -	\$ 1,370,784
FLC scholarships	1,034,999	-	-	1,034,999
Fees for FLC services	110,492	126,106	126,106	362,704
Total College expenses	2,516,275	126,106	126,106	2,768,487
Professional fees	61,667	43,116	-	104,783
Food and beverage	3,949	-	1,440	5,389
Licenses, dues and fees	-	15,458	-	15,458
Depreciation	-	26,736	-	26,736
Bank and credit card fees	-	-	12,737	12,737
Insurance	-	6,656	-	6,656
Other	12,635	18,942	1,843	33,420
Total expenses	\$ 2,594,526	\$ 237,014	\$ 142,126	\$ 2,973,666

Fort Lewis College Foundation
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 207,543	\$ 5,080,807
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	17,361	26,736
Contributions restricted to endowment	(255,854)	(179,963)
Donations of non-cash items	-	(10,000)
Collection items transferred	2,955,029	-
Contributions of investments	(3,154,729)	-
Realized and unrealized (gain) loss on investments	3,366,622	(4,247,987)
(Gain) loss on sale of property	(399,991)	10,026
Change in beneficial interest in assets held by others	166,118	(78,038)
Changes in operating assets and liabilities		
Promises to give, net	(663,373)	1,636,005
Accounts payable and accrued expenses	67,043	2,734
Due to/ from Fort Lewis College	255,241	(572,054)
Net Cash from Operating Activities	2,561,010	1,668,266
Investing Activities		
Proceeds from sales of investments	16,397,775	11,478,158
Purchases of investments	(19,473,564)	(13,545,269)
Proceeds from sale of property	801,165	-
Net Cash used for Investing Activities	(2,274,624)	(2,067,111)
Financing Activities		
Collections of contributions restricted for endowment	64,000	179,963
Net Cash from Financing Activities	64,000	179,963
Net Change In Cash And Cash Equivalents	350,386	(218,882)
Cash and Cash Equivalents, Beginning of Year	326,405	545,287
Cash and Cash Equivalents, End of Year	\$ 676,791	\$ 326,405

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

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

Fundraising Success

Throughout the 2021 - 2022 academic year, with annual giving, major gift fundraising, planned giving, and philanthropic grants, the Foundation accomplished a banner year of fundraising support for the College, raising resources that directly fuel opportunities for our students and our community. This included support for students through increased scholarships and experiential learning funding for internships, fieldwork, travel, and programs like Fort Lewis on the Water. We also raised considerable funding aimed at supporting student success through innovative summer bridge programs offering additional academic and social support for students.

As the College continues to meet the needs of students beyond academics, the Foundation has focused on raising funds that support the whole student including emergency and persistence awards, mental and physical well-being support, and food and housing security support. In action to our commitment to enrich cultural opportunities through philanthropy, the Foundation raised funding for our affinity centers through the Diversity Collaborative and provided funds to celebrate our diverse community and continue our reconciliation efforts for healing and future state building in partnership with our Native American and Indigenous students, faculty, staff, and communities.

To support excellence, the Foundation raised funds specifically supporting faculty retention and recruitment with awards and salary support. We also exceeded our fundraising goal, providing the matching funding needed for the new Health Sciences building, set to open in spring 2023. We also raised critical flexible funds and scholarship support to help launch the new Nursing Collaborative, which will focus on building a diverse nursing workforce committed to rural and Indigenous healthcare. Over the past year, the generosity of Soaring Hawk members through bequests grew scholarship endowments and provided critical operations support for the Community Concert Hall and Center of Southwest Studies.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature or held in the investment portfolio are excluded from this definition.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2022 and 2021, no allowance was deemed necessary.

Investments

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

Property and Equipment

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

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

Collections

The Foundation's collection items are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for by college staff, and activities verifying their existence and assessing their condition are performed continuously.

Collections are defined as historical treasures and works of art, which are items considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public services instead of financial gain. Generally, because collections are considered inexhaustible, they are not depreciated. Collections are maintained by the College in various venues on campus, primarily in the Center for Southwest Studies, and are subject to policy that requires the proceeds from deaccession of collection items to be used only for acquisition or direct care of the collections. Gains and losses on the deaccession of collection items, if any, are classified on the statements of activities depending on donor restrictions, if any, placed on the item at the time of accession. During the year ended June 30, 2022, the Foundation transferred \$2,955,029 of collections to the College with the remaining balance representing the Durango collection.

Beneficial Interests in Assets Held by Others

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Foundation's Board has designated, from net assets without donor restrictions, net assets for a board designated endowment, housing solution and scholarship funds (Note 7).

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

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation had a conditional promises to give of \$1 million as of June 30, 2022, with matching provisions of future fundraising efforts that have not yet been recorded in the financial statements as the conditions have not yet been met. No conditional promises to give were made as of June 30, 2021.

Functional Allocation of Expenses

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

Income Taxes

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

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation's Forms 990, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2019.

Estimates

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

Financial Instruments and Credit Risk

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Foundation has evaluated subsequent events through October 20, 2022, the date the financial statements were available to be issued.

Note 2 - Liquidity

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 676,791	\$ 326,405
Operating investments	296,319	238,408
Distributions from beneficial interest in assets held by others	<u>40,000</u>	<u>40,000</u>
	<u>\$ 1,013,110</u>	<u>\$ 604,813</u>

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

The Foundation has board-designated endowment that is subject to discretionary spending policy as described in Note 6 which totaled \$1,669,418 and \$1,834,409 at June 30, 2022 and 2021, respectively. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. The board further designated net assets without donor restrictions for house solution and scholarship funds which could be made available if deemed necessary.

Note 3 - Fair Value Measurements of Financial Instruments

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

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

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

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

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

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

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

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

	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
Investments				
Cash and money market funds (at cost)	\$ 34,294	\$ -	\$ -	\$ -
Equities				
Domestic	5,216,784	5,216,784	-	-
International	4,275,373	4,275,373	-	-
Emerging markets	1,676,222	1,676,222	-	-
Exchange-traded funds				
Equities	4,301,472	4,301,472		
Fixed income	10,109,014	10,109,014		
Master limited partnerships	313,736	313,736		
U.S. Government securities	1,207,587	-	1,207,587	-
Cryptocurrency	1,124,655	1,124,655	-	-
Preferred stock	142,296	-	-	142,296
At NAV				
Private equity funds	860,971			
Private credit funds	1,492,370	-	-	-
	<u>\$ 30,754,774</u>	<u>\$ 27,017,256</u>	<u>\$ 1,207,587</u>	<u>\$ 142,296</u>
Beneficial interest in assets held by others	<u>\$ 596,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,724</u>

Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2022 and 2021

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Preferred Stock	Assets Held by Others
Balance at June 30, 2021	\$ -	\$ 762,842
Contributions	142,296	-
Distributions	-	40,000
Change in value	-	(206,118)
	\$ 142,296	\$ 596,724
Balance at June 30, 2022	\$ 142,296	\$ 596,724

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 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
Cash and money market funds (at cost)	\$ 27,112	\$ -	\$ -	\$ -
Equities				
Domestic	6,432,325	6,432,325	-	-
International	3,994,723	3,994,723	-	-
Emerging markets	2,780,674	2,780,674	-	-
Fixed Income				
Domestic	10,879,856	10,879,856	-	-
International	511,330	511,330	-	-
Emerging markets	1,885,510	1,885,510	-	-
Master limited partnerships	470,454	470,454	-	-
At NAV				
Private equity funds	398,600			
Private credit funds	510,294	-	-	-
	\$ 27,890,878	\$ 26,954,872	\$ -	\$ -
Total investments at fair value	\$ 27,890,878	\$ 26,954,872	\$ -	\$ -
Beneficial interest in assets held by others	762,842	-	-	762,842
Total	\$ 28,653,720	\$ 26,954,872	\$ -	\$ 762,842

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021:

	<u>Assets Held by Others</u>
Balance at June 30, 2020	\$ 684,804
Distributions	40,000
Change in value	<u>38,038</u>
Balance at June 30, 2021	<u><u>\$ 762,842</u></u>

Investments measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2022 and 2021:

	<u>Number of investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
<u>At June 30, 2022</u>					
Private equity funds	4	\$ 860,971	\$ -	Illiquid Quarterly	None 30 day
Private credit funds	3	<u>1,492,370</u>	<u>293,000</u>		
		<u><u>\$ 2,353,341</u></u>	<u><u>\$ 293,000</u></u>		
<u>At June 30, 2021</u>					
Private equity funds	4	\$ 398,600	\$ -	Illiquid Quarterly	None 30 day
Private credit funds	1	<u>510,294</u>	<u>268,000</u>		
		<u><u>\$ 908,894</u></u>	<u><u>\$ 268,000</u></u>		

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 distributions are received through the liquidation of the underlying assets in the fund.

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

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2022 and 2021:

	2022	2021
Within one year	\$ 1,191,893	\$ 548,234
In one to five years	1,596,735	1,264,250
	<u>2,788,628</u>	<u>1,812,484</u>
Less discount to net present value at rates ranging from 2% to 5%	(205,215)	(84,298)
Total	<u>\$ 2,583,413</u>	<u>\$ 1,728,186</u>
Promises to give, net	\$ 2,325,046	\$ 1,661,673
Endowment promises to give, net	258,367	66,513
	<u>\$ 2,583,413</u>	<u>\$ 1,728,186</u>

Approximately 53% and 88% of the Foundation's unconditional promises to give as of June 30, 2022 and 2021, respectively, consisted of pledges from two and one donor, respectively. Total contribution revenue recorded from Board members was \$2,008,373 for the year ended June 30, 2022.

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2022 and 2021:

Land and buildings	\$ 994,400	\$ 1,498,699
Equipment	-	434,510
	<u>994,400</u>	<u>1,933,209</u>
Accumulated depreciation	(310,316)	(830,590)
Total property and equipment, net	<u>\$ 684,084</u>	<u>\$ 1,102,619</u>

During the year ended June 30, 2021, property and equipment included donated and purchased items held by the Foundation, including "offered for lease" Durango area townhomes and the President's residence. During the year ended June 30, 2022, the Foundation sold the last townhome and recognized a gain of \$399,991 on sale. President's residence is the only property remaining at June 30, 2022.

Note 6 - Endowments

The Foundation's endowments (the Endowment) consists of approximately 140 individual donor-restricted funds established by donors to provide annual funding for student scholarships, finance special projects of the College, and supplemental operating budget. 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 Colorado 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. At June 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2022, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,669,418	\$ -	\$ 1,669,418
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		12,525,871	12,525,871
Accumulated investment gains		1,777,516	1,777,516
Total funds	<u>\$ 1,669,418</u>	<u>\$ 14,303,387</u>	<u>\$ 15,972,805</u>

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	\$ 1,834,409	\$ -	\$ 1,834,409
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		10,702,048	10,702,048
Accumulated investment gains		3,413,765	3,413,765
Total funds	<u>\$ 1,834,409</u>	<u>\$ 14,115,813</u>	<u>\$ 15,950,222</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with original gift values of \$2,733,945, fair values of \$2,586,142, and deficiencies of \$147,803 were reported in net assets with donor restrictions. There were no endowment funds with deficiencies for the year ended June 30, 2021.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. The Endowment assets are invested in a manner that is intended to produce results that equal or exceed the Dow Jones Global Moderately Aggressive Portfolio while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the Foundation relies on a strategic (non-tactical) investment approach in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's Board has full discretion to adjust the spending rate for a given year, depending on short/long-term needs of the College and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's investment policy. As the pandemic continues and the economic turbulence, the Foundation experiences fluctuations in its investment portfolio due to market volatility. An endowment spending policy with a five-year rolling average and set percentage payout will be implemented in 2023.

Fort Lewis College Foundation

Notes to Financial Statements

June 30, 2022 and 2021

Changes in Endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 1,521,673	\$ 11,251,830	\$ 12,773,503
Contributions	-	221,796	221,796
Investment return	339,540	2,489,363	2,828,903
Program expenditures and scholarships	(26,804)	(371,733)	(398,537)
Other changes	-	524,557	524,557
Endowment net assets, June 30, 2021	1,834,409	14,115,813	15,950,222
Contributions	-	1,530,074	1,530,074
Investment loss	(133,365)	(1,086,295)	(1,219,660)
Program expenditures and scholarships	(31,626)	(525,114)	(556,740)
Other changes	-	268,909	268,909
Endowment net assets, June 30, 2022	\$ 1,669,418	\$ 14,303,387	\$ 15,972,805

During the normal course of business, the Foundation receives and records contributions from the best information available. From time to time, additional information becomes available, or the donor will change their initial restriction. The Foundation will reclassify the amounts involved to the new classification. These reclassifications have no effect on the overall financial position.

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

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose		
Scholarships and College programs	\$ 12,169,947	\$ 13,314,734
Health Sciences Center	3,100,723	2,839,649
Subject to the Passage of Time		
Term-restricted by donor	1,124,655	-
Endowments		
Subject to appropriation and expenditure when a specified event occurs - restricted by donors for Scholarships and College programs	1,777,516	3,413,765
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriations		
Scholarships and College programs	<u>12,525,871</u>	<u>10,702,048</u>
Total endowments	<u>14,303,387</u>	<u>14,115,813</u>
Perpetual in nature, not subject to spending policy or appropriation		
Durango Collection	2,794,545	2,794,545
Beneficial interest in assets held by others	<u>596,724</u>	<u>762,842</u>
	3,391,269	3,557,387
Total net assets with donor restrictions	<u>\$ 34,089,981</u>	<u>\$ 33,827,583</u>

Board-designated net assets represent net assets without donor restrictions, which the board of directors has earmarked for a specified purpose at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Board-designated endowment	\$ 1,669,418	\$ 1,834,409
Housing solution fund	500,000	-
Scholarship reserves	<u>173,738</u>	<u>185,203</u>
Total designated net assets	<u>\$ 2,343,156</u>	<u>\$ 2,019,612</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Scholarships and College programs	\$ 2,890,536	\$ 2,189,269
Endowment distributions and appropriations		
Scholarships and College programs	525,114	371,733
Transfer of Collections and gifts in-kind	2,971,651	-
Other	<u>-</u>	<u>193,945</u>
Total released from restriction	<u>\$ 6,387,301</u>	<u>\$ 2,754,947</u>

Note 8 - Related Party Transactions

The Foundation exists only to benefit the College students, programs and activities and, as such, is supported in several ways by the College. The Foundation Board and the Board of Trustees of the College enter into an annual Memorandum of Understanding (MOU) which addresses payment for the use of facilities, personnel and services provided directly by the College, as well as other less tangible support. The College also provides coordination of fundraising initiatives and major gift solicitations. For each of the years ended June 30, 2022 and 2021, the Foundation recognized support and offsetting expenses of \$385,062 and \$362,704, respectively, under the terms of the respective MOUs.

At June 30, 2022 and 2021, the Foundation reflected \$215,180 and \$53,499, respectively, as the balance due to the College for reimbursements from individual department funds for amounts advanced by the College.

The College leases the residence of the College President from the Foundation at an estimated annual value of \$38,400 which was recorded as rental income during the years ended June 30, 2022 and 2021.