

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

AUDITED FINANCIAL STATEMENTS
June 30, 2022

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

TABLE OF CONTENTS
June 30, 2022

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 12
SUPPLEMENTARY INFORMATION	
Schedule of Plant Assets	13



INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Dakota State College of Science Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Dakota State College of Science 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 present fairly, in all material respects, the financial position of the North Dakota State College of Science 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 for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota State College of Science 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the North Dakota State College of Science Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for 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 the North Dakota State College of Science 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 the North Dakota State College of Science 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.

Other Matter

We have previously audited the North Dakota State College of Science Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated September 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Plant Assets is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Nadine Julson, LLC
Wahpeton, North Dakota
September 14, 2022

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

STATEMENT OF FINANCIAL POSITION
June 30, 2022

	2022	(For Comparative Purposes Only) 2021
ASSETS		
Current Assets		
Cash in Checking - Bank of North Dakota	\$ 907,047	\$ 505,910
Money Markets	1,528,104	288,469
Equity Securities	26,224,076	31,504,678
Current Portion of Pledges Receivable	2,303,679	2,248,286
Current Portion of Accounts Receivable	50,201	52,209
Current Portion of Loans Receivable	32,322	33,009
Less Allowances for Uncollectible Loans	(15,696)	(16,047)
Prepaid Expenses	6,330	-
Total Current Assets	<u>31,036,063</u>	<u>34,616,514</u>
Property, Plant, and Equipment		
Land and Land Improvements	6,612,795	6,612,795
Buildings	1,709,138	1,709,138
Construction in Progress	5,683,127	949,968
Less Accumulated Depreciation	(620,238)	(566,834)
Total Property, Plant, and Equipment	<u>13,384,822</u>	<u>8,705,067</u>
Non-Current Assets		
Pledges Receivable, net of current portion	6,160,742	7,158,161
Accounts Receivable, net of current portion	-	1,547,500
Loans Receivable, net of current portion	169,688	187,048
Less Allowances for Uncollectible Loans	(89,094)	(90,933)
Total Non-Current Assets	<u>6,241,336</u>	<u>8,801,776</u>
Total Assets	<u>50,662,221</u>	<u>52,123,357</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	504,641	24,113
Deferred Revenue	1,547,500	1,602,500
Short-Term Note Payable	1,409,759	-
Current Portion of Long-Term Debt	-	1,420,755
Due to NDSCS	45,000	95,000
Total Current Liabilities	<u>3,506,900</u>	<u>3,142,368</u>
Long-Term Liabilities		
Liabilities Under Charitable Trusts	429,536	465,589
Total Long-Term Liabilities	<u>429,536</u>	<u>465,589</u>
Total Liabilities	<u>3,936,436</u>	<u>3,607,957</u>
Net Assets		
Without Donor Restrictions	1,976,622	1,770,653
With Donor Restrictions	44,749,163	46,744,747
Total Net Assets	<u>46,725,785</u>	<u>48,515,400</u>
Total Liabilities and Net Assets	<u>\$ 50,662,221</u>	<u>\$ 52,123,357</u>

See Notes to Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	2022			(For Comparative Purposes Only) 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE, GAINS, AND OTHER SUPPORT				
Gifts and Bequests	\$ 569,422	\$ 2,689,410	\$ 3,258,832	\$ 17,516,654
Rent Income	273,910	-	273,910	229,858
Operations, Fees, and Miscellaneous	476,481	639,599	1,116,080	1,000,477
Investment Income, net	(43,093)	(3,960,967)	(4,004,060)	5,919,019
Change in Split-Interest Agreements	-	34,727	34,727	(556)
Net Assets Released from Restriction	1,398,353	(1,398,353)	-	-
Total Revenue, Gains, and Other Support	2,675,073	(1,995,584)	679,489	24,665,452
EXPENSES				
Program Services	1,806,190	-	1,806,190	1,966,802
Administration	604,127	-	604,127	560,352
Fundraising	58,787	-	58,787	47,805
Total Expenses	2,469,104	-	2,469,104	2,574,959
CHANGE IN NET ASSETS	205,969	(1,995,584)	(1,789,615)	22,090,493
NET ASSETS, BEGINNING OF YEAR	1,770,653	46,744,747	48,515,400	26,424,907
NET ASSETS, END OF YEAR	\$ 1,976,622	\$ 44,749,163	\$ 46,725,785	\$ 48,515,400

See Notes to Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	2022				(For Comparative Purposes Only)
	Program Services	Administration	Fundraising	Total	2021
Salaries	\$ -	\$ 290,520	\$ -	\$ 290,520	\$ 291,954
Fringe Benefits	-	122,115	-	122,115	121,979
Postage and Printing	5,518	36,281	2,453	44,252	39,656
Office Equipment	-	1,335	-	1,335	4,079
Office Supplies	110	21,245	59	21,414	4,179
Bank Charges and Investment Fees	1,810	40,103	5,250	47,163	24,295
Supplies	10,369	5,489	12,263	28,121	17,348
Insurance	8,135	15,716	-	23,851	13,616
Depreciation	53,404	-	-	53,404	53,402
Advertising	9,500	1,019	1,429	11,948	6,756
Professional Fees	9,364	16,638	-	26,002	23,728
Fees	40	3,080	-	3,120	14,574
Dues and Memberships	-	5,832	-	5,832	5,497
Taxes and Licenses	-	4,739	2,496	7,235	7,334
Interest	41,020	-	-	41,020	55,378
Awards and Grants	610,036	-	-	610,036	993,447
Miscellaneous	7,743	2,031	1,310	11,084	7,308
Plaques	241	-	-	241	1,337
Equipment Rental	25,000	-	735	25,735	22,066
Banquets and Meetings	17,207	22,206	15,216	54,629	15,191
Scholarship	992,390	-	-	992,390	808,684
Travel	888	9,390	4,213	14,491	1,477
Contract Services	13,415	6,388	13,363	33,166	41,674
Total Functional Expenses	<u>\$ 1,806,190</u>	<u>\$ 604,127</u>	<u>\$ 58,787</u>	<u>\$ 2,469,104</u>	<u>\$ 2,574,959</u>

See Notes to Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

	2022	(For Comparative Purposes Only) 2021
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,789,615)	\$ 22,090,493
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	53,404	53,402
Net (Gain) Loss on Investments, realized and unrealized	5,872,798	(5,215,338)
Changes in Assets and Liabilities		
Pledges Receivable	942,026	(7,282,359)
Accounts Receivable	1,549,508	(1,448,709)
Prepaid Expense	(6,330)	-
Accounts Payable	480,528	11,383
Deferred Revenue	(55,000)	1,450,000
Short-Term Note	(10,996)	(57,000)
Split-Interest Agreements	(36,053)	206,761
Due to NDSCS	(50,000)	(45,000)
Net Cash Flows from Operating Activities	<u>6,950,270</u>	<u>9,763,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Receivable	15,857	18,452
Proceeds from Sale of Investments	16,576,911	15,354,076
Purchase of Investments	(17,169,107)	(18,072,790)
Payments for Capital Projects	(4,733,159)	(949,968)
Property and Equipment Purchases	-	(6,242,470)
Net Cash Flows from Investing Activities	<u>(5,309,498)</u>	<u>(9,892,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Long-Term Debt	-	(56,711)
Net Cash Flows from Financing Activities	<u>-</u>	<u>(56,711)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,640,772</u>	<u>(185,778)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>794,379</u>	<u>980,157</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,435,151</u></u>	<u><u>\$ 794,379</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW STATEMENT		
Interest Paid	\$ 41,020	\$ 55,378

See Notes to Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the North Dakota State College of Science Foundation (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The North Dakota State College of Science Foundation, Wahpeton, North Dakota was organized on April 14, 1988, as a non-profit entity for the purpose of receiving and maintaining funds received from the public for the betterment of the North Dakota State College of Science through scholarships, awards, student loans, grants, and to improve the general well-being of this education institution.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Organization essentially has access to its cash resources on demand. Accordingly, the Organization considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents for the purpose of the Statements of Cash Flows.

Pledges Receivable

Pledges receivable relating to the annual fundraising campaign that are expected to be collected within one year are recorded at their net realizable values. Promises to give relating to the challenge fund that are expected to be collected in future years have not been discounted, as the amount is insignificant.

Conditional promises to give are not included as support until such time as the conditions are substantially met.

As of June 30, 2022, \$578,339 of contributions receivable have been matched by the State of North Dakota. The Organization is required to pay the State of North Dakota for any shortfall in these collections of pledges or gift agreements. Management is not aware of any specific uncollectible promises to give associated with the Challenge Grant program.

Beneficial Interest in Perpetual Trusts

Perpetual trusts are held by a third party under an arrangement where the Organization has an irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The trust assets, which are primarily publicly traded, are recorded at fair value at the gift date as beneficial interest in the trust and contribution income under permanently restricted support. Annual distributions are reported as investment income.

Living Trusts, Testamentary Trusts and Gift Annuities

The assets in living trusts, testamentary trusts and gift annuities are recorded at fair value at the inception of the trust or annuity and a liability is recorded to reflect the net present value of the expected future payments to the beneficiary.

The annuity and life income obligations are determined annually to reflect the change in life expectancy of the donor/beneficiary as well as expected payments to be made under the agreement. Investment income and distributions to beneficiaries increase or decrease the assets and the related obligation.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Notes to Financial Statements – Continued

The remainder interest is recorded as a contribution to the Organization or an increase in amounts held on behalf of others, depending on the terms of the agreement.

Property, Equipment, and Depreciation

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The depreciation method used is straight-line depreciation with a useful life of 15-39 years for property and 7 for equipment. Depreciation expense amounted to \$53,404 and \$53,402 for the years ending June 30, 2022 and 2021, respectively.

Loans Receivable

Loans receivable includes outstanding student loans from prior lending programs. Management determines the allowance for uncollectible loans by identifying troubled accounts and by using historical experience applied to the accounts. Loans are serviced by the North Dakota University System Student Loan Service Center. Allowances for uncollectible loans of \$104,790 has been established as of June 30, 2022.

Use of Estimates

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

Deferred Revenue

Deferred revenue consists of funds received for programs in which the expenses will be incurred in a future period or for sponsorships of future special events. The revenue will be recognized in applicable future periods when the services are provided, and the related expenses are incurred or when the event occurs.

Advertising Costs

Advertising costs are expensed as incurred. Total costs were \$11,948 and \$6,756 for the years ended June 30, 2022 and 2021, respectively.

Basis of Presentation

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Not-for-Profit Entities topic 958. The topic establishes standards for external financial reporting by not-for-profit Organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories, net assets without donor restrictions and net assets with donor restrictions, according to externally (donor) imposed restrictions. The topic also requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Donated Assets

Donated property, marketable securities, and other non-cash donations are recorded as contributions at their estimated market value at the date of the donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions when the restriction has been fulfilled.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains deposits at several banks that are members of the Federal Reserve Systems. At June 30, 2022 and 2021, the Organization's deposits were adequately insured.

Cash balances maintained at financial institutions may exceed federally insured limits. The Organization monitors the health of these banking institutions. Historically, the Organization has not experienced any credit-losses.

NOTE 3 – INVESTMENTS

The Organization maintains accounts consisting of securities with one stock brokerage firm. The Organization's securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the period included in earnings.

NOTE 4 – FAIR VALUE MEASUREMENT

Fair Value Measurements and Disclosures topic 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date. |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: <ul style="list-style-type: none">- quoted prices for similar assets or liabilities in active markets;- quoted prices for identical or similar assets in markets that are not active;- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and- inputs derived principally from, or corroborated by, observable market data by correlation or by other means. |
| Level 3 | Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that the observable inputs are not available. |

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counter party credit risk in its assessment of fair value.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity mutual funds, bond mutual funds, and equity securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds, bond securities, and real estate funds – Value is based on prices currently available on comparable securities.

There were no changes to the valuation techniques used during the period.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Notes to Financial Statements – Continued

Financial assets are carried at fair value as of June 30, 2022 and 2021 and are classified in the tables below in one of the three categories described above. Assets at fair value as of June 30, 2022 and are as follows:

Description	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 907,047	\$ -	\$ -	\$ 907,047
Money Market Funds	1,528,104	-	-	1,528,104
Fixed Income Securities	-	9,044,049	-	9,044,049
Equity Securities	17,166,044	-	-	17,166,044
Miscellaneous Assets	-	13,983	-	13,983
Total Assets at Fair Value	\$ 19,601,195	\$ 9,058,032	\$ -	\$ 28,659,227

NOTE 5 – COMPARATIVE INFORMATION

The accompanying financial statements include certain prior-year comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the June 30, 2021, from which the summarized information was derived.

NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing services have been summarized on a functional basis in the Statement of Activities and detailed in the Statement of Functional Expenses. Accordingly, certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

NOTE 7 – NOTES PAYABLE

The Organization maintains a line of credit with Bell Bank. The Organization's maximum borrowing limit on the line of credit is \$12,500,000. At June 30, 2022, \$11,090,241 was available for borrowing on the line of credit. At June 30, 2022 the interest rate was 2.25% and the maturity date of the note was July 27, 2026. The note is secured by real estate and investments.

NOTE 8 – INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management has determined that the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes it 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 Organization 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.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Notes to Financial Statements – Continued

NOTE 9 – RELATIONSHIP WITH COLLEGE

The Organization made contributions and payments to the College for the following purposes as of June 30, 2022:

Scholarships	\$	992,390
Gifts and Contributions		<u>610,036</u>
Total	\$	<u><u>1,602,426</u></u>

In exchange for services provided by the Organization to the North Dakota State College of Science, the Organization receives office space at no charge from the North Dakota State College of Science. The approximate fair market value is \$5,670. In addition, the College pays the Organization \$174,000 for the rent of STTC building and \$11,000 for parking lot lease.

The record keeping of the Organization is maintained through accounting and administrative services provided by the College. The approximate fair market value for these services is \$7,677. No amounts for these services have been recognized in the statement of activity.

The above related-party transactions are not necessarily indicative of the terms and amounts that would have been incurred had a comparable transaction been entered into with independent parties.

The Organization owes the College \$45,000 at June 30, 2022 that will be paid in the next fiscal year.

NOTE 10 – RETIREMENT PLANS

The Organization operates a Tax-Deferred Retirement defined contribution plan for all full-time employees. The cost of the retirement plan is paid currently and was \$30,043 and \$29,719 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 – ENDOWMENT

The Organization's endowments consist of approximately 30 funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization manages its endowments on a pooled basis, under the direction of the Investment Committee, and earnings on the pooled investments are allocated on a pro rata basis to each of the funds.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Notes to Financial Statements – Continued

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment Net Assets, beginning of year	\$ 959,535	\$ 21,286,910
Investment Return, net	(9,469)	116,584
Contributions	-	2,913,447
Appropriation of Endowment Assets for Expenditure	(32,330)	(1,078,685)
Endowment Net Assets, end of year	<u>\$ 917,736</u>	<u>\$ 23,238,256</u>

NOTE 12 – PROMISES TO GIVE

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

Within One Year	\$ 2,303,679
In One to Five Years	5,760,742
Over Five Years	<u>400,000</u>
Total	<u>\$ 8,464,421</u>

Approximately \$6,400,000 of the gross unconditional pledges at June 30, 2022 was due from four donors.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 14, 2022, the date in which the financial statements were available to be issued. The Organization was committed to approximately \$3.5 million of additional construction projects.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
Wahpeton, North Dakota

SCHEDULE OF PLANT ASSETS
June 30, 2022

	<u>Date Acquired</u>	<u>Cost</u>	<u>Prior Depreciation</u>	<u>Depreciation</u>	<u>Balance</u>
LAND & LAND IMPROVEMENTS					
723 5th Street N.	8/1/1987	\$ 20,000	\$ 14,540	\$ -	\$ 5,460
723 7th Street N.	2/29/2000	24,500	5,680	-	18,820
Curry Farm Land	3/31/1999	115,988	-	-	115,988
Parking Lot Land	2/8/2005	26,042	-	-	26,042
Parking Lot	8/10/2011	143,695	102,902	9,580	31,213
720 5th Street N.	8/13/2014	40,100	-	-	40,100
CIC Land 64th Ave.	3/5/2021	6,242,470	-	-	6,242,470
		6,612,795	123,122	9,580	6,480,093
BUILDING					
STTC Building	5/3/2011	1,709,138	443,712	43,824	1,221,602
CONSTRUCTION IN PROGRESS					
CIC Construction in Progress	6/30/2021	5,683,127	-	-	5,683,127
		<u>\$ 14,005,060</u>	<u>\$ 566,834</u>	<u>\$ 53,404</u>	<u>\$ 13,384,822</u>

See Independent Auditor's Report