

**NORTH DAKOTA STATE COLLEGE
OF SCIENCE FOUNDATION
Wahpeton, North Dakota
Audit Report
Years Ended June 30, 2013 and 2012**

Nadine Julson, LLC

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
TABLE OF CONTENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>Page(s)</u>
Official Directory	1
Independent Auditor's Report	2-3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-10
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Plant Assets	11
Schedule of Findings	12

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
AS OF JUNE 30, 2013

OFFICIAL DIRECTORY

Foundation President	Paul Dimmer
Foundation Vice-President	Annette Loken
Foundation Board Members	
Rochelle Conzemius	Stu Engen
Chad Fredericksen	Terry Goerger
Roger Haberman	Ken Harty
Mike Jacklitch	Duane Kragness
Mike Neopl	Robert Gette
Kelly Hubrig	Chris Johnson
Joel Sirek	Don Stevenson
Justin Neopl	Mike Worner
Ed Uhlich	
Exofficio Members	
NDSCS President	John Richman, Ph.D.
Foundation Director	Brad Barth
Foundation Treasurer/Secretary	Keith Johnson
Foundation Recorder	Tim Neumann
Vice-President of Academic Affairs	Harvey Link
Dean of Extended Learning	Margaret Wall

Nadine Julson, LLC
Nadine Julson, Certified Public Accountant

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PO Box 721
Wahpeton, ND 58074
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Independent Auditor's Report

To the Board Members of
North Dakota State College
of Science Foundation

I have audited the accompanying financial statements of North Dakota State College of Science Foundation, a North Dakota non-profit corporation, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.


Continued on the next page

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Dakota State College of Science Foundation as of June 30, 2013 and 2012, 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.

Report on Summarized Comparative Information

I have previously audited the North Dakota State College of Science Foundation 2012 financial statements, and my report dated August 19, 2013, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Nadine Julson, LLC
Wahpeton, North Dakota
September 12, 2013

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 AND 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash in checking – Bank of North Dakota	\$ 1,400,513	\$ 2,334,067
Money markets and CD's	1,351,090	1,288,277
Equity securities	8,180,780	6,819,729
Accounts Receivable	<u>50,000</u>	<u>--</u>
Total current assets	10,982,383	10,442,073
PROPERTY AND EQUIPMENT:		
Building	1,709,138	1,709,138
Land	330,225	330,225
Equipment	<u>12,743</u>	<u>12,743</u>
Total property and equipment	2,052,106	2,052,106
Less: accumulated depreciation	<u>(146,935)</u>	<u>(89,462)</u>
Net property and equipment	<u>1,905,171</u>	<u>1,962,644</u>
Total assets	<u>\$12,887,554</u>	<u>\$12,404,717</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 14,050	\$ 9,832
Deferred Revenue	47,500	--
Current portion of long-term debt	<u>53,472</u>	<u>51,222</u>
Total current liabilities	115,022	61,054
LONG-TERM LIABILITIES:		
Notes payable, net of current portion above	<u>1,833,762</u>	<u>1,887,535</u>
Total liabilities	1,948,784	1,948,589
NET ASSETS:		
Unrestricted	142,769	569,123
Temporarily restricted	987,975	368,614
Permanently restricted	<u>9,808,026</u>	<u>9,518,391</u>
Total net assets	<u>10,938,770</u>	<u>10,456,128</u>
Total liabilities and net assets	<u>\$12,887,554</u>	<u>\$12,404,717</u>

See Accompanying Notes to the Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTAL FOR 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Support and Revenue:					
Donations	\$ 282,050	\$ 203,124	\$ 298,898	\$ 784,072	\$ 762,613
Dues & memberships	101,220	-	-	101,220	74,924
Box office sales	1,575	-	-	1,575	12,533
Dividend income	9,578	156,295	-	165,873	138,675
Interest income	8,343	110,503	-	118,846	95,591
Other services	201,052	-	-	201,052	132,288
Rental of rooms & buildings	184,953	-	-	184,953	206,199
Rent - land	44,310	-	-	44,310	10,953
Special events	35,278	-	-	35,278	35,947
Gain on land sale	-	-	-	-	378,000
Sponsorships	21,990	-	-	21,990	20,975
Realized gains (losses) on investments	4,578	75,459	-	80,037	(176,312)
Unrealized appreciation (depreciation) on investments	14,449	238,015	-	252,464	(68,539)
Tuition & fees	624	-	-	624	572
Net assets released from restrictions	173,298	(164,035)	(9,263)	-	-
Total support and revenue	1,083,298	619,361	289,635	1,992,294	1,624,419
Expenses:					
Salaries	193,429	-	-	193,429	159,624
Fringe benefits	50,014	-	-	50,014	44,865
Postage and printing	48,521	-	-	48,521	60,222
Office equipment	2,417	-	-	2,417	10,696
Office supplies	5,175	-	-	5,175	6,067
Bank charges/investment fees	31,470	-	-	31,470	29,161
Supplies	5,316	-	-	5,316	7,216
Insurance	11,514	-	-	11,514	11,342
Depreciation	57,473	-	-	57,473	51,133
Advertising	11,174	-	-	11,174	12,330
Repairs	1,400	-	-	1,400	453
Legal and accounting	3,950	-	-	3,950	4,888
Fees	7,708	-	-	7,708	1,828
Subscriptions	439	-	-	439	1,353
Dues and memberships	1,290	-	-	1,290	1,376
Taxes and licenses	34,410	-	-	34,410	35,003
Foreign Tax	2,261	-	-	2,261	1,833
Interest	75,895	-	-	75,895	77,826
Awards & grants	380,194	-	-	380,194	35,011
Miscellaneous	614	-	-	614	3,182
Plaques	784	-	-	784	50
Equipment rental	2,090	-	-	2,090	4,854
Banquets and meetings	56,854	-	-	56,854	40,496
Scholarship	479,088	-	-	479,088	485,673
Travel	14,410	-	-	14,410	9,794
Contract services	29,550	-	-	29,550	6,413
Operating fee	2,004	-	-	2,004	2,845
Freight	208	-	-	208	822
Total expenses	1,509,652	-	-	1,509,652	1,106,356
CHANGE IN NET ASSETS	(426,354)	619,361	289,635	482,642	518,063
NET ASSETS, JULY 1	569,123	368,614	9,518,391	10,456,128	9,938,065
NET ASSETS, JUNE 30	\$ 142,769	\$ 987,975	\$ 9,808,026	\$ 10,938,770	\$ 10,456,128

See Accompanying Notes to the Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in the net assets	\$ 482,642	\$ 518,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,473	51,133
Net unrealized gain (loss) on investments	(80,037)	68,539
Net realized capital loss (gain) on sale of investments	(80,037)	184,648
Net gain on land sale	-	(378,000)
Increase (Decrease) in accounts receivable	(50,000)	-
Increase (Decrease) in accounts payable	4,218	791
Increase (Decrease) in deferred reveune	<u>(47,500)</u>	<u>-</u>
Net cash provided by operating activities	286,759	445,174
CASH FLOWS USED BY INVESTING ACTIVITIES:		
Purchase of building	-	-
Proceeds from sale of investments	3,265,539	7,927,367
Purchase of investments	(4,371,817)	(8,117,372)
Proceeds from land sale	-	408,104
Land Improvements	<u>-</u>	<u>(143,695)</u>
Net cash provided (used) by investing activities	(1,106,278)	74,404
CASH FLOWS USED BY FINANCING ACTIVITIES;		
Payment of long-term debt	<u>(51,222)</u>	<u>(53,859)</u>
Net cash used by financing activities	<u>(51,222)</u>	<u>(53,859)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(870,741)	465,719
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,622,344</u>	<u>3,156,625</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,751,603</u>	<u>\$ 3,622,344</u>

DISCLOSURE OF ACCOUNTING POLICY

For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with maturity of one year or less to be cash equivalents.

See Accompanying Notes to the Financial Statements

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the North Dakota State College of Science Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation'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.

- A. 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.

- B. Fund Accounting - To ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however, in accompanying financial statements, funds that have similar characteristics have been combined.

- C. 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 thirty-three years for property and seven years for equipment. Costs of office furnishings and equipment are consistently charged to expense because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation. However, for income tax purposes such items are capitalized and depreciated and the financial statements herein have been adjusted accordingly.

Depreciation expense amounted to \$57,473 for the year ending June 30, 2013 and \$51,133 for the year ending June 30, 2012.

- D. Cash - The North Dakota State College of Science Foundation, Wahpeton, North Dakota, in conjunction with North Dakota State College of Science, Wahpeton, North Dakota, pools their cash accounts. The Foundation essentially has access to its cash resources on demand. Accordingly, the Foundation 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.

Continued on Next Page

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION

NOTES TO FINANCIAL STATEMENTS cont.

Page 2

- E. 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.
- F. Financial Statement Presentation – The Foundation reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence and/or nature of donor-imposed restrictions.
- 1) Unrestricted Net Assets - Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.
 - 2) Temporarily Restricted Net Assets – Temporarily restricted net assets are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specified purpose.
 - 3) Permanently Restricted Net Assets - Permanently restricted net assets include the historical dollar amount of gifts (including unconditional promises to give), trusts and remainder interests and investment (earnings required by donors to be permanently retained). Unconditional promises to give, trusts and remainder interests are reported at their estimated present realizable values.
- G. Subsequent Events – Subsequent events have been evaluated through September 12, 2013, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

- A. Deposits - The Foundation maintains certificates of deposit at several banks that are members of the Federal Reserve Systems. At June 30, 2013 and 2012, the Foundation's deposits were adequately insured and collateralized with securities held by its agent in the entity's name.

Continued on Next Page

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS cont.

Page 3

B. Investment - The Foundation maintains accounts consisting of securities with several stock brokerage firms. The Securities Investors Protection Corporation insures balances up to \$25,000,000. The Foundation'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. At June 30, 2013 and 2012, the Foundation's securities were adequately insured.

NOTE 3 – FUNCTIONAL ALLOCATIONS OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

All of the expenditures for administration are recorded in the Foundation Fund. The costs are then allocated to the various funds as a reimbursement entitled "Administration Cost Reimbursement" and are recorded in the revenues of this fund.

NOTE 4 – LONG-TERM DEBT

Long-term debt as of June 30 consists of the following:

	<u>2013</u>	<u>2012</u>
3.72% note payable in monthly installments of \$10,231 (including principal & interest) to April 15, 2021.	<u>1,887,234</u>	<u>1,938,757</u>
Less current portion	<u>(53,472)</u>	<u>(51,522)</u>
	<u>\$ 1,833,762</u>	<u>\$ 1,887,235</u>

Continued on Next Page

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS cont.

Page 4

The annual requirements to amortize the long-term debt as of June 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 53,472	\$ 69,300	\$ 122,772
2015	55,496	67,276	122,772
2016	57,596	65,176	122,772
2017	59,775	62,997	122,772
2018	62,037	60,735	122,772
2019 to 2021	<u>1,598,858</u>	<u>151,093</u>	<u>1,749,952</u>
	<u>\$ 1,887,234</u>	<u>\$ 476,577</u>	<u>\$2,363,812</u>

NOTE 5 – INCOME TAXES

The Foundation is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Foundation is required to pay state and federal income tax on unrelated business income. The Foundation has no unrelated business income for the years ended June 30, 2013 and 2012.

NOTE 6 – RELATIONSHIP WITH THE COLLEGE

A.) The Foundation made contributions and payments to the College for the following purposes as of June 30, 2013:

Scholarships	\$ 479,088
Gifts and Contributions	<u>380,194</u>
	<u>\$ 859,282</u>

B.) In exchange for services provided by the Foundation to the North Dakota State College of Science, the Foundation 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 Foundation \$174,000 for the rent of STTC building.

C.) The North Dakota State College of Science pays 30% of the Foundation Director's annual salary and benefits.

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.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
SCHEDULE OF PLANT ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Date Acquired</u>	<u>Cost</u>	<u>Prior Depreciation</u>	<u>Depreciation</u>	<u>Balance</u>
<u>LAND & LAND IMPROVEMENTS</u>					
723 5th Street N.	08/01/87	\$ 20,000	\$ 14,540	\$ -	\$ 5,460
723 7th Street N.	02/29/00	24,500	5,680	-	18,820
Curry farm land	03/31/99	115,988	-	-	115,988
Parking lot land	02/08/05	26,042	-	-	26,042
Parking Lot	08/10/11	<u>143,695</u>	<u>7,191</u>	<u>13,651</u>	<u>122,853</u>
		330,225	20,220	13,651	289,163
<u>BUILDING</u>					
STTC Building	05/03/11	1,709,138	49,308	43,822	1,616,008
<u>EQUIPMENT</u>					
Computer and software	07/15/90	3,682	3,682	-	-
Table	06/11/93	100	100	-	-
File	12/10/92	325	325	-	-
Computer	08/20/99	2,154	2,154	-	-
Computer	01/11/00	1,323	1,323	-	-
Computer Intel III	08/14/00	1,809	1,809	-	-
Laptop Computer	11/05/02	1,200	1,200	-	-
Computer	03/24/04	<u>2,150</u>	<u>2,150</u>	<u>-</u>	<u>-</u>
		<u>12,743</u>	<u>12,743</u>	<u>-</u>	<u>-</u>
Total plant assets		<u>\$ 2,052,106</u>	<u>\$ 82,271</u>	<u>\$ 57,473</u>	<u>\$ 1,905,171</u>

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION
WAHPETON, NORTH DAKOTA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

13.1 FOUNDATION FEE POLICY

Condition:

The Foundation unrestricted an 8% receipt fee from permanently restricted, on a mineral trust that was given as a donation. The mineral trust was donated prior to the Foundation establishing their 8% receipt fee policy on November 28, 2007 and without authorization from the donor.

Criteria:

The Foundation should have approval by the donor for the 8% receipt fee.

Effect:

This could result in the donation not being used as requested by the donor.

Recommendation:

It is recommended that the Foundation only takes 8% receipt fee on authorized donations.

Client Response:

While the Foundation respects our auditor's recommendation – it disagrees with the application of the administrative fee in this transaction. In discussions with other Foundations we have found that it is a normal practice to apply administrative or management fees on these types of transactions. Reasons given are the significant costs/expenses incurred in managing/selling of real estate, and other types of real property.

Nadine Julson LLC
PO Box 721
Wahpeton ND 58074

This representation letter is provided in connection with your audit of the financial statements of North Dakota State College of Science Foundation, which comprise the statements of financial position as of June 30, 2013, and the related statements of government activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 12, 2013, the following representations made to you during your audit.

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 19, 2013 , including our responsibility for the preparation and fair presentation of the financial statements.

The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

We acknowledge our responsibility 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.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

We have provided you with:

Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

Additional information that you have requested from us for the purpose of the audit.

Unrestricted access to persons within the entity from whom you are determined it necessary to obtain audit evidence.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud that affects the organization and involves:

Management,

Employees who have significant roles in internal control, or

Others where the fraud could have a material effect on the financial statements.

We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you all known actual or possible litigations, claims, and assessments whose effects should be considered when preparing the financial statements.

We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.

The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

North Dakota State College of Science Foundation, is an exempt organization under Section 501-C3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax -exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

We acknowledge our responsibility for presenting the Schedule of Plant Assets and Schedule of Findings in accordance with U.S. GAAP, and we believe the Schedule of Plant Assets and Schedule of Findings, including form and content, are fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

Signed



Title

Foundation Treasurer / Secretary