

# **Emporia State University Foundation, Inc.**

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

**Emporia State University Foundation, Inc.**  
**June 30, 2022 and 2021**

**Contents**

**Independent Auditor’s Report..... 1**

**Financial Statements**

Statements of Financial Position ..... 3  
Statements of Activities..... 4  
Statements of Functional Expenses ..... 6  
Statements of Cash Flows ..... 8  
Notes to Financial Statements ..... 9

## Independent Auditor's Report

Board of Directors  
Emporia State University Foundation, Inc.  
Emporia, Kansas

### ***Opinion***

We have audited the financial statements of Emporia State University Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in *Note 13* to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### ***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 Foundation's ability to continue as a going concern within one year after the date that these financial statements are available to be 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 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 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 Foundation's ability to continue as a going concern for a reasonable period of time.

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

**FORVIS, LLP**

Kansas City, Missouri  
October 5, 2022

**Emporia State University Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

**Assets**

	<b>2022</b>	<b>2021</b>
		<i>(Restated - Note 13)</i>
Cash and cash equivalents	\$ 589,666	\$ 252,007
Mortgages receivable	205,351	232,336
Investments	116,459,467	121,781,653
Contributions receivable, net of allowance; 2022 - \$238,128, 2021 - \$216,755	4,661,268	5,397,305
Beneficial interests in trusts	12,287,723	13,789,315
Property and equipment, net of accumulated depreciation; 2022 - \$1,953,157, 2021 - \$1,885,618	1,282,955	1,333,909
Other assets	129,662	115,959
Total assets	\$ 135,616,092	\$ 142,902,484

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 205,564	\$ 628,955
Accrued expenses	212,428	229,834
Note payable	416,442	440,531
Annuity and trust obligations	998,971	1,210,948
Total liabilities	1,833,405	2,510,268

**Net Assets**

Without donor restrictions	10,681,556	12,628,125
With donor restrictions	123,101,131	127,764,091
Total net assets	133,782,687	140,392,216
Total liabilities and net assets	\$ 135,616,092	\$ 142,902,484

**Emporia State University Foundation, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 950,881	\$ 7,702,464	\$ 8,653,345
Investment return	(683,136)	(4,040,229)	(4,723,365)
Change in beneficial interests in trusts	-	(1,500,445)	(1,500,445)
Gain on annuity and trust obligations	26,352	93,827	120,179
Other	18,439	26,032	44,471
Net assets released from restrictions	6,919,510	(6,919,510)	-
	<u>7,232,046</u>	<u>(4,637,861)</u>	<u>2,594,185</u>
<b>Expenses and Losses</b>			
Program	6,824,704	-	6,824,704
Management and general	1,233,580	-	1,233,580
Fundraising	1,120,331	25,099	1,145,430
	<u>9,178,615</u>	<u>25,099</u>	<u>9,203,714</u>
<b>Change in Net Assets</b>	<b>(1,946,569)</b>	<b>(4,662,960)</b>	<b>(6,609,529)</b>
<b>Net Assets, Beginning of Year</b>	<u>12,628,125</u>	<u>127,764,091</u>	<u>140,392,216</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 10,681,556</u></u>	<u><u>\$ 123,101,131</u></u>	<u><u>\$ 133,782,687</u></u>

**Emporia State University Foundation, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2021 (Restated – Note 13)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 542,227	\$ 8,985,264	\$ 9,527,491
Investment return	4,244,775	23,822,441	28,067,216
Change in beneficial interests in trusts	-	1,762,121	1,762,121
Loss on annuity and trust obligations	(3,947)	(151,902)	(155,849)
Gain on extinguishment of debt	301,800	-	301,800
Other	1,493	10,718	12,211
Net assets released from restrictions	9,974,791	(9,974,791)	-
	<u>15,061,139</u>	<u>24,453,851</u>	<u>39,514,990</u>
<b>Expenses and Losses</b>			
Program	8,792,310	-	8,792,310
Management and general	1,181,120	-	1,181,120
Fundraising	1,198,879	156,125	1,355,004
	<u>11,172,309</u>	<u>156,125</u>	<u>11,328,434</u>
	<u>3,888,830</u>	<u>24,297,726</u>	<u>28,186,556</u>
<b>Change in Net Assets</b>			
<b>Net Assets, Beginning of Year, as previously reported</b>	8,739,295	100,229,065	108,968,360
<b>Restatement (Note 13)</b>	-	3,237,300	3,237,300
<b>Net Assets, Beginning of Year, as restated</b>	<u>8,739,295</u>	<u>103,466,365</u>	<u>112,205,660</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,628,125</u>	<u>\$ 127,764,091</u>	<u>\$ 140,392,216</u>

**Emporia State University Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 22,919	\$ 857,347	\$ 882,599	\$ 1,762,865
Scholarships	3,142,313	-	-	3,142,313
University projects	3,433,899	-	-	3,433,899
Supplies	5,795	12,451	2,515	20,761
Travel and training	-	35,198	69,174	104,372
Maintenance/contractual services	3,122	119,313	32,997	155,432
Utilities and taxes	5,063	34,883	8,609	48,555
Advertising/promotion	1,366	13,145	30,369	44,880
Insurance	4,786	19,466	-	24,252
Interest expense	17,397	-	-	17,397
Professional services	-	54,786	32,482	87,268
Printing and publication	-	9,798	13,186	22,984
Postage	-	8,443	5,985	14,428
Rent	-	1,745	1,092	2,837
Depreciation	21,344	26,092	23,718	71,154
Equipment (noncapitalized)	4,500	9,406	5,648	19,554
Dues	-	12,947	2,950	15,897
Fees	1,887	16,638	4,029	22,554
Bad debts	-	-	30,077	30,077
Other	160,313	1,922	-	162,235
	<u>\$ 6,824,704</u>	<u>\$ 1,233,580</u>	<u>\$ 1,145,430</u>	<u>\$ 9,203,714</u>



**Emporia State University Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ -	\$ 887,010	\$ 992,059	\$ 1,879,069
Scholarships	3,303,960	-	-	3,303,960
University projects	5,294,410	(6,000)	-	5,288,410
Supplies	4,408	6,626	2,302	13,336
Travel and training	-	12,981	37,232	50,213
Maintenance/contractual services	5,186	109,486	22,994	137,666
Utilities and taxes	5,281	6,468	8,553	20,302
Advertising/promotion	8,152	7,320	24,830	40,302
Insurance	4,936	18,572	-	23,508
Interest expense	18,356	-	-	18,356
Professional services	-	52,020	34,860	86,880
Printing and publication	259	8,989	19,033	28,281
Postage	98	5,253	9,409	14,760
Rent	-	1,714	4,496	6,210
Depreciation	26,053	30,827	27,389	84,269
Equipment (noncapitalized)	953	15,418	5,501	21,872
Dues	-	9,628	3,420	13,048
Fees	2,157	13,968	988	17,113
Bad debts	-	-	161,938	161,938
Other	118,101	840	-	118,941
	<u>\$ 8,792,310</u>	<u>\$ 1,181,120</u>	<u>\$ 1,355,004</u>	<u>\$ 11,328,434</u>

**Emporia State University Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
		<i>(Restated - Note 13)</i>
<b>Operating Activities</b>		
Change in net assets	\$ (6,609,529)	\$ 28,186,556
Items not requiring (providing) operating activities cash flows		
Depreciation	71,154	84,269
Net realized and unrealized (gains) losses on investments	14,655,120	(20,792,815)
Gain (loss) on annuity and trust obligations	(120,179)	155,849
Change in beneficial interests in trusts	1,500,445	(1,762,121)
Gain on extinguishment of debt	-	(301,800)
Provision for losses on uncollectible contributions	30,077	161,938
Contributions and investment income received restricted for long-term investment	(2,752,573)	(3,043,925)
Changes in		
Contributions receivable	885,895	(1,925,035)
Beneficial interests in trusts	1,147	-
Other assets	(13,703)	(13,407)
Accounts payable and accrued expenses	(440,797)	424,719
	<u>7,207,057</u>	<u>1,174,228</u>
<b>Investing Activities</b>		
Principal payments received on mortgages receivable	26,985	18,787
Purchase of investments	(36,633,449)	(16,603,587)
Proceeds from the disposition of investments	27,300,515	11,779,970
Purchase of property and equipment	(20,200)	(3,242)
	<u>(9,326,149)</u>	<u>(4,808,072)</u>
<b>Financing Activities</b>		
Proceeds from contributions and investment income restricted for long-term investment	2,572,638	2,810,021
Payments on annuity and trust obligations	(91,798)	(93,983)
Payments on notes payable	(24,089)	(23,130)
	<u>2,456,751</u>	<u>2,692,908</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>337,659</b>	<b>(940,936)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>252,007</b>	<b>1,192,943</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 589,666</b>	<b>\$ 252,007</b>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 17,397	\$ 18,356

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Emporia State University Foundation, Inc. (the Foundation) provides scholarships to students and various other types of support to Emporia State University (ESU) and its Alumni. The Foundation is supported primarily through donor contributions. The Foundation is a separately administered organization that is a component unit of Emporia State University and the State of Kansas. The Foundation's financial statements are included in summary form in the State of Kansas' comprehensive annual financial report.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of a daily repurchase agreement that is subject to FDIC insurance limits. At June 30, 2022, the Foundation's cash accounts did not exceed federally insured limits.

***Investments and Net Investment Return***

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Alternative investments are valued using the most recent valuation available by the respective external fund manager. The fair value of certain alternative investments, such as the limited partnerships, are recorded at net asset value (NAV), as a practical expedient based on the most recent valuations provided by external investment managers, adjusted for cash receipts and disbursements through June 30. The Foundation compares this carrying value to the June 30 investment statements provided by the external investment managers and believes the carrying value of these financial instruments is a reasonable estimate of fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

### ***Mortgages Receivable***

Mortgages receivable are stated at the amounts loaned to other organizations plus any accrued and unpaid interest. If necessary, the Foundation will record an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 10 years

### ***Long-lived Asset Impairment***

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Contributions**

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restriction and then released from restriction.

### ***In-kind Contributions***

In addition to receiving cash contributions, the Foundation receives in-kind contributions of stock gifts, auction items and equipment for the Foundation from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense or asset in its financial statements, and similarly increase contribution revenue by a like amount.

### ***Income Taxes***

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on time expended, usage and other methods.

### ***Paycheck Protection Program Loan***

In April 2020, the Foundation received a \$301,800 loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) established by the CARES Act and has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Under Topic 470, the proceeds under the loan will remain recorded as a liability until either 1) the loan is, in part or wholly forgiven and the debtor has been legally released or 2) the debtor pays off the loan to the creditor. The Foundation received forgiveness of the loan from the SBA in May 2021. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

### ***Subsequent Events***

Subsequent events have been evaluated through October 5, 2022, which is the date the financial statements were available to be issued.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 2: Investments**

Investments at June 30 consisted of the following:

	<b>2022</b>	<b>2021</b>
Investments in marketable securities at fair value		
Money markets accounts	\$ 1,009,920	\$ 2,013,361
Fixed income mutual funds		
Intermediate-term bond	13,166,842	12,819,033
Other fixed income mutual funds	855,031	1,048,382
Equity mutual funds		
Domestic equities	20,938,115	25,102,231
International equities	23,775,723	34,581,335
Other equity mutual funds	6,020,024	5,466,318
Real estate	415,486	368,816
Total investments at fair value	66,181,141	81,399,476
Investments at net asset value		
Hedge funds and fixed income partnerships	16,857,777	15,872,603
Real estate partnerships	6,628,585	5,486,759
Limited partnerships	25,998,172	18,172,337
Total investments at net asset value	49,484,534	39,531,699
Other assets	793,792	850,478
	\$ 116,459,467	\$ 121,781,653

***Investments at Fair Value***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

### Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>June 30, 2022</b>				
Investments				
Money markets accounts	\$ 1,009,920	\$ 1,009,920	\$ -	\$ -
Fixed income mutual funds				
Intermediate-term bond	13,166,842	13,166,842	-	-
Other fixed income mutual funds	855,031	855,031	-	-
Equity mutual funds				
Domestic equities	20,938,115	20,938,115	-	-
International equities	23,775,723	23,775,723	-	-
Other equity mutual funds	6,020,024	6,020,024	-	-
Real estate	415,486	-	415,486	-
Total investments	66,181,141	65,765,655	415,486	-
Beneficial interests in trusts	12,287,723	-	227,658	12,060,065
	<u>\$ 78,468,864</u>	<u>\$ 65,765,655</u>	<u>\$ 643,144</u>	<u>\$ 12,060,065</u>



**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

		<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Fair Value</u>			
<i>(Restated - Note 13)</i>				
<b>June 30, 2021</b>				
Investments				
Money markets accounts	\$ 2,013,361	\$ 2,013,361	\$ -	\$ -
Fixed income mutual funds				
Intermediate-term bond	12,819,033	12,819,033	-	-
Other fixed income mutual funds	1,048,382	1,048,382	-	-
Equity mutual funds				
Domestic equities	25,102,231	25,102,231	-	-
International equities	34,581,335	34,581,335	-	-
Other equity mutual funds	5,466,318	5,466,318	-	-
Real estate	368,816	-	368,816	-
Total investments	<u>81,399,476</u>	<u>81,030,660</u>	<u>368,816</u>	<u>-</u>
Beneficial interests in trusts	13,789,315	-	255,870	13,533,445
	<u>\$ 95,188,791</u>	<u>\$ 81,030,660</u>	<u>\$ 624,686</u>	<u>\$ 13,533,445</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Investments at Net Asset Value (NAV)**

Except as described below, the fair value of alternative investments has been estimated using the net asset value per share of the investments as a practical expedient. Alternative investments held at June 30, 2022 and 2021 consist of the following:

	Net Asset Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
	2022	2021	2022	2021		
Hedge funds and fixed income partnerships (A)	\$ 16,857,777	\$ 15,872,603	N/A	N/A	Quarterly	100 days
Real estate partnerships (B)	6,628,585	5,486,759	N/A	N/A	Quarterly	90 days
Limited partnerships (C)	<u>25,998,172</u>	<u>18,172,337</u>	\$ 8,196,859	\$ 7,963,764	Monthly or at fund discretion	15 days to illiquid
Total alternative investments	<u>\$ 49,484,534</u>	<u>\$ 39,531,699</u>				

- (A) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Some examples of the strategies fund of hedge funds invest in include long/short equity, long/short credit, event driven, global macro and multi-strategy. The Foundation's hedge funds have initial lock-up periods ranging from zero to one year, and thereafter require 100 days of advance notice prior to quarterly redemption windows.
- (B) Foundation's real estate investment consists of an open-end real estate product that invests across all major property types using public REITS, private open-end core real estate funds and a portfolio of directly held properties. This investment provides investors with quarterly redemptions. Redemption payments may be delayed in the event of extraordinary circumstances.
- (C) This category includes investments in limited partnerships. Each partnership operates in accordance with the terms of a limited partnership agreement and continue to operate year to year unless dissolved in accordance with the agreements. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long-term horizon by employing a strategy under which the partnership invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, natural resources, private equity and venture capital investments). The Foundation primarily utilizes fund of funds to access these investments since this provides diversification and reduces risk. These investments are considered to be long-term endeavors and have limited liquidity. Investors make a dollar commitment identifying how much they will invest. During the "drawdown" period (typically the first several years), committed capital is called from investors. Capital is returned to investors as investments are divested through sales or loan maturity.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

***Beneficial Interests in Trusts***

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which is equivalent to the fair value of the trust assets. Beneficial interests are classified within Level 2 of the hierarchy if the fair values of the underlying investments are determined through quoted market prices or other observable inputs and the Foundation expects to have the ability to redeem the trust assets in the near term. Beneficial interests in which the Foundation will never have the ability to redeem are classified within Level 3 of the hierarchy.

***Level 3 Reconciliation***

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs at June 30:

	<b>Beneficial Interests in Trusts</b>
Balance, June 30, 2020	\$ 11,814,047
Unrealized appreciation on investments	1,719,398
Balance, June 30, 2021	13,533,445
Unrealized depreciation on investments	(1,473,380)
Balance, June 30, 2022	\$ 12,060,065
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses related to assets and liabilities still held at the reporting date	
Year ended June 30, 2021	\$ 1,719,398
Year ended June 30, 2022	\$ (1,473,380)

Realized and unrealized gains and losses for items reflected in the table above are included in investment return on the statements of activities.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

***Unobservable (Level 3) Inputs***

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	<b>Fair Value 6/30/2022</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Beneficial interests in trusts	\$ 12,060,065	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	None
	<b>Fair Value 6/30/2021</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Beneficial interests in trusts	\$ 13,533,445	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	None

**Note 3: Contributions Receivable**

Contributions receivable at June 30, 2022 and 2021 consisted of the following unconditional promises to give discounted at a rate of 4.75 percent and 3.25 percent, respectively:

	<b>2022</b>	<b>2021</b>
Due within one year	\$ 1,931,254	\$ 1,672,510
Due in one to five years	3,417,990	4,377,253
Due in more than five years	64,310	4,740
	<u>5,413,554</u>	<u>6,054,503</u>
Less		
Allowance for uncollectible contributions	238,128	216,755
Unamortized discount	514,158	440,443
	<u>\$ 4,661,268</u>	<u>\$ 5,397,305</u>

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 4: Beneficial Interests in Trusts**

The Foundation is the beneficiary under various trusts administered by outside parties. Under the terms of the trusts, the Foundation has the irrevocable right to receive income earned on the trust assets in perpetuity or the rights to the trust assets after some future event. The estimated value of the expected future cash flows is \$12,287,723 and \$13,789,315, which represents the fair value of the trusts' assets at June 30, 2022 and 2021, respectively. The income from these trusts for 2022 and 2021 was \$367,514 and \$385,329, respectively.

**Note 5: Property and Equipment**

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

	<b>2022</b>	<b>2021</b>
Land	\$ 313,263	\$ 313,263
Buildings and improvements	2,706,452	2,701,625
Furniture and equipment	216,397	204,639
	3,236,112	3,219,527
Less accumulated depreciation	1,953,157	1,885,618
	\$ 1,282,955	\$ 1,333,909

**Note 6: Annuities and Trusts Payable**

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability at June 30, 2022 and 2021 of \$164,025 and \$221,066, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates of 1.8 percent to 2.5 percent.

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use. Assets held in the charitable remainder trusts are recorded at fair value of \$1,080,525 and \$1,279,128 as of June 30, 2022 and 2021, respectively, and included in the investments in the Foundation's statements of financial position. The Foundation has recorded a liability at June 30, 2022 and 2021 of \$834,946 and \$989,882, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates provided by the Internal Revenue Service and applicable mortality tables.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 7: Note Payable**

The Foundation has a note payable that is due in May 2035. The note is payable at \$3,457 monthly, including interest at 4 percent through June 2025 and thereafter variable based on index rates plus 2.98 percent. The note is secured by all pledges, accounts receivable and general intangibles. The balance of the note payable at June 30, 2022 and 2021 is \$416,442 and \$440,531, respectively.

Aggregate annual maturities of long-term debt at June 30, 2022, are:

2023	\$	25,056
2024		26,049
2025		27,167
2026		28,290
2027		29,459
Thereafter		280,421
		<hr/>
	\$	416,442
		<hr/> <hr/>

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 8: Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at June 30, 2022 and 2021 were available for the following purposes:

	<b>2022</b>	<b>2021</b>
		<i>(Restated - Note 13)</i>
Subject to expenditure for specific purpose		
Scholarships	\$ 2,096,891	\$ 1,852,417
Amounts available for the benefit of ESU departments and organization	7,614,338	6,557,664
Donor advised funds	1,782,742	1,846,127
Outside entities	15,785	14,863
Contributions receivable, the proceeds from which have been restricted by donors for		
Scholarships	1,763,178	1,667,709
Amounts available for the benefit of ESU departments and organization	2,685,425	3,599,022
Subject to the passage of time		
Beneficial interests in trusts	1,497,253	1,599,737
	17,455,612	17,137,539
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships	73,450,473	77,012,780
Amounts available for the benefit of ESU departments and organization	21,332,654	21,355,244
Greatest need	71,922	68,950
Total endowments	94,855,049	98,436,974
Not subject to spending policy or appropriation		
Beneficial interests in trusts	10,790,470	12,189,578
	105,645,519	110,626,552
Total net assets with donor restrictions	\$ 123,101,131	\$ 127,764,091

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2022</b>	<b>2021</b>
Satisfaction of purpose restrictions		
Scholarships	\$ 1,119,985	\$ 1,230,021
Amounts available for the benefit of ESU departments and organization	2,461,645	4,414,899
Donor advised funds	706,280	123,811
	4,287,910	5,768,731
 Restricted-purpose spending-rate distributions and appropriations		
Scholarships	2,058,377	2,070,000
Amounts available for the benefit of ESU departments and organization	573,223	581,300
Internal management fee	-	1,554,760
	2,631,600	4,206,060
Net assets released from restrictions	\$ 6,919,510	\$ 9,974,791

**Note 9: Endowment**

The Foundation's governing body is subject to the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments



**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation’s endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2022 and 2021 was:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 2,533,923	\$ -	\$ 2,533,923
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	66,735,034	66,735,034
Accumulated investment gains	-	19,546,140	19,546,140
Term endowments	-	8,573,875	8,573,875
	<u>\$ 2,533,923</u>	<u>\$ 94,855,049</u>	<u>\$ 97,388,972</u>
Total endowment funds	<u>\$ 2,533,923</u>	<u>\$ 94,855,049</u>	<u>\$ 97,388,972</u>
	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 2,350,845	\$ -	\$ 2,350,845
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	63,631,123	63,631,123
Accumulated investment gains	-	25,676,901	25,676,901
Term endowments	-	9,128,950	9,128,950
	<u>\$ 2,350,845</u>	<u>\$ 98,436,974</u>	<u>\$ 100,787,819</u>
Total endowment funds	<u>\$ 2,350,845</u>	<u>\$ 98,436,974</u>	<u>\$ 100,787,819</u>

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 2,350,845	\$ 98,436,974	\$ 100,787,819
Net investment return	(197,973)	(3,936,028)	(4,134,001)
Addition of contributions and collections on pledges	312,737	2,583,594	2,896,331
Appropriation of endowment assets for expenditure	(65,600)	(2,631,600)	(2,697,200)
Other changes	133,914	402,109	536,023
	<u>\$ 2,533,923</u>	<u>\$ 94,855,049</u>	<u>\$ 97,388,972</u>

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 1,869,341	\$ 77,159,420	\$ 79,028,761
Net investment return	560,505	23,039,573	23,600,078
Addition of contributions and collections on pledges	2,621	2,380,186	2,382,807
Appropriation of endowment assets for expenditure	-	(2,651,300)	(2,651,300)
Administration and management fees	(38,639)	(1,554,760)	(1,593,399)
Other changes	(42,983)	63,855	20,872
	<u>\$ 2,350,845</u>	<u>\$ 98,436,974</u>	<u>\$ 100,787,819</u>

***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is expected to produce long-term investment returns of approximately 7.00 percent to 8.00 percent. Actual returns and risk in any given year may vary from this amount.

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

### June 30, 2022 and 2021

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that limits its dependency on any one asset class to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year a percent of its endowment fund's market value on the valuation date factored by the prior 12 quarter rolling average market value. During the years ended June 30, 2022 and 2021, the Foundation appropriated 3.5 percent of its endowment fund for expenditure. In addition, the Foundation assesses an annual administration fee of 0 percent and 1.97 percent for 2022 and 2021, respectively, on its endowment fund's market value on the valuation date factored by the prior 12 quarter rolling average market value. The valuation date for the July 1, 2021 appropriation was June 30, 2020. The valuation date for the July 1, 2022 appropriation was June 30, 2021. In establishing these policies, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current strategy to allow its endowment to grow at an average of 2.00 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

#### ***Underwater Endowments***

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2022 and 2021, there were no underwater endowments. The Foundation has a policy that permits spending from underwater endowment funds so long as neither the individual fund or the endowment as a whole is more than 15 percent underwater, unless otherwise precluded by donor stipulations or laws and regulations.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 10: Liquidity and Availability**

The Foundation is substantially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. Annually, the board designates any operating surplus to its liquidity reserves, which was \$6,745,390 and \$8,727,517 as of June 30, 2022 and 2021, respectively. There is also a quasi-endowment established by the governing board, valued at \$1,437,008 and \$1,558,690 as of June 30, 2022 and 2021, respectively. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022, comprise the following:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 589,666	\$ 252,007
Contributions receivable	212,665	130,573
Appropriations from the endowment in accordance with the spending policy	4,200,300	3,088,600
Appropriation of the internal management fee from the endowment in accordance with the spending policy	1,881,214	-
	<b>\$ 6,883,845</b>	<b>\$ 3,471,180</b>

**Note 11: Related Party Transactions**

The Foundation is a component unit of Emporia State University. The purpose of the Foundation is to aid, foster and promote the development and welfare of Emporia State University in Emporia, Kansas, and the education and welfare of its students, faculty and alumni, and to acquire property of all kinds for purposes stated above. The Foundation is dependent on the existence of Emporia State University. All personnel of the Foundation are considered employees of the State of Kansas. The personnel positions at the Foundation are either funded by the State or are the responsibility of the Foundation. The Foundation reimburses the University for the payroll and related costs of personnel positions not funded by the State. The Foundation purchases services, supplies and materials from the University, as well as from outside vendors.

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

During the years ended June 30, 2022 and 2021, the Foundation received funding from the University of \$300,000 and \$128,841, respectively, for capital campaigns and personnel services. The Foundation made payments to the University for the years ended June 30, 2022 and 2021 of \$1,849,803 and \$1,796,419, respectively, which consisted of \$1,758,382 and \$1,743,358, respectively, for personnel services, and \$91,421 and \$53,061, respectively, for supplies and services.

The Foundation has outstanding pledge commitments from the board of trustees and management in the amount of \$994,162 and \$1,463,268 for the years ended June 30, 2022 and 2021, respectively.

### Note 12: Retirement Plans

Foundation employees participate in two separate programs as employees of the State of Kansas. Employees classified as University support staff participate in the “Kansas Public Employees Retirement System” (KPERS). Benefit provisions are established by state statute and provide retirement, disability and death benefits to benefit eligible employees. KPERS issues a publicly available annual financial report that includes its financial statements and required supplementary information and is available upon request from KPERS.

Other eligible employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. This defined contribution program is funded through contributions by the Foundation and individual employees. The Regents have selected several companies to provide investment options to participants. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

Employees may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in a voluntary tax-sheltered annuity program. The voluntary plan permits employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contributions and the accumulated earnings under the plan. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to the plan.

**Emporia State University Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**Note 13: Restatement of Financial Statements**

During 2022, the Foundation corrected the recording of their beneficial interest in a trust. The following financial statement line items for 2021 were affected by the correction.

	<b>As Previously Reported</b>	<b>Effect of Error Correction</b>	<b>As Restated</b>
<b>Statement of Financial Position</b>			
Beneficial interests in trusts	\$ 10,466,315	\$ 3,323,000	\$ 13,789,315
Total assets	139,579,484	3,323,000	142,902,484
Net assets with donor restrictions	124,441,091	3,323,000	127,764,091
Total net assets	137,069,216	3,323,000	140,392,216
Total liabilities and net assets	139,579,484	3,323,000	142,902,484
<b>Statement of Activities</b>			
Change in beneficial interests in trusts	1,676,421	85,700	1,762,121
Total revenue, gains and other support, with donor restrictions	24,368,151	85,700	24,453,851
Total revenue gains and other support	39,429,290	85,700	39,514,990
Change in net assets with donor restrictions	24,212,026	85,700	24,297,726
Change in net assets	28,100,856	85,700	28,186,556
Net Assets, Beginning of Year - with donor restrictions	100,229,065	3,237,300	103,466,365
Net Assets, Beginning of Year - total	108,968,360	3,237,300	112,205,660
Net Assets, End of Year - with donor restrictions	124,441,091	3,323,000	127,764,091
Net Assets, End of Year - total	137,069,216	3,323,000	140,392,216
<b>Statement of Cash Flows</b>			
Change in net assets	28,100,856	85,700	28,186,556
Change in beneficial interest in trusts	(1,676,421)	(85,700)	(1,762,121)

This also resulted in changes to the following footnotes: Investments (*Note 2*), Beneficial Interests in Trusts (*Note 4*) and Net Assets (*Note 8*).

# Emporia State University Foundation, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### **Note 14: Significant Concentrations and Estimates**

Accounting principles generally accepted in the United States of America require disclosure of certain significant uncertainties and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Investments***

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

#### ***Contributions Receivable***

Approximately 29 percent and 33 percent of all contributions receivable were from one donor in 2022 and 2021, respectively.

#### ***Beneficial Interests in Trusts***

Estimates related to the valuation of beneficial interests in trusts are described in *Note 4*.

#### ***Annuities and Trusts Payable***

Estimates related to the valuation of annuities and trusts payable are described in *Note 6*.

#### ***Net Assets with Donor Restrictions***

Estimates related to the classification of net assets with donor restrictions and related release from restrictions are described in *Note 1* and *Note 8*.

#### ***Functional Allocation of Expenses***

Significant estimates relating to the allocation of expenses on a functional basis are described in *Note 1*.