Colorado State University Foundation

Financial Report

June 30, 2019

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Independent Auditor's Report

To the Board of Directors
Colorado State University Foundation

We have audited the accompanying financial statements of Colorado State University Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing 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 financial 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado State University Foundation as of June 30, 2019 and the results of its changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 2, Colorado State University Foundation adopted the provisions under Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, as of July 1, 2018 and applied it retrospectively to all years presented.

As described in Note 5, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers and partnership general partners. The investments are valued at approximately $108,000,000 (19 percent of net assets) at June 30, 2019.

Our opinion is not modified with respect to these matters.

To the Board of Directors
Colorado State University Foundation

Report on Prior Year Financial Statements

The financial statements of Colorado State University Foundation as of June 30, 2018 were audited by EKS&H LLLP, whose report dated September 20, 2018 expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

September 17, 2019

Statement of Financial Position

June 30, 2019
(with summarized comparative totals for 2018)

	2019	2018
Assets		
Cash and cash equivalents	$ 694,909	$ 1,136,889
Investments	506,748,305	488,768,547
Pledges receivable - Net	62,953,021	62,096,149
Cash surrender value life insurance	763,135	716,735
Prepaids and other assets	321,768	86,794
Property and equipment - Net	246,801	46,258
Total assets	**$ 571,727,939**	**$ 552,851,372**
Liabilities and Net Assets		
Liabilities		
Accounts payable (primarily to CSU)	$ 4,100,479	$ 2,333,568
Other accrued liabilities	150,137	146,163
Life income agreements	806,040	869,810
Deposits held in custody for CSU	13,499,621	13,596,206
Total liabilities	18,556,277	16,945,747
Net Assets		
Net assets without donor restrictions:		
Undesignated	7,246,977	6,518,177
Board designated	36,930,818	34,049,823
Total net assets without donor restrictions	44,177,795	40,568,000
Net assets with donor restrictions	508,993,867	495,337,625
Total net assets	553,171,662	535,905,625
Total liabilities and net assets	**$ 571,727,939**	**$ 552,851,372**

Colorado State University Foundation

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2019

(with summarized comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018
Support and Revenue				
Contributions	$ 1,518,919	$ 58,288,768	$ 59,807,687	$ 66,347,109
Net investment income	12,715,990	15,989,967	28,705,957	31,311,869
Actuarial change in value of life income agreements	(26,070)	8,792	(17,278)	(97,886)
Other revenue	531	391,647	392,178	95,229
Net assets released from restrictions	58,926,057	(58,926,057)	-	-
Total support and revenue	73,135,427	15,753,117	88,888,544	97,656,321
Expenses and Distributions				
Program Services				
CSU College of:				
Agricultural Sciences	6,018,722	-	6,018,722	7,525,015
Health & Human Services	8,684,635	-	8,684,635	11,566,900
Business	1,893,894	-	1,893,894	1,834,195
Engineering - Scott	4,135,505	-	4,135,505	3,288,787
Liberal Arts	1,283,075	-	1,283,075	2,335,053
Natural Resources - Warner	3,249,362	-	3,249,362	10,808,832
Natural Sciences	3,283,918	-	3,283,918	2,788,158
Veterinary Medicine and Biomedical Sciences	17,126,087	-	17,126,087	46,141,280
Athletics	1,547,511	-	1,547,511	5,674,691
Central Development	8,895,215	-	8,895,215	10,001,334
Other CSU programs	11,186,878	-	11,186,878	10,625,188
Total program services	67,304,802	-	67,304,802	112,589,433
Support services - Management and general	3,044,630	-	3,044,630	2,615,533
Total expenses and distributions	70,349,432	-	70,349,432	115,204,966
Change in Net Assets from Operations	2,785,995	15,753,117	18,539,112	(17,548,645)
Other				
Change in allowance for uncollectible pledges	10,000	(1,283,075)	(1,273,075)	81,540
Pledge removal due to tax law change	-	-	-	(9,978,139)
Change in Net Assets	2,795,995	14,470,042	17,266,037	(27,445,244)
Interfund Transfers	813,800	(813,800)	-	-
Increase (Decrease) in Net Assets	3,609,795	13,656,242	17,266,037	(27,445,244)
Net Assets - Beginning of year	40,568,000	495,337,625	535,905,625	563,350,869
Net Assets - End of year	**$ 44,177,795**	**$ 508,993,867**	**$ 553,171,662**	**$ 535,905,625**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2019

(with summarized comparative totals for 2018)

	2019			
	Program Services	Support Services	Total	2018
Transfers to CSU	$ 67,304,802	$ -	$ 67,304,802	$ 112,589,433
Salaries and wages	-	1,479,826	1,479,826	1,240,329
Legislative relations	-	413,166	413,166	335,689
Employee benefits and payroll taxes	-	404,332	404,332	313,118
Professional services and consulting	-	318,734	318,734	363,116
Interest and service charges	-	153,038	153,038	134,908
Accounting and legal fees	-	102,131	102,131	80,259
Staff development and travel	-	33,867	33,867	17,722
Occupancy	-	30,591	30,591	29,097
Supplies	-	24,647	24,647	28,950
Depreciation	-	16,927	16,927	12,614
Insurance and bonding	-	16,749	16,749	15,336
Miscellaneous expense	-	35,269	35,269	37,098
Board expense	-	8,667	8,667	2,558
Meals and entertainment	-	6,686	6,686	4,739
Total functional expenses	**$ 67,304,802**	**$ 3,044,630**	**$ 70,349,432**	**$ 115,204,966**

See notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 2019
(with summarized comparative totals for 2018)

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	$ 17,266,037	$ (27,445,244)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	16,927	12,614
Pledge removal due to tax law change	-	9,978,139
Net realized and unrealized gains of investments	(28,307,572)	(29,608,021)
Contributions restricted for investment in endowments	(12,945,613)	(15,710,341)
Contributions of securities for nonendowed funds	(1,593,772)	(5,169,543)
Interest and dividends restricted for endowments	(94,334)	(178,039)
Change in cash surrender value of life insurance policies	(46,400)	(26,692)
Change in value of life income agreements	93,869	228,209
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Pledges	(856,872)	8,541,505
Prepaids and other assets	(234,974)	426,751
Accounts payable	1,766,911	(146,830)
Other accrued liabilities	3,974	(8,184)
Deposits held in custody for CSU	(96,585)	23,714
Net cash and cash equivalents used in operating activities	(25,028,404)	(59,081,962)
Cash Flows from Investing Activities		
Purchase of property and equipment	(217,470)	(27,382)
Purchases of investments	(380,481,380)	(212,212,612)
Proceeds from sales of investments	393,892,002	252,100,696
Net cash and cash equivalents provided by investing activities	13,193,152	39,860,702
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investments in endowments	11,456,577	14,996,347
Interest and dividends restricted for endowments	94,334	178,039
Payments of annuity obligations	(157,639)	(113,271)
Net cash and cash equivalents provided by financing activities	11,393,272	15,061,115
Net Decrease in Cash and Cash Equivalents	(441,980)	(4,160,145)
Cash and Cash Equivalents - Beginning of year	1,136,889	5,297,034
Cash and Cash Equivalents - End of year	**$ 694,909**	**$ 1,136,889**

See notes to financial statements.

Note 1 - Nature of Business

Colorado State University Foundation (the "Foundation") is a not-for-profit organization incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University (CSU). This is accomplished through receiving, managing, and investing gifts. Principal and/or income from these gifts are used for charitable, scientific, literary, or educational purposes, which directly or indirectly aid and benefit CSU.

Note 2 - Significant Accounting Policies

Classification of Net Assets

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The governing board of the Foundation has identified certain assets with and without donor restriction as board-designated endowments to be invested for a long-term period. These board-designated endowments are referred to as quasi-endowments within the notes to the financial statements (see Notes 10 and 11).

Adoption of New Accounting Pronouncement

As of July 1, 2018 and applied retrospectively, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications of unrestricted, temporarily restricted and permanently restricted. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Foundation, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated, as follows: net assets of $269,434,533 previously reported as temporarily restricted net assets and net assets of $227,664,014 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions, and $1,760,922 of underwater endowments previously included in net assets without donor restrictions has been reclassified to net assets with donor restrictions. As permitted under the new standard, the Foundation has elected to omit the disclosures about liquidity and availability of resources for periods prior to the period of adoption.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Note 2 - Significant Accounting Policies (Continued)

Cash Equivalents

Cash and cash equivalents include cash, short-term money market accounts, and other highly liquid investments with an original maturity of three months or less, except for cash and cash equivalents subject to investment management direction. Due to demands on cash from transfer requests by CSU, at times cash balances in commercial banks exceeded the level of insurance provided by the FDIC.

Investments

Investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; investments traded in the over-the-counter market and listed securities for which no sale was reported on the last day are valued at the latest available bid price. Alternative investments are valued at net asset value (NAV) provided by the investment manager. This NAV is computed based on dealer quotations on the fair value of the underlying securities, the majority of which are traded on national exchanges. Investments for which there is no active market are recorded at fair value using various valuation techniques. Such techniques include using recent arm's-length market transactions; observable valuation measures for comparable companies, adjusted for differences between the investment and the referenced comparable; and discounted cash flow analysis, pending recent transactions and potential initial public offering values.

A payout on endowment funds computed at an annual rate determined by the Foundation's governing board (4.25 percent for the years ended June 30, 2019 and 2018) is transferred to the spendable portion of funds with donor restrictions and is available for spending by CSU. All funds are charged an administrative fee computed at an annual rate (1.75 percent for the years ended June 30, 2019 and 2018). Investment returns (dividends, interest, and realized and unrealized gains and losses, net of management fees) in excess of the payout and administrative fee are generally reported as funds with donor restrictions (see Note 11) but are not currently available for spending.

Contributions and Promises to Give

Unconditional promises to give cash and other assets, including securities, to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. Gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation uses the allowance method to estimate uncollectible pledges receivable. The allowance is based on historic experience and management's analysis of specific promises made. These promises to give are recorded at the net present value of the expected future cash flows discounted using a risk-free interest rate.

Life Income Funds and Life Income Trusts Receivable

The Foundation administers life income agreements, such as gift annuities, wherein an income beneficiary is the lifetime recipient of income, and the Foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated present value of the remainder interest.

Note 2 - Significant Accounting Policies (Continued)

The Foundation has also been named irrevocable remainder beneficiary for trusts administered by third-party corporate trustees. For these types of arrangements, a receivable and contribution are recorded at the estimated present value of the remainder interest. These life income arrangements are revalued annually to reflect changes in the remainder interest estimates. The Foundation does not permit use of the funds by CSU until the expiration of the lifetime recipient's interest.

Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which range from two to five years. Expenses for maintenance, repairs, and minor replacements are charged to operations. The Foundation capitalizes property purchases and significant expenses for major replacements and improvements in excess of $1,000.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of June 30, 2019 and 2018, there are no material uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Due to the nature of operations of the Foundation, all grants to CSU are reflected as program expense. All other expenses are reflected as management and general.

Change in Net Assets from Operations

The change in net assets from operations excludes the change in the allowance for uncollectible pledges and the pledge removal due to tax law change, as they are not related to the Foundation's major and ongoing activities.

Interfund Transfers

Interfund transfers represent donor changes in gift restrictions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 17, 2019, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Foundation receives, manages, and invests gifts on behalf of CSU. Funds are transferred to CSU upon request. To meet CSU's current and future needs, the Foundation's investment portfolio is structured to maintain adequate liquidity while providing investment earnings to grow the endowment. The Foundation's operations are funded by an administrative fee charged on the investment portfolio, and any excess fee collected over the Foundation's budget is available for expenditure by CSU.

The following table outlines financial assets available at June 30, 2019:

Cash	$ 694,909
Investments	506,748,305
Pledges receivable	62,953,021
Financial assets - At year end	570,396,235
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	508,993,867
Financial assets available to meet cash needs for general expenditures within one year	$ 61,402,368

The Foundation has over $507 million in cash and investments. The Foundation monitors current use accounts, totaling $127.7 million, which support students, faculty, facilities, and academic programs at Colorado State University. The Foundation's investment portfolio has $265.5 million of investments with liquidity of one to two days, which can be accessed to meet all the current needs if called upon.

Note 4 - Investments

Investments consist of various securities carried at fair value, as described in Note 2, including the following:

Other/Global asset allocation investments include funds that invest in both equities and fixed income.

Alternative investments are composed of two investment types: hedge funds and private market investments. The goal of hedge fund investments is to achieve returns with a lower correlation to long-only public equity markets. Hedge funds frequently hold both long and short positions. The goal of private market investments is to generate returns in excess of public markets in exchange for restricted liquidity. Private market investments are generally made in the form of equity capital or debt in private companies. The average time to achieve a total commitment draw down is five years for private market investments.

Net investment earnings consist of the following:

	2019	2018
Interest, dividends, and other income	$ 7,069,223	$ 7,200,968
Net realized gains on investments	24,057,271	20,214,368
Net unrealized gains on investments	4,250,301	9,393,653
Less investment management fees	(6,106,166)	(4,817,932)
Total	29,270,629	31,991,057
Less net investment income on deposits held in custody for CSU	(564,672)	(679,188)
Total	$ 28,705,957	$ 31,311,869

Note 5 - Fair Value Measurements

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

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

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

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

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

As required by GAAP, the Foundation uses NAV per share or its equivalent (practical expedient), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures of the Foundation's alternative investments. Certain investments that are measured at fair value using NAV as a practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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

Cash equivalents, public equities (other than investments in certain entities that calculate NAV per share), fixed income (other than investments in certain entities that calculate NAV per share), other/global asset allocation, short duration, and student-managed investments are valued at the closing price reported on the active market on which the individual securities are traded.

Alternative and opportunistic investments are calculated using NAV per share of the investments.

There were no changes in the Foundation's valuation techniques during the year.

Note 5 - Fair Value Measurements (Continued)

The following tables set forth by level within the fair value hierarchy the Foundation's investment assets measured on a recurring basis at fair value:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2019
Cash equivalents subject to investment management direction	$ 2,677,826	$ -	$ -	$ -	$ 2,677,826
Public equities:					
United States	88,199,619	-	-	-	88,199,619
International	-	-	-	57,596,998	57,596,998
Emerging markets	18,175,705	-	-	9,873,997	28,049,702
Global	28,648,347	-	-	55,384,166	84,032,513
Fixed income	34,000,324	-	-	29,488,659	63,488,983
Other/Global asset allocation	10,451,686	-	-	-	10,451,686
Alternative investments:					
Hedge funds	-	-	-	44,664,038	44,664,038
Private markets	-	-	-	107,461,470	107,461,470
Short duration	8,278,755	-	-	-	8,278,755
Opportunistic investments	-	-	-	10,673,868	10,673,868
Student-managed investments	1,172,847	-	-	-	1,172,847
Balance at June 30, 2019	$ 191,605,109	$ -	$ -	$ 315,143,196	$ 506,748,305

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2018
Cash equivalents subject to investment management direction	$ 5,783,736	$ -	$ -	$ -	$ 5,783,736
Public equities:					
United States	92,376,516	-	-	-	92,376,516
International	-	-	-	41,307,410	41,307,410
Emerging markets	-	-	-	19,503,987	19,503,987
Global	27,183,660	-	-	72,857,159	100,040,819
Fixed income	35,376,203	-	-	28,341,889	63,718,092
Other/Global asset allocation	20,361,040	-	-	-	20,361,040
Alternative investments:					
Hedge funds	-	-	-	42,768,317	42,768,317
Private markets	-	-	-	75,971,091	75,971,091
Short duration	15,293,392	-	-	-	15,293,392
Opportunistic investments	-	-	-	10,538,663	10,538,663
Student-managed investments	1,105,484	-	-	-	1,105,484
Balance at June 30, 2018	$ 197,480,031	$ -	$ -	$ 291,288,516	$ 488,768,547

Note 5 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2019	June 30, 2018	June 30, 2019		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Public equities (a)	$ 122,855,161	$ 133,668,556	$ -	Daily, monthly, quarterly	2-30 days
Fixed income (b)	29,488,659	28,341,889	-	Daily	1-2 days
Hedge funds (multistrategy) (c)	30,197,942	29,919,114	-	N/A, quarterly	N/A, 45-90 days
Hedge funds (long/short) (d)	14,466,096	12,849,203	-	N/A, quarterly	N/A, 45-60 days
Private equity (e)	53,789,636	40,692,214	61,761,632	N/A	N/A
Private debt (f)	43,541,173	30,134,610	21,993,033	N/A, quarterly	N/A, 90 days*
Venture capital (g)	10,130,661	5,144,267	6,705,515	N/A	N/A
Opportunistic investments (h)	10,673,868	10,538,663	-	Monthly	30 days
Total	$ 315,143,196	$ 291,288,516	$ 90,460,180		

*After three-year lockup

(a) This category includes investments in common stock of both domestic and international companies, including emerging markets. The fair values of the investments in this category have been calculated using NAV per share of the investments.

(b) This category includes investments primarily in U.S. TIPS and Treasurys and emerging markets debt and currencies. The fair values of the investments in this category have been calculated using NAV per share of the investments.

(c) This category includes investments in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. The hedge funds' composite portfolio for this category includes investments in public equities, treasurys, and fixes income derivatives. The fair values of the investments in this category have been calculated using NAV per share of the investments. Investments representing an insignificant amount cannot be redeemed because the investments include holdings that are part of an illiquid market.

(d) This category includes investments in hedge funds that invest in both long and short positions, primarily in domestic common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from net long to net short positions. The fair values of the investments in this category have been calculated using NAV per share of the investments. Certain investments cannot be redeemed because the investments are part of an illiquid market.

(e) This category includes private market funds invested, either directly or indirectly, in both domestic and international private companies. These investments cannot be redeemed by the Foundation. Distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets will be liquidated over the next 1 to 10 years. The fair values of the investments in this category have been estimated using NAV of the Foundation's ownership in the partners' capital.

(f) This category includes private market funds invested in public and private credit and debt instruments, senior secured loans, public and private credit and debt securities, foreign currency exchange transactions, and derivative transactions. Certain investments cannot be redeemed by the Foundation. Distributions are received through bundled loan repayments, bundled mortgage payments, and liquidation of the underlying assets of the funds. It is estimated that the underlying assets will be liquidated over the next 1 to 10 years. The fair values of the investments in this category have been estimated using NAV of the Foundation's ownership in the partners' capital.

Note 5 - Fair Value Measurements (Continued)

(g) This category includes private equity funds invested primarily in early-stage domestic private companies. The investments cannot be redeemed by the Foundation. Distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets will be liquidated over the next 6 to 9 years. The fair values of the investments in this category have been estimated using NAV of the Foundation's ownership in the partners' capital.

(h) This category includes investments in opportunistic strategies. These strategies include investments in closed-end funds and other securities. The fair values of the investments in this category have been calculated using NAV per share of the investments.

Note 6 - Pledges Receivable

Pledges receivable consist of the following:

	2019	2018
Receivables due in less than one year	$ 14,616,060	$ 14,196,914
Receivables due in one to five years	44,042,347	42,372,943
Receivables due in more than five years	9,450,571	10,942,135
Total	68,108,978	67,511,992
Less allowance for uncollectible pledges	(1,702,724)	(1,687,800)
Less present value discounting	(3,453,233)	(3,728,043)
Total	$ 62,953,021	$ 62,096,149

Unconditional promises to give (pledges receivable) are from various entities, including foundations, corporations, and individuals. The discount factor utilized in the present value calculation is the five-year U.S. Treasury note rate as of June 30 of the fiscal year in which the commitment is made.

Pledges receivable from two donors at June 30, 2019 represented approximately 53 percent of net pledges receivable. Pledges receivable from two donors at June 30, 2018 represented approximately 61 percent of net pledges receivable.

Pledge Removal Due to Tax Law Change

In December 2017, new U.S. tax legislation was signed into law, which included a repeal of the 80 percent deduction for amounts paid in exchange for college/university athletic seating rights. As a result, no charitable contribution deduction is allowed for payments of athletic seating rights after December 31, 2017 that are associated with rights to purchase tickets for athletic events. As of December 31, 2017, the Foundation had football stadium premium seating pledges outstanding totaling $9,978,139 that no longer meet the charitable contribution deduction requirements under the new tax law. As these pledges receivable no longer are required to be processed through the Foundation and will be collected directly by CSU, the pledges receivable were written off as of December 31, 2017 and are reflected in the accompanying statement of activities and changes in net assets as pledge removal due to tax law change.

Note 7 - Life Income Agreements

At June 30, 2019 and 2018, total life income agreement liabilities were $806,040 and $869,810, respectively, consisting of charitable gift annuities and charitable remainder trusts. Charitable gift annuity assets of $689,122 and $873,650 at June 30, 2019 and 2018, respectively, are included in investments on the accompanying statement of financial position. Charitable remainder trust assets invested with the Foundation total $16,539 and $20,064 at June 30, 2019 and 2018, respectively, and are included in other assets on the accompanying statement of financial position.

Note 7 - Life Income Agreements (Continued)

Future maturities of life income agreements payable are as follows:

Years Ending		Amount
2020	$	103,722
2021		103,722
2022		98,708
2023		89,389
2024		75,688
Thereafter		334,811
Total	$	806,040

Note 8 - Property and Equipment

Property and equipment are summarized as follows:

		2019		2018
Property and equipment	$	431,216	$	216,565
Accumulated depreciation		184,415		170,307
Net property and equipment	$	246,801	$	46,258

Note 9 - Life Insurance Policies

The Foundation is the owner and beneficiary of various donated life insurance policies with face values of approximately $3,800,000 and $2,800,000, respectively, and total cash surrender values of $763,135 and $716,735 as of June 30, 2019 and 2018, respectively.

Note 10 - Net Assets

The Foundation's net assets without donor restriction consist of the following as of June 30:

		2019		2018
Undesignated	$	7,246,977	$	6,518,177
Board designated		36,930,818		34,049,823
Total	$	44,177,795	$	40,568,000

The Foundation's governing board made the following designations as of June 30:

		2019		2018
Securities reserve (included in endowments)	$	28,967,465	$	27,296,151
Charitable gift annuity reserve		451,339		465,167
Quasi-endowments		7,512,014		6,288,505
Total	$	36,930,818	$	34,049,823

The purpose of the securities reserve is to accumulate investment pool earnings for subsequent distribution to interest-bearing funds. An amount approximating the following year's interest payout and administrative fee are held at the end of each year.

The purpose of the charitable gift annuity reserve is to provide funding for annuity payments on charitable gift annuities that have been depleted.

Note 10 - Net Assets (Continued)

Several quasi-endowments have been designated by the Foundation's governing board for unrestricted use by the University and for support of alumni relations and central development operations.

The Foundations net assets with donor restrictions consist of the following as of June 30:

	2019	2018
Restricted for use by CSU colleges and programs	$ 268,411,372	$ 267,673,611
Restricted for a permanent source of income	240,582,495	227,664,014
Total	$ 508,993,867	$ 495,337,625

Note 11 - Donor-restricted and Board-designated Endowments

The Foundation's endowment at June 30, 2019 consists of 1,519 individual funds and includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

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

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 36,479,479	$ -	$ 36,479,479
Donor-restricted quasi-endowment funds	-	60,994,487	60,994,487
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	240,582,495	240,582,495
Accumulated investment gains	-	87,409,864	87,409,864
Total	$ 36,479,479	$ 388,986,846	$ 425,466,325

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 33,584,656	$ 368,014,613	$ 401,599,269
Contributions	-	16,215,497	16,215,497
Transfers to board-designated/donor-restricted endowments	-	2,933,069	2,933,069
Investment return	12,335,795	1,793,232	14,129,027
Amounts appropriated for expenditure	(9,441,065)	(154,689)	(9,595,754)
Other changes	93	185,124	185,217
Endowment net assets - End of year	$ 36,479,479	$ 388,986,846	$ 425,466,325

	Endowment Net Asset Composition by Type of Fund as of June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment funds	$ 33,584,656	$ -	$ 33,584,656
Donor-restricted quasi-endowment funds	-	56,926,707	56,926,707
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	227,664,014	227,664,014
Accumulated investment gains	-	83,423,892	83,423,892
Total	$ 33,584,656	$ 368,014,613	$ 401,599,269

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 30,739,087	$ 346,797,362	$ 377,536,449
Contributions	-	15,720,359	15,720,359
Transfers to board-designated/donor-restricted endowments	-	2,612,665	2,612,665
Investment return	12,592,249	4,429,766	17,022,015
Amounts appropriated for expenditure	(9,746,600)	(1,159,061)	(10,905,661)
Other changes	(80)	(386,478)	(386,558)
Endowment net assets - End of year	$ 33,584,656	$ 368,014,613	$ 401,599,269

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2019, deficiencies of this nature exist in donor-restricted endowment funds, which have an original gift value of $24,384,810, a current fair value of $22,679,064, and a deficiency of $1,705,746. As of June 30, 2018, deficiencies of this nature exist in donor-restricted endowment funds, which have an original gift value of $27,814,629, a current fair value of $26,053,707, and a deficiency of $1,760,922. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Foundation's governing board. The Foundation's policy allows for continued spending on underwater endowment funds at the discretion of the governing board. The Foundation followed this policy during the years ended June 30, 2019 and 2018.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Foundation's governing board, the endowment assets are invested in a manner that is intended to achieve a return that exceeds the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6.5 to 9.0 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Foundation's governing board meets at least quarterly and more often, if needed, to discuss investment matters to ensure the best possible return, consistent with the preservation of principal, is achieved.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment fund's average balance approved annually by the governing board (the payout rate was 4.25 percent for the years ended June 30, 2019 and 2018). All funds are assessed an administrative fee at an annual rate approved by the governing board (the administrative fee was 1.75 percent for the years ended June 30, 2019 and 2018). In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow an average of 0.5 to 3.0 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term with respect to the prevailing rate of inflation, as well as to provide additional real growth through new gifts and investment returns.

Note 12 - Related Party Transactions

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

Colorado State University (CSU)

Line of Credit

The Foundation has an agreement to provide CSU with a $5,000,000 line of credit. The line of credit accrues interest at the prime rate plus 1.0 percent; however, the interest rate shall not be less than 2.5 percent or more than 6.0 percent. The line of credit agreement expires on June 30, 2022, but can be renewed for an additional five-year term based on approval by the Foundation's board of directors. As of and during the years ended June 30, 2019 and 2018, no amounts were drawn by CSU on the line of credit.

Management Fees

In consideration for receiving, managing, and investing gifts on behalf of CSU, the Foundation charges an administrative fee. Total administrative fees of approximately $8,230,000 and $8,268,000 were charged for the years ended June 30, 2019 and 2018 respectively, representing 1.75 percent of total invested assets. Any excess fee collected over the Foundation's budget is allocated to a quasi-endowment for the benefit of CSU. Distributions from the quasi-endowment were approximately $8,084,000 and $9,202,000 for the years ended June 30, 2019 and 2018, respectively.

Other

CSU provided office space and various services to the Foundation at no charge during the years ended June 30, 2019 and 2018.

Many departments of CSU depend on gift revenue managed by the Foundation to supplement their budgets. Funds are transferred to CSU upon request by authorized personnel and expended in accordance with Colorado State University System fiscal rules and donor restrictions. Substantially all other Foundation expenses relate to the Foundation's operations.

The Foundation has been designated by the board of governors of the Colorado State University System as the official repository for all gifts of cash, securities, and other assets given to CSU or to the board of governors of the Colorado State University System for the use and benefit of CSU, other than those required by law to be kept by CSU. Endowments and the related expendable funds of CSU are held by the Foundation for investment safekeeping. These funds amounted to $13,499,621 and $13,596,206 as of June 30, 2019 and 2018, respectively, and are reported as deposits held in custody for CSU in the accompanying statement of financial position. Amounts are classified in accordance with restrictions related to CSU and do not have an impact on the net assets of the Foundation.

Colorado State University Research Foundation (CSURF)

The outgoing president of the Foundation served in the same capacity for CSURF. CSURF is a private, not-for-profit organization that aids and assists the two universities (Colorado State University and Colorado State University Pueblo) governed by the board of governors of the Colorado State University System in their research and educational efforts.

During the years ended June 30, 2019 and 2018, the Foundation received approximately $259,000 and $20,000, respectively, from CSURF, representing proceeds from the sale of real estate donated to CSURF.

The Foundation transferred approximately $1,000 of cash to CSURF during the year ended June 30, 2018 for costs related to the Energy Innovation Center in the Powerhouse Energy Institute. No cash was transferred to CSURF during the year ended June 30, 2019.

Note 13 - Retirement Plans

After one year of service at the Foundation, all employees who work at least 1,000 hours per year are eligible for participation in the defined contribution retirement plan. The Foundation contributes 8.0 percent of employee-based compensation up to the Social Security earnings base plus 13.7 percent over the Social Security earnings base. Retirement plan contributions for the years ended June 30, 2019 and 2018 were approximately $72,000 and $80,000, respectively. Plan assets are not reflected in these financial statements.