MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota State University Moorhead Foundation, Inc.
Moorhead, Minnesota

Opinion

We have audited the financial statements of **Minnesota State University Moorhead Foundation, Inc.** (a Minnesota non-profit foundation), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities and changes in net assets, 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 **Minnesota State University Moorhead Foundation, Inc.** as of June 30, 2026 and 2025, 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 **Minnesota State University Moorhead Foundation, Inc.** 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.

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 **Minnesota State University Moorhead Foundation, Inc.'s** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Minnesota State University Moorhead Foundation, Inc.'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 **Minnesota State University Moorhead Foundation, Inc.'s** ability to continue as a going concern for a reasonable period of time.

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



Fargo, North Dakota
September 14, 2026

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

ASSETS	2026	2025
Cash and cash equivalents	$ 1,711,250	$ 2,689,768
Promises to give, net	7,162,627	7,292,567
Other receivables	1,375	1,575
Property and equipment, net	9,844,484	10,341,790
Investments, at fair value	62,324,883	53,973,931
Beneficial interest in assets held by others	2,997,155	2,598,755
Beneficial interest in land	113,019	115,061
Remainder life interests in real estate, net of depreciation	493,125	503,750
Total assets	$ 84,647,918	$ 77,517,197
LIABILITIES AND NET ASSETS		
LIABILITIES		
Long-term debt	$ 6,896,344	$ 7,276,825
Life interest obligations, net	266,178	276,803
Annuity obligations	379,726	394,502
Accounts payable and other accrued liabilities	226,406	228,926
Total liabilities	7,768,654	8,177,056
NET ASSETS		
Without donor restrictions	8,797,229	8,416,421
With donor restrictions	68,082,035	60,923,720
Total net assets	76,879,264	69,340,141
Total liabilities and net assets	$ 84,647,918	$ 77,517,197

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributions	$ 588,904	$ 3,223,132	$ 3,812,036
Contributed services and supplies from MSUM	304,212	-	304,212
Net investment return	2,407,910	6,220,026	8,627,936
Change in value of split-interest agreements	(16,286)	381,519	365,233
Lease and rental income	234,375	-	234,375
Net assets released from restrictions	2,666,362	(2,666,362)	-
Total support and revenue	6,185,477	7,158,315	13,343,792
EXPENSES			
Program services			
Support to university	2,508,023	-	2,508,023
Resource support university/alumni	881,747	-	881,747
Supporting services			
Management and general	1,517,371	-	1,517,371
Fundraising	897,528	-	897,528
Total expenses	5,804,669	-	5,804,669
CHANGE IN NET ASSETS	380,808	7,158,315	7,539,123
NET ASSETS, Beginning of year	8,416,421	60,923,720	69,340,141
NET ASSETS, End of year	$ 8,797,229	$ 68,082,035	$ 76,879,264

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributions	$ 325,098	$ 7,640,629	$ 7,965,727
Contributed services and supplies from MSUM	388,371	-	388,371
Net investment return	1,816,978	4,007,809	5,824,787
Change in value of split-interest agreements	(12,410)	283,023	270,613
Lease and rental income	229,243	-	229,243
Net assets released from restrictions	2,428,484	(2,428,484)	-
Total support and revenue	5,175,764	9,502,977	14,678,741
EXPENSES			
Program services			
Support to university	2,278,026	-	2,278,026
Resource support university/alumni	607,921	-	607,921
Supporting services			
Management and general	990,166	-	990,166
Fundraising	997,322	-	997,322
Total expenses	4,873,435	-	4,873,435
CHANGE IN NET ASSETS	302,329	9,502,977	9,805,306
NET ASSETS, Beginning of year	8,114,092	51,420,743	59,534,835
NET ASSETS, End of year	$ 8,416,421	$ 60,923,720	$ 69,340,141

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

	Program Services					
	Support to University	Resource Support University/Alumni	Total	Management and General	Fundraising	Total
Scholarships	$ 1,621,264	$ -	$ 1,621,264	$ -	$ -	$ 1,621,264
University department support	716,510	-	716,510	-	-	716,510
Dorm building support	170,249	-	170,249	-	-	170,249
Salaries and wages	-	441,122	441,122	797,771	608,099	1,846,992
Alumni center depreciation	-	185,435	185,435	106,164	127,397	418,996
Board expense	-	-	-	28,270	-	28,270
Credit card and bank fees	-	-	-	5,156	-	5,156
Insurance - general	-	-	-	48,427	-	48,427
Interest expense	-	-	-	269,498	-	269,498
Meals, travel, lodging	-	12,236	12,236	36,583	78,967	127,786
Miscellaneous expense	-	-	-	3,683	2,941	6,624
Postage expense	-	34,466	34,466	835	275	35,576
Printing expense	-	33,604	33,604	2,718	2,711	39,033
Professional fees	-	51,176	51,176	97,284	58,968	207,428
Rent expense	-	-	-	38,639	-	38,639
Staff training and dues	-	7,021	7,021	17,835	2,514	27,370
Supplies and promotional items	-	14,547	14,547	2,857	8,208	25,612
Technology/computer expense	-	102,140	102,140	61,651	7,448	171,239
Total expenses by function	$ 2,508,023	$ 881,747	$ 3,389,770	$ 1,517,371	$ 897,528	$ 5,804,669

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services					
	Support to University	Resource Support University/Alumni	Total	Management and General	Fundraising	Total
Scholarships	$ 1,656,994	$ -	$ 1,656,994	$ -	$ -	$ 1,656,994
University department support	445,178	-	445,178	-	-	445,178
Dorm building support	175,854	-	175,854	-	-	175,854
Other support	-	10,000	10,000	-	-	10,000
Salaries and wages	-	441,104	441,104	556,402	848,137	1,845,643
Alumni center depreciation	-	52,453	52,453	30,030	36,036	118,519
Board expense	-	-	-	26,700	-	26,700
Credit card and bank fees	-	-	-	6,222	-	6,222
Insurance - general	-	-	-	40,051	-	40,051
Interest expense	-	-	-	112,291	-	112,291
Meals, travel, lodging	-	2,132	2,132	58,105	79,689	139,926
Miscellaneous expense	-	227	227	3,979	2,690	6,896
Postage expense	-	7,322	7,322	858	309	8,489
Printing expense	-	56,625	56,625	2,088	2,155	60,868
Professional fees	-	9,250	9,250	53,279	5,659	68,188
Rent expense	-	-	-	12,295	-	12,295
Staff training and dues	-	4,335	4,335	15,704	4,021	24,060
Supplies and promotional items	-	15,245	15,245	3,410	9,353	28,008
Technology/computer expense	-	9,228	9,228	68,752	9,273	87,253
Total expenses by function	$ 2,278,026	$ 607,921	$ 2,885,947	$ 990,166	$ 997,322	$ 4,873,435

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,539,123	$ 9,805,306
Adjustments to reconcile change in net assets to net cash		
Change in value of beneficial interest in assets held by others	(398,400)	(298,390)
Endowment net investment (return)	(5,562,340)	(3,725,770)
Realized and unrealized (gain) loss on operating investments	1,890,602	2,887,695
Contributions of securities	(593,287)	(642,202)
Contributions restricted for endowments	(1,812,624)	(693,312)
Depreciation on property and equipment	497,306	251,352
Depreciation on remainder life interest assets	10,625	10,625
Amortization of discount on remainder life interest obligations	(10,625)	(10,625)
Amortization of discount on promises to give	(190,705)	675,541
Change in value of annuity obligations	(14,776)	(19,636)
Changes in assets and liabilities		
Promises to give	320,646	(4,629,472)
Other receivables	200	(1,235)
Accounts payable and other accrued liabilities	(2,520)	79,658
Net cash provided by operating activities	1,673,225	3,689,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,961,878	3,500,226
Purchase of property and equipment	-	(3,263,047)
Purchases of investments	(6,047,806)	(5,926,812)
Beneficial interest in land	2,042	1,967
Net cash used in investing activities	(4,083,886)	(5,687,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of contributions restricted for endowments	1,812,624	693,312
Principal payments on long-term debt	(380,481)	(186,223)
Proceeds from long-term debt	-	3,512,863
Net cash provided by financing activities	1,432,143	4,019,952
NET CHANGE IN CASH AND CASH EQUIVALENTS	(978,518)	2,021,821
CASH AND CASH EQUIVALENTS, Beginning of year	2,689,768	667,947
CASH AND CASH EQUIVALENTS, End of year	$ 1,711,250	$ 2,689,768

MINNESOTA STATE UNIVERSITY MOORHEAD FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 306,871	$ 43,020
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Contributed securities acquired	$ 593,287	$ 642,202

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Minnesota State University Moorhead Foundation, Inc. (the "Foundation") is a nonprofit organization established for the purpose of providing support to Minnesota State University Moorhead ("MSUM"). The Foundation obtains pledges and bequests primarily from former graduates of the University, residents and businesses in North Dakota and Minnesota. The Foundation provides academic scholarship funding to Minnesota State University Moorhead. The Foundation also provides funding to Minnesota State University Moorhead to enhance and support its mission for academic excellence and for its academic departments.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be extended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Minnesota State University Moorhead Foundation, Inc.'s management and board of directors. The Foundation's board designated net assets have been established to provide scholarship funds for eligible students.

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. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires on the donor restricted contributions received, or when donor restricted contributions are received and spent in the same fiscal year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Concentration of Credit Risk

The Foundation maintains funds on deposit at local financial institutions, which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2026 and 2025, the Foundation's uninsured cash balances totaled $802,077 and $0, respectively. The Foundation has not experienced any losses on such accounts.

The Foundation also maintains a sweep account arrangement with a certain financial institution to optimize cash management and interest income. Under this arrangement, excess operating cash is automatically transferred (swept) on a daily basis to deposit accounts at FDIC-insured financial institutions through the IntraFi Cash Services (ISC) network. The sweep arrangement is designed to provide pass-through FDIC insurance coverage on deposited funds by allocating balances among participating institutions and maintain balances within applicable insurance limits. The Foundation monitors the sweep account activity regularly and believes related credit risk is limited.

At June 30, 2026, approximately $6,015,000 of the Foundation's promises to give has been promised by two donors. The current level of the Foundation's operations and program services may be impacted if these promises to give become uncollectible.

At June 30, 2025, approximately $6,538,000 of the Foundation's promises to give had been promised by two donors. The current level of the Foundation's operations and program services may be impacted if these promises to give become uncollectible.

The Foundation's investments are exposed to various risks, such as fluctuation in market value and credit risk, thus, it is at least reasonably possible that changes in the near term could materially affect investment balances, and the amounts reported in the financial statements.

Cash and Cash Equivalents

The Foundation includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. Cash and short-term investments held in money market accounts are reported as investments instead of cash and cash equivalents because the Foundation holds those amounts as investments.

Promises to Give

Promises to give, net of an allowance for uncollectible promises to give, are recorded as receivables and revenue when received. The Foundation distinguishes between promises to give for each net asset category in accordance with donor-imposed restrictions. Promises to give are recorded after being discounted to the anticipated net present value of the future cash flows.

The Foundation provides for losses on promises to give using the allowance method. The allowance is based on historical collection experience and other circumstances. It is the Foundation's policy to charge off uncollectible promises to give when management determines the receivable will not be collected.

Investments

Investments consist primarily of assets invested in equities, corporate and government obligations, alternative investments, life insurance policies, and money market funds. Investments are generally stated at fair value based on published amounts, net asset value of underlying assets, or net expected cash payment upon cancellation of life insurance policies.

Realized and unrealized gains and losses on investments, interest and dividend income, as well as investment fees are included in the change in net assets in the statements of activities and changes in net assets. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Property and Equipment

Purchases of property and equipment are recorded at cost at the time of purchase. Donated property and equipment are recorded at fair value at the date of the gift. The Foundation follows the practice of capitalizing all expenditures for the Alumni Center, as well as major repair and maintenance costs on equipment or buildings that exceed $10,000, whereas expenditures for maintenance and repairs that do not meet the $10,000 threshold are charged to expense. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts and the resulting gain or loss is reflected in the statements of activities and changes in net assets.

Depreciation is provided for over the estimated useful lives of the individual assets using the straight-line method. The estimated useful lives are 5-30 years.

Donated Assets and Services

Property, equipment, and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market values at the date they are received. During fiscal years 2026 and 2025, MSUM provided employees, supplies and services valued at $304,212 and $388,371 respectively, which were recorded as contribution revenue and expense in the statements of activities and changes in net assets. Donated securities are recorded at the average stock price on the date of donation.

Income Taxes

The Foundation is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is required to record a liability for uncertain tax positions when it is probable that a loss has been incurred, and the amount can be reasonably estimated. As of June 30, 2026 and 2025, no such liability existed. Management will continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Revenue Recognition

The Foundation's primary source of revenue is from contributions. Due to contributions being both voluntary and nonreciprocal, they are excluded from ASU No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)". The Foundation has analyzed the provision of Topic 606, including the five-step approach to evaluating contracts and has concluded that no changes are necessary to conform with the standard.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses have been allocated on a functional basis between program, supporting services, and fundraising based on directly identifiable costs. Payroll is allocated based on personnel time devoted to various activities.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. The Foundation believes that there have not been significant subsequent events where disclosure is necessary.

NOTE 2 –LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following at June 30:

	2026	2025
Cash and cash equivalents	$ 1,711,250	$ 2,689,768
Promises to give without donor restriction, current	200	1,550
Investments without donor restriction	5,232,657	3,797,553
Endowment spending-rate allocations	16,340	16,765
Total	$ 6,960,447	$ 6,505,636

Endowment funds consist of donor-restricted endowment and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes and therefore, not available for general expenditure. The spending allocation could be made available for general purposes if necessary. The amount allocated is reflected in the liquidity figure.

NOTE 3 – PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2026:

	Due in 1 Year	Due in 2 - 5 Years	Due in Over 5 Years	Total
Gross promises to give	$ 1,602,607	$ 3,608,813	$ 2,690,600	$ 7,902,020
Less:				
Discount to net present value	-	(245,949)	(463,734)	(709,683)
Allowance for uncollectible promises	(29,700)	-	-	(29,700)
	$ 1,572,907	$ 3,362,864	$ 2,226,866	$ 7,162,627

Promises to give consisted of the following at June 30, 2025:

	Due in 1 Year	Due in 2 - 5 Years	Due in Over 5 Years	Total
Gross promises to give	$ 1,484,640	$ 3,292,325	$ 3,445,700	$ 8,222,665
Less:				
Discount to net present value	-	(227,209)	(673,190)	(900,399)
Allowance for uncollectible promises	(29,700)	-	-	(29,700)
	$ 1,454,940	$ 3,065,116	$ 2,772,510	$ 7,292,567

Promises to give due in one year are reflected at the net realizable value. Pledges receivable with due dates extending beyond one year are discounted at a rate of 3.0%. Amortization of the discount is included in contributions in the statements of activities and changes in net assets.

NOTE 4 – PROPERTY AND EQUIPMENT

The Foundation's property and equipment consisted of the following at June 30:

	2026	2025
Neumaier dorm	$ 3,940,000	$ 3,940,000
Swanson building	75,000	75,000
Swanson land	207,500	207,500
Alumni center building	8,954,430	8,899,906
Property and equipment	393,688	393,688
Accumulated depreciation	(3,726,134)	(3,174,304)
	$ 9,844,484	$ 10,341,790

NOTE 5 – INVESTMENTS

Investments consisted of the following at June 30:

	2026	2025
Money market mutual funds	$ 1,832,617	$ 1,241,329
Equities	36,596,682	31,624,104
Fixed income	19,894,254	18,444,502
Alternative investments	3,989,639	2,652,305
Cash surrender value of life insurance	11,691	11,691
Total investments	$ 62,324,883	$ 53,973,931

The following schedule summarizes the investment return and its classification in the statements of activities and changes in net assets for the years ended June 30:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 1,093,908	$ 3,999,363	$ 5,093,271
Investment advisory fees	(31,782)	(180,253)	(212,035)
Realized gains (losses) on sale of investments	487,137	(449,656)	37,481
Unrealized appreciation of investments	858,647	2,850,572	3,709,219
Net investment return	$ 2,407,910	$ 6,220,026	$ 8,627,936

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 871,244	$ 4,294,067	$ 5,165,311
Investment advisory fees	(25,882)	(152,717)	(178,599)
Realized gains (losses) on sale of investments	433,355	(795,565)	(362,210)
Unrealized appreciation of investments	538,261	662,024	1,200,285
Net investment return	$ 1,816,978	$ 4,007,809	$ 5,824,787

NOTE 6 – FAIR VALUE MEASUREMENTS

Professional standards state that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, they establish a fair value hierarchy that prioritizes the information used to develop those assumptions. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Money Market Mutual Funds – Valued at the net asset value ("NAV") of shares held by the Foundation at year-end. Mutual funds held by the Foundation are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. The money market mutual funds held by the Foundation are deemed to be actively traded.

Equities – Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds – Valued at the most recent traded prices reported on the active market on which the individual securities are traded. When the held asset is infrequently traded, valuations are based on various market and industry inputs including a combination of the relative changes in market interest rates, changes in the credit quality of bonds, and the relative supply of and demand for bonds.

Cash Surrender Value of Life Insurance – Valued at the estimated amounts of payout from the insurance companies in the event the policies are voluntarily terminated before their maturities, net of surrender charges.

Promises to Give, Liabilities under Charitable Remainder Trusts, Remainder Life Interest and Annuity Obligations – Valued based on the net present value of expected future cash flows to be received from the donors based on various discount rates and donor or beneficiaries' life expectancies.

Beneficial Interest in Assets Held by Others – Valued based on the present value of expected future cash flows based on donor or beneficiaries' life expectancies and various discount rates.

Alternative Investments – SEI Core Property Fund – Valued at net asset value ("NAV") of units of the collective investment funds. The NAV, as provided by the fund holder, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

Alternative Investments – SEI Global Private Assets VI – Valued at NAV as of the close of business at the end of each quarter. The NAV, as provided by the fund holder, is used as a practical expedient to estimate fair value. Fair value is determined as of such quarter-end for each Investment Fund in accordance with the Investment Fund's valuation policies and reported at the time of the Partnership's valuation.

Alternative Investments – SEI Global Private Assets VII – Valued at NAV as of the close of business at the end of each quarter. The NAV, as provided by the fund holder, is used as a practical expedient to estimate fair value. Fair value is determined as of such quarter-end for each Investment Fund in accordance with the Investment Fund's valuation policies and reported at the time of the Partnership's valuation.

The valuation methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation's fair value measurement policies and procedures are reviewed annually to determine if the valuation techniques are still appropriate.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of June 30, 2026:

	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	$ 1,832,617	$ 1,832,617	$ -	$ -
Equities				
Domestic common stocks	386,158	386,158	-	-
Domestic equity mutual funds				
Large cap	21,173,626	21,173,626	-	-
Small cap	3,258,872	3,258,872	-	-
Foreign equity mutual funds	11,778,026	11,778,026	-	-
Fixed income				
Domestic bond mutual funds				
Emerging market bonds	1,941,333	1,941,333	-	-
High yield bonds	2,467,143	2,467,143	-	-
Multi asset real return	3,109,131	3,109,131	-	-
Intermediate-term bonds	12,376,647	12,376,647	-	-
Cash surrender value of life insurance	11,691	-	11,691	-
Promises to give	7,162,627	-	-	7,162,627
Beneficial interest in assets held by others	2,997,155	-	-	2,997,155
Total assets in the fair value hierarchy	68,495,026	58,323,553	11,691	10,159,782
Investments measured at net asset value	3,989,639	-	-	3,989,639
Total	$ 72,484,665	$ 58,323,553	$ 11,691	$ 14,149,421

The following table sets forth by level, within the fair value hierarchy, the Foundation's liabilities measured at fair value on a recurring basis as of June 30, 2026:

	Fair Value	Level 1	Level 2	Level 3
Remainder life interest obligations	$ 266,178	$ -	$ -	$ 266,178
Annuity obligations	379,726	-	-	379,726
Total liabilities at fair value	$ 645,904	$ -	$ -	$ 645,904

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	$ 1,241,329	$ 1,241,329	$ -	$ -
Equities				
Domestic common stocks	331,243	331,243	-	-
Domestic equity mutual funds				
Large cap	18,106,230	18,106,230	-	-
Small cap	2,601,728	2,601,728	-	-
Foreign equity mutual funds	10,584,903	10,584,903	-	-
Fixed income				
Domestic bond mutual funds				
Emerging market bonds	1,767,011	1,767,011	-	-
High yield bonds	2,296,965	2,296,965	-	-
Inflation protected bonds	2,841,426	2,841,426	-	-
Intermediate-term bonds	11,539,100	11,539,100	-	-
Cash surrender value of life insurance	11,691	-	11,691	-
Promises to give	7,292,567	-	-	7,292,567
Beneficial interest in assets held by others	2,598,755	-	-	2,598,755
Total assets in the fair value hierarchy	61,212,948	51,309,935	11,691	9,891,322
Investments measured at net asset value	2,652,305	-	-	2,652,305
Total	$ 63,865,253	$ 51,309,935	$ 11,691	$ 12,543,627

The following table sets forth by level, within the fair value hierarchy, the Foundation's liabilities measured at fair value on a recurring basis as of June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Remainder life interest obligations	$ 276,803	$ -	$ -	$ 276,803
Annuity obligations	394,502	-	-	394,502
Total liabilities at fair value	$ 671,305	$ -	$ -	$ 671,305

Valuation Techniques

The following table describes the valuation techniques used for the other recurring fair value measurements for assets and liabilities in Level 3 of the fair value hierarchy:

	Quantitative Information about Level 3 Fair Value Measurements				
	Fair Value as of 06/30/26	Fair Value as of 06/30/25	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Promises to give	$ 7,162,627	$ 7,292,567	Present value	Discount rates	3.0%
Beneficial interest in assets held by others	$ 2,997,155	$ 2,598,755	Present value	Discount rates	4.0% - 6.0%
Remainder life interest obligations	$ 266,178	$ 276,803	Present value	Life expectancies calculated using IRS annuity tables, discount rates	11- 12 years 7.60%
Annuity obligations	$ 379,726	$ 394,502	Present value	Life expectancies calculated using IRS annuity tables, discount rates	4 - 22 years 1.34% - 9.90%

Changes in Level 3 assets and liabilities are as follows for the years ended June 30:

	Promises to Give	Beneficial Interest in Assets Held by Others	Remainder Life Interest Obligations	Annuity Obligations
June 30, 2024	$ 3,338,636	$ 2,300,365	$ 287,428	$ 414,138
Changes in value	(675,540)	298,390	(10,625)	(19,636)
Additions	781,250	-	-	-
Payments	3,838,221	-	-	-
Changes in allowance	10,000	-	-	-
June 30, 2025	7,292,567	2,598,755	276,803	394,502
Changes in value	190,705	398,400	(10,625)	(14,776)
Additions	-	-	-	-
Payments	(320,645)	-	-	-
Change in allowance	-	-	-	-
June 30, 2026	$ 7,162,627	$ 2,997,155	$ 266,178	$ 379,726

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per share as of June 30:

Investment Type	Fair Value 2026	Fair Value 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments					
SEI Core Property Fund LP	$ 1,817,813	$ 1,757,389	None	Quarterly	95 days prior
SEI Global Private Assets VI, LP	1,474,805	894,916	834,314	N/A	N/A
SEI Global Private Assets VII, LP	697,021	-	1,367,581	N/A	N/A
	$ 3,989,639	$ 2,652,305			

NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	2026	2025
2.95% dormitory bond payable to Old National Bank, due in monthly installments of $19,104, including interest, through November 2031. Secured by assignment of rents and guaranteed by Minnesota State Colleges and Universities.	$ 1,342,074	$ 1,336,831
5.0% note payable to Gate City Bank was paid through February 2025. Effective February 2025, interest rate is 4.537%, which was adjusted to a fixed annual rate equal to the Ten Year Treasury Constant Maturity Index, with interest payments due semi-annually on August 1 and February 1 of each year, commencing August 2025. Effective February 2025, principal payments shall be computed on the basis of a 20 year amortization, due in annual installments, through February 2035. Interest rate adjusts February 1 of each year. Secured by the Rodney Paseka endowed fund.	5,554,270	5,939,994
Total	$ 6,896,344	$ 7,276,825

The following schedule shows the principal payments required on the above long-term debt for the years ending June 30:

2027	$ 394,801
2028	409,676
2029	425,274
2030	441,417
2031	458,197
Thereafter	4,766,979
Total	$ 6,896,344

Interest expense on the long-term debt for the years ended June 30, 2026 and 2025, totaled $306,871 and $155,311, respectively.

NOTE 8 – SPLIT-INTEREST AGREEMENTS

The Foundation is the beneficiary of various charitable gift annuity agreements, charitable remainder trusts, and remainder life interests, in which the donor generally contributes assets in exchange for distributions to the donor or other beneficiaries based on the value of trust assets for a specified period of time. At the end of the specified time, the remaining assets are available for the Foundation's use. Assets received are recorded at fair value on the date the agreement is recognized. A liability for the charitable remainder trusts is recorded equal to the present value of the future distributions using published discount rates issued by the *American Council on Gift Annuities*. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Foundation revalues the liabilities based on life expectancy rates determined by the IRS dependent on the age(s) of the donors as of year-end.

A liability recorded for the life estates is based on the fair market value at the time of the donation less any remaining amortized liability. The liability is re-evaluated each year for any changes to the life expectancies of the donors and evaluated for impairment each year.

In addition, the Foundation is the beneficiary under various wills and remainder life interest agreements, the total realizable amount of which is not presently determinable. Such amounts will be recorded when clear title is established, and the proceeds are measurable.

NOTE 9 – RELATED PARTY TRANSACTIONS

MSUM provides the Foundation with employees, supplies, and services. Donated assets are valued at their fair market value at the date they are received. In addition, MSUM also compensates the Foundation for certain operating expenses and expense reimbursements. Donated assets by MSUM for the years ended June 30, 2026 and 2025, totaled $716,510 and $430,323, respectively, have been recognized as contribution and expense in the statements of activities and changes in net assets (See Note 10).

The Foundation reimburses MSUM for certain operating expenses incurred on its behalf and provides scholarships to MSUM students. Payments for scholarships for the years ended June 30, 2026 and 2025, totaled $1,621,264 and $1,656,994, respectively. These payments are included as expenses in the statements of activities and changes in net assets.

The Foundation entered into a ground lease with related party MSUM to construct and operate the Alumni Center. See Note 14 for additional details.

MSUM operates and maintains the Neumaier Dorm which is owned by the Foundation. In return for using the property, MSUM reimburses the Foundation for the interest and principal payments due on the long-term dormitory bond payable to Old National Bank. Payments for interest and depreciation for the years ended June 30, 2026 and 2025, totaled $170,249 and 175,854, respectively.

During 2026 and 2025, the Foundation received contributions from Board members totaling $86,222 and $76,566, respectively. Promises to give from Board members at June 30, 2026 and 2025, totaled $5,166,156 and $5,505,000, respectively.

NOTE 10 – IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the year ended June 30:

Non-financial Contributions Category	Type of Contributions for Beneficiaries	Valuation	2026	2025
Personnel salary & fringe benefits	Salary & fringe benefits for MSUM employees that work for Foundation	Actual costs incurred by MSUM for salaries & benefits	$ 174,857	$ 327,099
Donor and board support	Wine bottles for MSUM to use as gifts to donor's and board members	Assessed at fair market value	56,829	-
Endowed scholarship	Conference and travel fees	Actual costs incurred by MSUM	81,183	41,952
Other operating expenses and expense reimbursements	Printing, advertising, postage, promotional supplies and other operating costs and services	Actual costs incurred by MSUM	403,641	61,272
			$ 716,510	$ 430,323

All in-kind contributions received from MSUM were unrestricted.

NOTE 11 – ENDOWMENTS

The Foundation's endowments consist of approximately 306 individual donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

The Foundation has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions for endowment subject to spending policy and appropriation (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted for endowment subject to spending policy and appropriation net assets is classified donor restricted for appropriation and expenditure when a specific event occurs until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA.

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

(1) The duration and preservation of the fund;
(2) The purposes of the Foundation and the donor restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation; and
(7) The investment policies of the Foundation.

Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. The Foundation expects its endowment funds, over time, to provide a reasonable level of total return to support the spending policy authorized by the Board of Directors and to grow endowment assets. Therefore, the Foundation expects endowment assets to produce an average 5.5% return net of annual payouts and inflation (as measured by the Consumer Price Index) that exceeds 1.0% annually over a ten-year period. Actual results may vary from this objective, however, failure to meet this objective should prompt the Board of Directors to re-examine the investment and spending policies.

Endowment assets are managed on a total return basis. While the Foundation recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Foundation's best interest on a risk adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Foundation is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Foundation is willing to accept.

Spending Policy

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment fund's average fair value. Effective July 1, 2024, distributions from the endowment are calculated based on a twelve-quarter rolling average of the market value of each endowment. The approved distribution percentage in fiscal years 2026 and 2025 was 4.0% and 4.0%, respectfully. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted MUPMIFA to permit spending from underwater endowments in accordance with the prudent measures required by law. A list of underwater funds will be reviewed annually. Spending from unapproved funds could be granted on a fund-by-fund basis with board approval. If approved, the following guidelines would be applied:

- For any fund that is less than 4.99% underwater, spending will be 100% of the calculated amount.
- For any fund that is between 5.0% and 10% underwater, spending will be 75% of the calculated amount.

- For any fund that is between 10% and 15% underwater, spending will be 50% of the calculated amount.
- For any fund that is 15% or more underwater will not have a spending allocation the following year.

As of June 30, 2026, there were no funds with deficiencies.

Endowment net asset consisted of the following at June 30:

	2026	2025
Donor restricted endowment funds		
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 34,629,784	$ 32,896,600
Original donor restricted gift amount and amounts required to be maintained for time by donor	900,000	900,000
Accumulated investment gains	12,734,019	8,340,952
	$ 48,263,803	$ 42,137,552

Changes in endowment net assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets, June 30, 2024	$ -	$ 38,924,163	$ 38,924,163
Net investment return	-	3,725,770	3,725,770
Contributions	-	693,312	693,312
Appropriation of endowment assets for expenditure	-	(1,205,693)	(1,205,693)
Endowment fund net assets, June 30, 2025	-	42,137,552	42,137,552
Net investment return	-	5,562,340	5,562,340
Contributions	-	1,812,624	1,812,624
Appropriation of endowment assets for expenditure	-	(1,248,713)	(1,248,713)
Endowment fund net assets, June 30, 2026	$ -	$ 48,263,803	$ 48,263,803

NOTE 12 – DONOR RESTRICTED NET ASSETS

Donor restricted net assets consisted of the following at June 30:

	2026	2025
Subject to expenditure for a specific purpose		
Scholarships	$ 2,992,209	$ 2,601,489
University departmental/program support	5,298,491	4,913,640
MSUM Alumni Center	537,723	523,697
Promises to give for specific purpose	6,218,051	6,593,738
Total purpose restriction	15,046,474	14,632,564
Subject to passage of time		
Beneficial interests in charitable trusts held by others	3,490,280	3,102,505
Charitable gift amount of annuity agreement	16,881	15,367
Promises to give unavailable until due	221,474	254,170
Total time restriction	3,728,635	3,372,042
Endowment		
Subject to appropriation and expenditure when a specific event occurs:		
Available for general use	178,089	113,682
Scholarship	10,604,711	6,869,935
Department/program support	1,951,219	1,357,335
Total purpose restriction	12,734,019	8,340,952
Subject to endowment spending policy and appropriation for specific time and purpose		
Scholarship	800,000	800,000
Department/program support	100,000	100,000
Total specific time and purpose restriction	900,000	900,000
Subject to endowment spending policy, perpetual in nature		
General use	507,388	507,388
Scholarship	29,897,035	28,205,971
Department/program support	4,225,361	4,183,241
Total perpetual in nature restriction	34,629,784	32,896,600
Total endowment	48,263,803	42,137,552

(Continued)

	2026	2025
Not subject to endowment spending policy		
Promises to give, the proceeds which have been restricted by donors for endowment	724,477	446,034
Life insurance	11,691	11,691
Charitable gift amount of annuity agreements	80,008	96,889
Life estates net of liability	226,947	226,948
Total not subject to endowment spending policy	1,043,123	781,562
Total net assets with donor restrictions	$ 68,082,035	$ 60,923,720

NOTE 13 – RETIREMENT PLANS

During the years ended June 30, 2026 and 2025, the Foundation had a 401(k) and profit-sharing plan covering all employees who meet the eligibility requirements. The Foundation matches 100% of employee contributions on the first 5.0% of each employee's elective contribution. The Foundation also has a Health Reimbursement Account ("HRA") plan, in which the employer makes contributions of $6,450 per year for each eligible employee or $13,100 per year for each eligible employee and his/her covered dependents. Total retirement plan related expense totaled approximately $228,521 and $174,511 for the years ended June 30, 2026 and 2025, respectively.

NOTE 14 – GROUND LEASE

The Foundation entered into a ground lease agreement with MSUM to construct and operate the Alumni Center. The lease term will be for a period of twenty-nine years. The Foundation paid a one-time ground lease fee in the amount of one dollar ($1.00) for the property. The asset is reflected as beneficial interest in land, noted on the Statements of Financial Position.