



Financial Statements  
December 31, 2023 and 2022

# North Dakota State University Foundation

North Dakota State University Foundation  
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## Independent Auditor's Report

To the Executive Governing Board  
North Dakota State University Foundation  
Fargo, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of North Dakota State University Foundation (Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to      December

*Auditor's Responsibilities of 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 the standards of the PCAOB will detect a material misstatement when it exists. The risk of not detecting a material misstatement that exists in the financial statements but is not detectable by a reasonable auditor is inherent in the audit process. Misstatements may be prevented by management's exercise of effective internal controls, but such controls are not always effective. In addition, the detection of some misstatements may require subjective judgments that are based on the available evidence. For example, the detection of fraud requires the exercise of professional judgment. The risk of not detecting a material misstatement that exists in the financial statements but is not detectable by a reasonable auditor is inherent in the audit process. Misstatements may be prevented by management's exercise of effective internal controls, but such controls are not always effective. In addition, the detection of some misstatements may require subjective judgments that are based on the available evidence. For example, the detection of fraud requires the exercise of professional judgment.

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accordance with GAAS we:

Exercise



North Dakota State University Foundation  
 Statements of Financial Position – Assets  
 December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,082,829	\$ 7,223,564
Short term investments	12,043,942	9,545,895
Receivables		
Current portion of unconditional promises to give	20,254,306	18,323,521
Interest	4,267	4,834
Current portion of contracts for deed and notes receivable	66,795	65,987
Bequest	200,000	700,700
Other	616,358	564,081
Prepaid expenses	413,598	318,647
Total current assets	41,682,095	36,747,229
Property and Equipment		
Property and equipment, net of accumulated depreciation	3,473,933	3,372,751
Real estate held for University purposes, net of accumulated depreciation	24,391,047	25,950,157
	27,864,980	29,322,908
Other Assets		
Investments	499,795,905	454,966,418
Equity method investments	17,638,219	17,248,153
Contracts for deed and notes receivable, net of current portion	449,619	516,413
Cash restricted for capital projects	7,647,285	127,703
Split interest trusts held by others, net	74,930	66,490
Beneficial interest in charitable trust held by others	1,112,847	1,017,310
Unconditional promises to give, net	31,587,580	35,930,156
	558,306,385	509,872,643
Total assets	\$ 627,853,460	\$ 575,942,780

North Dakota State University Foundation  
 Statements of Financial Position – Liabilities and Net Assets  
 December 31, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 3,201,690	\$ 3,484,400
Cash and cash equivalents held for others	3,324	48,209
Investments held for others	1,151,602	1,001,251
Current portion of split interest agreements	867,174	996,566
Current portion of notes and bonds payable	4,574,619	3,024,117
Other	6,028	39,080
Total current liabilities	9,804,437	8,593,623
Split interest agreements net of current portion	7,758,832	7,144,228
Notes and bonds payable, net of current portion	34,796,268	24,966,833
Total liabilities	52,359,537	40,704,684
Net Assets		
Without donor restrictions	32,151,518	30,808,646
With donor restrictions	543,342,405	504,429,450
Total net assets	575,493,923	535,238,096
Total liabilities and net assets	\$ 627,853,460	\$ 575,942,780

North Dakota State University Foundation  
 Statements of Activities  
 Year Ended December 31, 2023

	With Donor Restrictions	Without Donor Restrictions	Total
Revenue and Other Support			
Gifts and grants	\$ 49,923,961	\$ 342,720	\$ 50,266,681
Liabilities to income beneficiaries	(445,780)	r	(445,780)
	<u>49,478,181</u>	<u>342,720</u>	<u>49,820,901</u>
Investment income	17,341,343	4,322,368	21,663,711
Net realized and unrealized gain on investments and real estate held for University purposes	<u>19,520,536</u>	<u>3,360,673</u>	<u>22,881,209</u>
Net investment return	<u>36,861,879</u>	<u>7,683,041</u>	<u>44,544,920</u>
Change in value of split interest agreements	(862,211)	(166,440)	(1,028,651)
Other income	<u>379,075</u>	<u>1,185,265</u>	<u>1,564,340</u>
	85,856,924	9,044,586	94,901,510
Net assets released from restrictions	<u>(46,943,969)</u>	<u>46,943,969</u>	<u>r</u>
Total revenue and other support	<u>38,912,955</u>	<u>55,988,555</u>	<u>94,901,510</u>
Expenses			
Program services			
Support to University	r	37,564,768	37,564,768
Alumni outreach	r	1,908,267	1,908,267
Total program expenses	<u>r</u>	<u>39,473,035</u>	<u>39,473,035</u>
Support services			
Administrative and general expenses	r	10,561,385	10,561,385
Fundraising and development	r	4,611,263	4,611,263
Total supporting services expenses	<u>r</u>	<u>15,172,648</u>	<u>15,172,648</u>
Total expenses	<u>r</u>	<u>54,645,683</u>	<u>54,645,683</u>
Change in Net Assets	38,912,955	1,342,872	40,255,827
Net Assets Beginning of Year	<u>504,429,450</u>	<u>30,808,646</u>	<u>535,238,096</u>
Net Assets End of Year	<u>\$ 543,342,405</u>	<u>\$ 32,151,518</u>	<u>\$ 575,493,923</u>

North Dakota State University Foundation  
 Statements of Activities  
 Year Ended December 31, 2022

	With Donor Restrictions	Without Donor Restrictions	Total
Revenue and Other Support			
Gifts and grants	\$ 31,343,410	\$ 329,868	\$ 31,673,278
Liabilities to income beneficiaries	(451,422)	r	(451,422)
	30,891,988	329,868	31,221,856
Investment income	20,891,514	3,495,970	24,387,484
Net realized and unrealized loss on investments and real estate held for University purposes	(56,736,204)	(6,867,145)	(63,603,349)
Net investment return	(35,844,690)	(3,371,175)	(39,215,865)
Change in value of split interest agreements	1,162,823	(142,142)	1,020,681
Other income	553,396	1,064,196	1,617,592
	(3,236,483)	(2,119,253)	(5,355,736)
Net assets released from restrictions	(50,053,572)	50,053,572	r
Total revenue and other support	(53,290,055)	47,934,319	(5,355,736)
Expenses			
Program services			
Support to University	r	44,646,732	44,646,732
Alumni outreach	r	1,349,424	1,349,424
Total program expenses	r	45,996,156	45,996,156
Support services			
Administrative and general expenses	r	6,222,380	6,222,380
Fundraising and development	r	3,913,678	3,913,678
Total supporting services expenses	r	10,136,058	10,136,058
Total expenses	r	56,132,214	56,132,214
Change in Net Assets			



North Dakota State University Foundation  
 Statements of Functional Expenses  
 Year Ended December 31, 2023

	Program Services			Administrative and General	Fundraising and Development	Total
	Support to University	Alumni Outreach	Total			
Scholarship and Fellowships	\$ 11,471,279	\$ r	\$ 11,471,279	\$ r	\$ r	\$ 11,471,279
Departmental Expenses	3,138,581	r	3,138,581	r	r	3,138,581
Building and Equipment	19,187,389	r	19,187,389	r	r	19,187,389
Faculty Support	3,562,205	r	3,562,205	r	r	3,562,205
Other Support to NDSU	205,314	r	205,314	r	r	205,314
Purchase of Auction Items	r	r	r	r	134,430	134,430
Salaries and Wages	r	806,409	806,409	1,530,876	2,375,685	4,712,970
Employee Benefits	r	175,313	175,313	470,821	621,673	1,267,807
Payroll Taxes	r	55,783	55,783	101,516	169,198	326,497
Employee Recruiting	r	r	r	154,954	r	154,954
Dues and Subscriptions	r	r	r	6,625	334	6,959
Printing and Postage	r	187,691	187,691	41,782	45,653	275,126
Supplies	r	18,107	18,107	8,866	7,767	34,740
Donor Relations	r	63	63	20,206	106,122	126,391
Advertising and Marketing	r	5,179	5,179	500	3,242	8,921
Recognition Gifts	r	13,700	13,700	1,201	30,521	45,422
Travel	r	47,342	47,342	58,317	230,808	336,467
Staff and Non Staff Expenses	r	23,298	23,298	28,151	2,496	53,945
Meetings	r	434	434	71,145	393	71,972
Training and Development	r	r	r	74,900	1,075	75,975
Repairs and Maintenance	r	7,744	7,744	77,442	38,721	123,907
Utilities	r	10,407	10,407	64,395	40,879	115,681
Computer and Software	r	129,947	129,947	268,560	357,412	755,919
Equipment	r	28,086	28,086	56,171	77,247	161,504
Insurance	r	15,607	15,607	48,913	42,927	107,447
Credit Card and Bank Charges	r	554	554	75,824	r	76,378
Income Taxes	r	r	r	3,104	r	3,104
Accounting Fees	r	r	r	56,748	r	56,748
Legal Fees	r	r	r	39,359	r	39,359
Consulting and Professional Fees	r	6,316	6,316	112,099	24,310	142,725
Compliance Fees	r	r	r	6,768	r	6,768
Interest	r	r	r	692,036	r	692,036
Bad Debt Expense	r	r	r	4,196,925	r	4,196,925
Life Insurance Premiums	r	r	r	4,644	r	4,644
Event Expense	r	363,370	363,370	8,523	235,784	607,677
Conference Services	r	r	r	63,406	r	63,406
Farm Expense	r	r	r	8,519	r	8,519
Rental Property Occupancy	r	r	r	431,144	r	431,144
Rental Property Real Estate Taxes	r	r	r	38,933	r	38,933
Rental Property Insurance	r	r	r	42,181	r	42,181
Depreciation and Depletion	r	12,917	12,917	1,695,831	64,586	1,773,334
	<u>\$ 37,564,768</u>	<u>\$ 1,908,267</u>	<u>\$ 39,473,035</u>	<u>\$ 10,561,385</u>	<u>\$ 4,611,263</u>	<u>\$ 54,645,683</u>

North Dakota State University Foundation  
Statements of Functional Expenses  
Year Ended

North Dakota State University Foundation  
 Statements of Cash Flows  
 Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 40,255,827	\$ (61,487,950)
Charges and credits to change in net assets not affecting cash		
Depreciation and depletion	1,773,334	1,768,021
Net realized and unrealized gains and losses on investments	(22,881,209)	63,603,349
Change in beneficial interest in charitable trust held by others	(95,537)	234,940
Change in cash surrender value of life insurance	(10,632)	38,376
Gifts to be held in perpetuity	(18,995,574)	(17,008,222)
Change in value of split interest agreements	120,780	(1,578,918)
Gifts restricted for capital projects	(20,254,306)	(1,730,000)
Transfer from donor restricted fund to restricted for capital projects	(2,097,784)	(1,149,315)
Payments for capital projects	19,916,956	27,148,912
Loss on disposal of property and equipment	r	3,052
Change in value of split interest trusts held by others	(8,440)	18,462
Change in cash and cash equivalents held for others	(44,885)	7,079
Change in operating assets and liabilities		
Unconditional promises to give	7,781,981	(4,605,721)
Receivables interest,		

North Dakota State University Foundation  
Statements of Cash Flows – page 2  
Years Ended December 31, 2023 and 2022

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	2023	2022
Financing Activities		
Gifts to be held in perpetuity	\$ 17,285,004	\$ 16,609,314
Gifts restricted for capital projects	d	

## North Dakota

When assets are sold or otherwise disposed of, o

### Cash Restricted for Capital Projects

Cash restricted for capital projects consists of cash and highly liquid financial instruments that are restricted by donors.

Net Assets

Net assets, revenues, gains, and losses are



North Dakota State University Foundation

Notes to Financial Statements

December 31, 2023 and 2022

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**Donated Assets**

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

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### 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 and those differences could be material.

### Financial Instruments and Credit Risk

The Foundation maintains its cash, money market accounts, and certificates of deposit in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Foundation had approximately \$6,634,500 and \$5,481,000, respectively, in excess of FDIC insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from committed supporters of the University and the Foundation. Investments are made by diversified investment managers whose performance is monitored by management, the Investment Committee, and the Finance and Audit Committee of the Foundation. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management, the Investment Committee, and the Finance and Audit Committee believe that the investment policies and guidelines are prudent for the long term welfare of the Foundation and University.

### Beneficial Interests in Charitable Trusts Held by Others

The Foundation has been named as an irrevocable beneficiary of perpetual charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Foundation has neither possession or control over the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a donor restricted contribution is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value of the assets contributed to the trust. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor's promise to give, the donor's restricted contribution is recorded in the statements of activities, and the beneficial interest in the trust is recorded in the statements of financial position at fair value.

North Dakota State University Foundation  
Notes to Financial

**Note 3 Promises to Give**

**Unconditional Promises to Give**

Unconditional promises to give are estimated to be collected as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within One Year	\$ 20,612,972	\$ 18,636,166
In One to Five Years	30,501,045	26,383,955
Over Five Years	<u>9,016,912</u>	<u>12,682,300</u>
	60,130,929	57,702,421
Less allowance for uncollectible promises to give	(5,160,619)	(1,000,820)
Less discount to net present value, .95%	<u>(3,128,424)</u>	<u>(2,447,924)</u>
	<u>\$ 51,841,886</u>	<u>\$ 54,253,677</u>

Unconditional promises to give are presented as follows at December 31, 2023 and 2022 in the statements of financial position:

	<u>2023</u>	<u>2022</u>
Current Portion of Unconditional Promises to Give	\$ 20,254,306	\$ 18,323,521
Unconditional Promises to Give, Net of Current Portion	<u>31,587,580</u>	<u>35,930,156</u>
	<u>\$ 51,841,886</u>	<u>\$ 54,253,677</u>

Approximately \$36,107,499 of the total gross unconditional pledges at December 31, 2023, represents amounts due from five donors.

**Intentions to Give**

The Foundation has additional intentions to give not recorded in the financial statements which consist of remembrances under wills of approximately \$135,816,000 and \$135,525,000 at December 31, 2023 and 2022.

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**Note 4 Investments**

The composition of investments at December 31, 2023 and 2022 is detailed in the table below:

	2023	2022
Money Market Funds	\$ 417,598	\$ 4,927,922
Fixed Income	151,255,301	136,276,212
Global Equity	204,354,121	183,438,221
Global Hedge Funds	56,406,934	51,469,371
Government Securities	85	85
Commodity Funds	161,418	213,566
Private Equity	71,441,963	58,146,108
Real Estate Funds	27,286,477	29,535,510
Cash Surrender Value of Life Insurance	515,950	505,318
	<u>\$ 511,839,847</u>	<u>\$ 464,512,313</u>
Short Term Investments	\$ 12,043,942	\$ 9,545,895
Investments	499,795,905	454,966,418
	<u>\$ 511,839,847</u>	<u>\$ 464,512,313</u>

**Note 5 Fair Value of Assets and Liabilities**

The Foundation has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in

In some cases the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A portion of the fixed income and global equity investments are classified within Level 1 because they are comprised of investments with readily determinable fair values based on daily redemption values. The remaining portion of the fixed income and global equity, as well as the government securities, commodity funds, private stock, cash surrender value of life insurance and investments held for others are valued by custodians of the investments using pricing models based on credit quality, time to maturity, stated interest rates and market assumptions. These investments are classified within Level 2. The fair values of split interest trusts held by others, and beneficial interest in trust/asset held by others are determined by using present value techniques and risk adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are classified within Level 3.

The Foundation uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the values of the global hedge funds, private equity and real estate funds. The global hedge

North Dakota State University Foundation

Notes to Financial Statements

December 31, 2023 and 2022

The related fair values of these assets and liabilities as measured on a recurring basis are determined as follows:

	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
<b>Investments</b>				
Money market funds	\$ 417,598	\$ 417,598	\$ -	\$ -
Fixed income	151,255,301	114,315,304	36,939,997	-
Global equity	204,354,121	193,305,543	11,048,578	-
Commodity Funds	161,418	-	161,418	-

North Dakota State University Foundation  
Notes to Financial Statements  
December 31, 2023 and 2022

Following is a reconciliation for Level 3 assets measured on a recurring basis:

	Split Interest	Beneficial Interest	Total
Balance at December 31, 2021	\$ 84,952	\$ 1,252,250	\$ 1,337,202
Change in value of split interest agreement	(18,462)	r	(18,462)
Change in beneficial interest	r	(234,940)	(234,940)
Balance at December 31, 2022	<u>66,490</u>	<u>1,017,310</u>	<u>1,083,800</u>
Change in value of split interest agreement	8,440	r	8,440
Change in beneficial interest	r	95,537	95,537
Balance at December 31, 2023	<u><u>\$ 74,930</u></u>	<u><u>\$ 1,112,847</u></u>	<u><u>\$ 1,187,777</u></u>

Change in value of split interest agreement and beneficial interest are recorded within the change in value of split interest agreement on the statements of activities.

Following is a reconciliation for Level 3 liabilities measured on a recurring basis:

Liabilities under split interest agreements

Balance at December 31, 2021	\$ 9,470,085
Payments to beneficiaries of split interest agreements	(283,659)
Proceeds from establishment of split interest agreements	533,286
Change in value of split interest agreement	<u>(1,578,918)</u>
Balance at December 31, 2022	<u>8,140,794</u>
Payments to Beneficiaries of Split Interest Agreements	(79,049)
Proceeds from Establishment of Split Interest Agreements	443,481
Change in Value of Split Interest Agreement	<u>120,780</u>
Balance at December 31, 2023	<u><u>\$ 8,626,006</u></u>

For the years ended December 31, 2023 and 2022, there were no transfers in or out of level 3.



North Dakota State University Foundation  
Notes to Financial Statements  
December 31, 2023



**Note 8 Property and Equipment**

Property and equipment consists of the following as of December 31, 2023 and 2022:

	2023	2022
Land	\$ 885,505	\$ 885,505
Buildings and Improvements	4,310,659	4,045,227
Furniture and Equipment	1,557,195	1,546,953
	6,753,359	6,477,685
Less accumulated depreciation	(3,279,426)	(3,104,934)
	\$ 3,473,933	\$ 3,372,751

**Note 9** (-Note 1, 28 0 T 02.98 (9) T j 2.98 C 2\_147c 03, 2-0.0 Investmed [r 02.98 (9) T j 2.98 C 2\_161.6 c-

**Note 10 Notes and Bonds Payable**

	2023	2022
1.5% note payable, interest payments due quarterly, principal payments due annually to December 2028, secured by promises to give receivable for the renovation and construction of the Aldevron Tower (1)	\$ 5,020,538	\$ 6,121,678
3.98% bond payable, due in semi annual installments of varying amounts, to October 2030, secured by Renaissance Hall building and land (2)	2,550,000	2,855,000
University Facilities Revenue Refunding Bonds, Series 2012 secured by Barry and Klai Hall land and building (3)		
2% to 3% serial bonds, due in varying annual installments through December 2023	r	390,000
3% to 4% term bonds, with varying sinking fund requirements beginning December 2024 through December 2036	6,365,000	6,365,000
.95% note payable, interest payments due quarterly, principal payments due annually starting in 2023, to December 2033, secured by promises to give receivable for the renovation and construction of the NODAK Insurance Football Performance Complex (4)	25,210,532	9,835,000
Other debt	224,817	235,060
Variable rate note payable, paid in full	r	2,189,212
	39,370,887	27,990,950

- (3) The Foundation refinanced the outstanding debt associated with the Barry Hall business building project and Klai Hall architecture building project, through the sale of 25 year University Facility Revenue Refunding Bonds issued by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semiannual interest payments and installment of varying principal amounts on the various fixed rate bonds. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semiannual interest and principal payments on the fixed rate bonds for the term of the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The property is included with real estate held for University purposes in the financial statements and the bonds have been recorded as a direct obligation of the Foundation.
- (4) A line of credit was issued to provide funding

**Note 11 Net Assets**

Net assets with donor restrictions are restricted for the following purposes or periods.

	2023	2022
Subject to the Passage of Time or Specified Purpose		
Scholarships	\$ 51,868,305	\$ 35,368,956
NDSU departmental expenses	71,662,851	69,671,053
NDSU buildings and equipment	35,604,644	34,781,801
Foundation operations time restriction	462,476	351,200
	159,598,276	140,173,010
Endowments Held in Perpetuity		
Scholarships	223,342,254	214,358,148
NDSU departmental expenses	157,698,717	147,252,554
NDSU buildings and equipment	126,250	126,250
Foundation operations	2,576,908	2,519,488
Total endowments held in perpetuity	383,744,129	364,256,440
	\$ 543,342,405	\$ 504,429,450

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Amounts released are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Purpose Restrictions Accomplished		
Scholarships and grants paid	\$ 10,008,219	\$ 9,239,838
NDSU departmental expenses	6,846,447	6,418,035
NDSU building and equipment	19,187,390	10,265,089

Net assets without donor restrictions consist of the following balances for the years ended December 31, 2023 and 2022:

	2023	2022
Net Assets without Donor Restrictions:		
Cash and cash equivalents	\$ 270,905	\$ 69,375
Short term investments	5,086,374	2,910,791
Receivables	69,694	449,188
Prepaid expenses	313,228	316,055
Property and equipment, net	18,630,425	19,497,646
Investments	7,780,892	7,565,591
Total net assets without donor restrictions	\$ 32,151,518	\$ 30,808,646

## Note 12 Employee Benefit Plans

### Tax Deferred Annuity

The Foundation has a tax deferred annuity plan under Internal Revenue Code section 403(b) which covers all eligible employees. The employees contribute to the plan through salary reductions. The Foundation makes no contributions toward the plan.

### Pension Plan

The Foundation has a defined contribution pension plan. Total contributions for 2023 were \$4,585,000 and for 2022 were \$4,585,000.

**Interpretation of Relevant Law**

The Executive Governing Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulated 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
7. The investment policies of the Foundation.

As of December 31, 2023 and 2022, endowment net asset composition by type of fund is as follows:

	At December 31, 2023		
	With Donor Restrictions	Without Donor Restrictions	Total
Donor restricted endowment funds	\$ 434,987,710	\$ 0	\$ 434,987,710
Board designated endowment funds	0	3,906,153	3,906,153
	\$ 434,987,710	\$ 3,906,153	\$ 438,893,863
	At December 31, 2022		
	With Donor Restrictions	Without Donor Restrictions	Total
Donor restricted endowment funds	\$ 400,956,042	\$ 0	\$ 400,956,042
Board designated endowment funds	0	4,909,165	4,909,165
	\$ 400,956,042	\$ 4,909,165	\$ 405,865,207



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Changes in endowment net assets as of December 31, 2023 are as follows:

	For the Year Ending December 31, 2023		
	With Donor Restrictions	Without Donor Restrictions	Total
Endowment Net Assets Beginning of year	\$ 400,956,042	\$ 4,909,165	\$ 405,865,207
Investment Return			
Investment income	15,079,091	r	15,079,091
Net appreciation/(depreciation) (realized and unrealized)	19,156,163	410,602	19,566,765
Contributions	18,010,517	1,058,690	19,069,207
Appropriation of Endowment assets for expenditure	(13,523,179)	(93,339)	(13,616,518)
Endowment Fees	(4,690,924)	(87,334)	(4,778,258)
Other Changes:			
Transfer to general unrestricted net assets:	r	(2,291,631)	(2,291,631)
Endowment Net Assets End of Year	<u>\$ 434,987,710</u>	<u>\$ 3,906,153</u>	<u>\$ 438,893,863</u>

Changes in endowment net assets as of December 31, 2022 are as follows:

	For the Year Ending December 31, 2022		
	With Donor Restrictions	Without Donor Restrictions	Total
Endowment Net Assets Beginning of year	\$ 432,065,389	\$ 4,960,667	\$ 437,026,056
Investment Return			
Investment income	19,119,682	r	19,119,682
Net appreciation/(depreciation) (realized and unrealized)	(54,011,746)	(443,355)	(54,455,101)
Contributions	17,199,429	974,771	18,174,200
Appropriation of Endowment assets for expenditure	(9,321,913)	r	(9,321,913)
Endowment Fees	(4,094,799)	(582,918)	(4,677,717)
Endowment Net Assets End of Year	<u>\$ 400,956,042</u>	<u>\$ 4,909,165</u>	<u>\$ 405,865,207</u>





Lease Income

The University leases certain properties that are owned and financed by the Foundation. The revenues related to these arrangements are recorded within investment income on the statements of activities. The revenues for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Barry and Klai Hall	\$ 632,949	\$ 635,349
Renaissance Hall	413,435	415,349
	\$ 1,046,384	\$ 1,050,698

See Note 10 for discussion of future minimum rent payments related to these leases.

**Note 15 Gift and Endowment Fees**

The Foundation has an operating agreement with the University wherein the University has delegated, and the Foundation has accepted, responsibility for development, advancement, acceptance, and management of all gifts designated for the University. To support these related costs, the Foundation, in consultation with the University, assesses fees on gifts and endowed funds. A gift fee of 5% is assessed on cash gifts up to \$5,000,000 and 0.5% on the gift amount above \$5,000,000. This fee is reported as a component of net assets released from restriction in the statements of activities as detailed in Note 13. Endowed donations are invested and a per annum management fee of 1.89% is assessed on a quarterly basis based upon the beginning of quarter market value of that endowment within the investment portfolio. In rare circumstances, the President/CEO of the Foundation, in consultation with the CFO of the Foundation, can agree to alternate fee arrangements with donors. The fees are reflected as a component of net assets released from restriction in the statements of activities as detailed in Note 11 and Note 13.

**Note 16 Commitments and Contingencies**

Ground Lease

In 2018, the Foundation entered into a ground lease with a private developer to construct, operate, and manage student housing and retail on land the Foundation owns near the University. The Foundation considers this agreement an operating lease. The ground lease term is for 50 years after construction is substantially completed for a base rental of \$100,000 per year and a maximum rental of 5% of gross revenues derived from the property per year. The ownership of any building or structure constructed on the land passes to the Foundation at the end of the ground lease. The Foundation has the option to purchase the interest of the tenant in and to the project at certain times during the term of the ground lease. The process for electing this option and the price to be paid are set forth in the ground lease.