COLORADO MESA UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2020 and 2019

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

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COLORADO MESA UNIVERSITY

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COLORADO MESA UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

As of and for the years ended June 30, 2020 and 2019

Authority, Purpose and Scope

The Office of the State Auditor of the State of Colorado engaged Dalby, Wendland, & Co., P.C. (DWC) to conduct a financial and compliance audit of Colorado Mesa University (the University) for the year ended June 30, 2020. DWC performed this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. We conducted our fieldwork from June through November 2020.

The purposes and scope of the audit were to:

- Express an opinion on the financial statements of the University as of and for the years ended June 30, 2020 and 2019. This includes a report on internal control over financial reporting and compliance and other matters based on the audit of the financial statements performed in accordance with *Government Auditing Standards*.

- Evaluate compliance with laws, regulations, contracts, and grants governing the expenditure of federal and state funds.

- Evaluate the University's progress in implementing prior audit findings and recommendations, if any.

The University's schedule of expenditures of federal awards and applicable opinions thereon, issued by the Office of the State Auditor, State of Colorado, are included in the June 30, 2020 Statewide Single Audit Report issued under separate cover.

Audit Opinion and Reports Summary

We expressed an unmodified opinion on the University's financial statements as of and for the years ended June 30, 2020 and 2019.

We issued a report on the University's compliance and internal control over financial reporting based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We noted no matters involving the University's internal control over financial reporting and its operation that we consider to be material weaknesses.

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

In addition to issuing a report on the University's compliance and internal control over financial reporting, we also performed procedures in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, over major federal programs as determined by the Office of the State Auditor. The purpose of our procedures was not to issue an opinion over the University's compliance with the federal programs tested, but rather report any noncompliance and internal control deficiencies noted during our testing to the Office of the State Auditor for inclusion in the Statewide Single Audit report. We noted no instances of noncompliance and no internal control deficiencies during these procedures.

Summary of Findings and Recommendations

There were no reported findings or recommendations resulting from the audit of the University for the year ended June 30, 2020.

Summary of Progress in Implementing Prior Audit Findings

The University's audit report for the year ended June 30, 2019 did not include any findings or recommendations that were required to be implemented during the year ended June 30, 2020.

Description of Colorado Mesa University

The University is a liberal arts university with graduate programs in teacher education, business, nursing, and art. Section 23-53-101, of the Colorado Revised Statutes (C.R.S.), provides that the University shall be a general baccalaureate institution with selective admission standards. The University is a regional educational provider approved to offer limited professional programs. The University shall also maintain a community college role and mission, including career and technical education programs.

Through June 30, 2003, the University was a member of the State Colleges in Colorado and, as such, was governed by the Board of Trustees of the Office of State Colleges. Effective July 1, 2003, the State Colleges in Colorado were dissolved in accordance with House Bill 03-1093 and each member became an independent entity. Also effective on July 1, 2003, Colorado Revised Statute (C.R.S.) 23-53-102 established the composition of the Board of Trustees (Board) of the University to serve as the University's governing board.

The Board has oversight and responsibility in the areas of finance, resources, academic programs, admissions, role and mission and personnel policies. The Board consists of nine voting and two non-voting members. The voting members are appointed by the Governor, confirmed by the Colorado State Senate and serve four-year terms. The University faculty and student body each elect one non-voting member to serve two-year and one-year terms, respectively. The University president is appointed by the Board and is responsible for day-to-day management of the institution and its employees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public. The Colorado Commission on Higher Education is the policy and coordinating board for the state's higher education system, including the University.

Full-time equivalent (FTE) student, faculty, and staff reported by the University for the last three fiscal years were as follows:

	2018	2019	2020
In-State Students	6,510.7	6,533.5	6,484.7
Out-of-State Students	1,293.8	1,221.5	1,203.7
Total FTE Students	7,804.5	7,755.0	7,688.4
Total Staff and Faculty FTEs	788.5	829.6	867.6

Description of Colorado Mesa University Foundation

The Colorado Mesa University Foundation (the Foundation) was incorporated under the laws of the State of Colorado in August 1961. The Foundation is a separate non-profit 501 (c)(3) corporation formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs.

Description of Colorado Mesa University Real Estate Foundation

The Colorado Mesa University Real Estate Foundation (CMUREF) was incorporated under the laws of the State of Colorado in May 2006. The CMUREF is a separate non-profit 501(c)(3) corporation. The CMUREF's purpose is to receive, hold, invest, and administer real and personal property, borrow money, and to make expenditures to or for the benefit of the University.

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

Grand Junction
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INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and aggregate discretely presented component units, of Colorado Mesa University (the University), an institution of higher education, State of Colorado, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audits. We did not audit the financial statements of the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation (the Foundations), discretely presented component units, discussed in Note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the years ended June 30, 2020 and 2019, respectively. Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundations, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundations were not audited in accordance with *Government Auditing Standards.*

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 opinions.

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, an institution of higher education, State of Colorado, as of June 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the year ended June 30, 2019, the University adopted Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements (GASB 88). Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the University, an institution of higher education, State of Colorado are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate discretely presented component units of the State that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Colorado as of June 30, 2020, and 2019, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 18 be presented to supplement the basic financial statements. Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires that the Schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Colorado Public Employees' Retirement Association and the Schedule of University Contributions to the State Division Trust Fund – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Colorado Public Employees' Retirement Association on pages 87 through 88 be presented to supplement the basic financial statements. GASB 75, requires that the Schedule of the University's Proportionate Share of the other post-employment benefits (OPEB) Liability and the Schedule of University Contributions to the OPEB plan on pages 90 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Enterprise Revenue Bonds Schedules of Revenues and Expenditures for the years ended June 30, 2020 and 2019 on page 93 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the University.

The Enterprise Revenue Bonds Schedules of Revenues and Expenditures are the responsibility of the University's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Enterprise Revenue Bonds Schedules of Revenues and Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Dalby Wendland & Co. P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

February 2, 2021

This section of Colorado Mesa University's (the University) annual financial report presents management's discussion and analysis of the University's financial position and changes in its financial position as of and for the years ended June 30, 2020 and 2019 with comparative information presented as of and for the year ended June 30, 2018. It is intended to make the University's financial statements easier to understand and communicate financial position and changes in its financial position in an open and accountable manner. This discussion focuses on current activities and known facts and therefore should be read in conjunction with the financial statements and accompanying notes (Notes) to the financial statements. University management is responsible for the completeness and fairness of this discussion and analysis, as well as the underlying systems of internal controls.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help in readers' assessments of the University's financial activities. Because the information is reported in a summarized form, it should be read in conjunction with the financial statements, which include:

- **Statements of Net Position** report the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2020 and 2019. The purpose is to present a financial snapshot of the University and assist readers in determining the assets available for operations, amounts owed to employees, vendors and other creditors and the net position available for future on-going concerns of the University.
- **Statements of Revenues, Expenses and Changes in Net Position** present total revenues earned and expenses incurred for operating, non-operating, other and capital-related purposes during the years ended June 30, 2020 and 2019. The purpose is to help readers assess the University's operating and non-operating activities.
- **Statements of Cash Flows** report the University's cash receipts and cash disbursements during the years ended June 30, 2020 and 2019. The purpose is to help readers assess the University's ability to generate cash flows sufficient to meet obligations as they become due.
- **Notes to the Financial Statements** present additional information to support the financial statements. The purpose is to clarify and further explain information in the financial statements.

The University has two discretely presented component units included in its financial statements, which is a required presentation in accordance with generally accepted accounting principles (GAAP). The Colorado Mesa University Foundation (Foundation) is a separate non-profit 501(c)(3) corporation formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the University Board of Trustees (the Board). The Foundation's records are maintained separately from the University. The Colorado Mesa University Real Estate Foundation (CMUREF) is a separate non-profit 501(c)(3) corporation formed to acquire, manage and dispose of properties in order to provide financial assistance to the University. CMUREF engages in activities that may be beyond the scope and control of the Board and its financial records are maintained separately from the University.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis as well as certain RSI required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* including the:

- Schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund (SDTF) – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Colorado Public Employees' Retirement Association (PERA)
- Schedule of University Contributions to the SDTF – A Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Administered by PERA
- Schedule of the University's Proportionate Share of the Net Other Post-Employment Benefit Liability
- Schedule of University Contributions to PERA Defined Other Post-Employment Benefit Plan (OPEB)

The financial statements of the University include all of the integral parts of the University's operations. The University applied the required criteria to determine whether an organization should be included in the University's reporting entity. Management of the University has considered the criteria described in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* paragraph 47 and has determined that the Foundation and the CMUREF have both met the criteria to be included in the University's financial statements as discretely presented component units. The Foundation was incorporated on August 22, 1975 under the laws of the State of Colorado (the State). The purpose of the Foundation is to aid, directly or indirectly, the University in fulfilling its educational purposes. The Foundation is supported primarily through donor contributions. The CMUREF was incorporated in May 2006 under the laws of the State. The purpose of the CMUREF is to acquire, manage and dispose of properties in order to provide financial assistance to the University. A full copy of the Foundation's and CMUREF's financial statements may be obtained from the Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, 1100 North Avenue, Grand Junction, CO 81501.

Financial Highlights
As of and for the year ended June 30, 2018, the University implemented GASB Statement No. 75. GASB Statement No. 75 establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses for OPEB that are provided to the employees of state and local governmental employers through OPEB plans.

In Fiscal Year 2020, the University's net position increased by $29.0 million, to $222.7 million. The 2019 to 2020 increase included a net operating gain of $6.6 million, which was further increased by net non-operating revenues of $19.6 million and other net revenues of $2.8 million. The largest components of non-operating revenues include Federal Pell and other grants, including the University's allocation of the State's direct distribution to PERA, of $20.3 million, investment and interest income of $3.6 million, capital fees, net of scholarship allowances of $1.6 million and non-operating contributions of $4.2 million. Net non-operating revenues were reduced by interest expense on capital debt of $10.1 million and a loss on disposal of assets of $813 thousand. Other revenues included state capital appropriations of $1.7 million, capital contributions from the State of $231 thousand and capital donations of $1.6 million, which were offset by $704 thousand of transfers to other institutions.

In Fiscal Year 2019, the University's net position increased by $19.8 million to $193.7 million and included a net operating gain of $4.6 million, which was further increased by net non-operating revenues of $14.2 million and other net revenues of $990 thousand. The largest components of non-operating revenues include Federal Pell and other grants, including the University's allocation of the State's direct PERA funding, of $16.7 million, investment and interest income of $3.2 million, capital fees, net of scholarship allowances of $1.7 million and non-operating contributions of $1.4 million. Net non-operating revenues are reduced by interest expense on capital debt of $8.6 million. Other revenues included state capital appropriations of $84 thousand, capital contributions from the State of $1.5 million and capital donations of $1.8 million, which were offset by $2.4 million of transfers to other institutions.

Excluding the effects of GASB Statement Nos. 68 and 75, the University's net position continued to increase over the past three years, which is an indication of financial health. The University's increase in net position was $15.7 million (2020), $13.5 million (2019) and $7.7 million (2018) before considering the effects of GASB Statement Nos. 68 and 75.

Throughout the University's growth – capital assets before depreciation increased from $562.9 million at June 30, 2019 to $595.6 million at June 30, 2020 – the University has maintained current ratios of 2.32 (2020), 3.31 (2019) and 3.49 (2018). The current ratio (current assets/current liabilities adjusted for current liabilities paid by restricted (non-current) cash) demonstrates the liquidity of assets and the relative availability of working capital to fund current operations. The decrease in the current ratio from Fiscal Year 2019 is due to the increase of $17.0 million of Unearned Revenues from pass-through federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding received from the Colorado Governor's Office in Fiscal Year 2020 that will be spent in Fiscal Year 2021. Without this funding, the current ratio would have been 2.92.

Net tuition and fees, Fee-For-Service (FFS) and auxiliary enterprises revenues, combined, increased by $3.3 million for the year ended June 30, 2019 to the year ended June 30, 2020 and by $9.1 million from the year ended June 30, 2018 to the year ended June 30, 2019. Undergraduate enrollments on a student FTE basis at the University decreased from 7,701.3 in the year ended June 30, 2018 to 7,645.6 in the year ended June 30, 2019 (-0.7%) to 7,552.2 in the year ended June 30, 2020 (-1.2%). Graduate enrollment increased from 100.2 in the year ended June 30, 2018 to 109.5 in the year ended June 30, 2019 (9.3%) to 136.3 in the year ended June 30, 2020 (24.5%). Overall enrollments decreased from 7,801.5 in the year ended June 30, 2018 to 7,755.0 in the year ended June 30, 2019 (-0.6%) to 7,688.4 in the year ended June 30, 2020 (-0.9%).

Statements of Net Position

The condensed statements of net position show the University has grown over the years. Increases or decreases in net position are one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities. Analyses of the University's capital assets and the University's debt are discussed below, while this section provides an analysis of the University's non-capital assets and non-debt liabilities.

Condensed Statements of Net Position as of June 30, 2020, 2019 and 2018 *(in thousands)*

				Increase (Decrease) 2020 vs. 2019	
	2020	**2019**	**2018**	**Amount**	**Percent**
Assets					
Current assets	$ 98,525	$ 75,898	$ 55,291	$ 22,627	29.8%
Other non-capital assets	9,439	21,549	3,117	(12,110)	-56.2%
Net capital assets	438,870	419,873	422,320	18,997	4.5%
Total Assets	**546,834**	**517,320**	**480,728**	**29,514**	**5.7%**
Total Deferred Outflows	**9,357**	**15,179**	**27,535**	**(5,822)**	**-38.4%**
Liabilities					
Non-debt liabilities	39,874	19,321	11,154	20,553	106.4%
Net pension and OPEB liabilities	47,621	57,245	100,854	(9,624)	-16.8%
Debt liabilities	225,831	232,700	218,559	(6,869)	-3.0%
Total Liabilities	**313,326**	**309,266**	**330,567**	**4,060**	**1.3%**
Total Deferred Inflows	**20,126**	**29,505**	**3,754**	**(9,379)**	**-31.8%**
Net Position					
Invested in capital assets	220,328	205,633	205,979	27,711	13.5%
Restricted for other purposes	14,053	26,290	6,849	(12,237)	-46.5%
Unrestricted deficit	(11,642)	(38,195)	(38,886)	26,553/	69.5%
Total Net Position	**$ 222,739**	**$ 193,728**	**$ 173,942**	**$ 29,011**	**15.0%**

Unrestricted cash and investments of $80.7 million (2020), $67.6 million (2019) and $46.8 million (2018) and restricted cash of $9.0 million (2020), $21.0 million (2019) and $2.6 million (2018) make up 83.1%, 90.9% and 84.6% of the University's total non-capital assets as of June 30, 2020, 2019 and 2018, respectively. Restricted cash of $9.0 million (2020) represents bond proceeds to be used for capital construction activity ($7.3 million) and for paying bond interest while the project is being constructed ($1.7 million). Restricted cash of $21.0 million (2019) represents bond proceeds to be used for capital construction activity ($18.5 million) and for paying bond interest while the project is being constructed ($2.5 million). Restricted cash of $2.6 million (2018) and $2.0 million (2017) represents bond proceeds to be used for capital construction activity.

The University's non-debt liabilities include the following.

Non-debt Liabilities as of June 30, 2020, 2019 and 2018 *(in thousands)*

	2020	2019	2018	Increase (Decrease) 2020 vs. 2019 Amount	Percent
Payroll Liabilities	$ 4,735	$ 4,661	$ 2,201	$ 74	1.6%
Other Accrued Liabilities	3,280	2,121	1,664	1,159	54.6%
Accounts Payable	5,357	5,436	460	(79)	-1.5%
Unearned Revenues	20,590	3,520	3,105	17,070	484.9%
Deposits	2,971	1,102	1,195	1,869	169.6%
Compensated Absences	2,941	2,481	2,529	460	18.5%
Total Non-debt Liabilities	**$ 39,874**	**$ 19,321**	**$ 11,154**	**$ 20,553**	**106.4%**

The increase in Payroll Liabilities from Fiscal Year 2018 to Fiscal Year 2019 is due to the implementation of a semi-monthly payroll system in Fiscal Year 2019 and represents salaries and benefits payable for the period June 15-30, 2019. Other Accrued Liabilities consist of interest payable on debt issued and contract retainage payable. Other Accrued Liabilities increased from Fiscal Year 2019 to Fiscal Year 2020 because retainage payable for projects increased by about $1.2 million compared to the prior year. The increase in Accounts Payable from Fiscal Year 2019 to Fiscal Year 2020 is also due to the increased construction projects in progress at Fiscal Year-End 2019 compared to the prior year. The increase in Unearned Revenues from Fiscal Year 2019 to Fiscal Year 2020 is due to receiving $17.0 million of pass-through federal CARES Act funding through the Governor's Office that will be earned on allowable costs in Fiscal Year 2021. The increase in Deposits from Fiscal Year 2019 to Fiscal Year 2020 is largely due to housing deposits of $1.8 million refunded to students in Spring 2020, due to the shutdown because of Coronavirus disease 2019 (COVID-19), and students will be able to apply these deposits to their Fall 2020 housing charges.

GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which defines certain elements of the financial statements previously reported as assets or liabilities as deferred outflows or deferred inflows of resources. Assets and liabilities are resources and obligations with present service capacities and present obligations, while deferred outflows and inflows of resources are acquisitions and uses of net assets that relate to a future period (see Note 1). Deferred outflows of resources represent unamortized book losses on certain bond refinancing transactions and certain defined benefit pension and OPEB related amounts recognized in accordance with GASB Statement Nos. 68 and 75. See Notes 1, 8 and 9 to the financial statements for detailed information on the composition of the University's deferred outflows and deferred inflows.

Defined pension and OPEB benefit deferred outflows were $3.3 million (2020), $8.9 million (2019) and $20.5 million (2018). The decrease in pension and OPEB benefit deferred outflows from Fiscal Year 2019 to Fiscal Year 2020 of $5.6 million is primarily due to the PERA changes in assumptions or other inputs. Defined pension and OPEB benefits deferred inflows were $20.1 million (2020), $29.5 million (2019) and $3.8 million (2018). The decrease in defined pension benefit deferred inflow from Fiscal Year 2019 to Fiscal Year 2020 of $9.4 million is primarily due to a decrease in the PERA pension plan changes in assumptions of $15.3

million, offset by an increase in the PERA change in expected versus actual investment earnings of $4.9 million and HCTF deferred inflow increases of $391 thousand. (see Note 8 and Note 9).

As described in Note 8, GASB Statement No. 68 requires the University to report its proportionate share of the unfunded pension liability of $45.8 million (2020), $55.0 million (2019) and $98.7 million (2018), respectively, of the net pension liability of the SDTF. The SDTF's net pension liability was measured as of December 31, 2019, 2018 and 2017 and the SDTF's total pension liability used to calculate the SDTF's net pension liability was determined by an actuarial valuation as of December 31, 2019, 2018 and 2017. Standard update procedures were used to roll forward the SDTF's total pension liability to December 31, 2019, 2018 and 2017. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years 2019, 2018 and 2017 relative to the total contributions of participating employers to the SDTF.

As described in Note 9, GASB Statement No. 75 requires the University to report its proportionate share of the unfunded OPEB liability of $1.8 million (2020), $2.2 million (2019) and $2.2 million (2018). The OPEB liability was measured as of December 31, 2019 and December 31, 2018 and the total OPEB liability was determined by actuarial valuations as of December 31, 2019 and December 31, 2018. The University's proportion of the OPEB liability was based on the University's contributions to PERA's Health Care Trust Fund (HCTF) for the calendar year 2019 and 2018 relative to the total contributions of participating employees to the HCTF.

On June 30, 2020, the University's total net position was $222.7 million compared to $193.7 million and $173.9 million on June 30, 2019 and 2018, respectively. The University's net position is shown in three categories on the statement of net position.

- Net investment in capital assets, which consists of amounts issued to fund the acquisition and construction of those assets and is the largest net position category with balances of $220.3 million (2020), $205.6 million (2019) and $206.0 million (2018). This category comprises 98.9%, 106.1% and 118.4% of total net position as of June 30, 2020, 2019 and 2018, respectively and represents investments in campus facilities and equipment, net of related debt and accumulated depreciation.
- Restricted net position includes restrictions of $14.1 million (2020), $26.3 million (2019) and $6.9 million (2018) for capital projects, loans and other purposes. This category of net position represents amounts externally restricted for specific purposes and allows the University to fully expend those funds in accordance with the purposes identified by the entities providing the funds. The $12.2 million decrease from June 30, 2019 to June 30, 2020 and $19.4 million increase from June 30, 2018 to June 30, 2019 are primarily due to the decrease/increase in unspent bond funds. All of the University's restricted net position is expendable.
- Unrestricted net position was a deficit of $11.6 million (2020), $38.2 million (2019) and $38.9 million (2018) and represents the amount available for spending for any lawful purpose, at management's discretion. In some instances, the Board has placed internal designations on the use of these funds.
- While the implementation of GASB Statement No. 68 in Fiscal Year 2015 and the implementation of GASB Statement No. 75 in Fiscal Year 2018 resulted in a deficit in unrestricted net position, the University does not expect to need to fund its share of the unfunded pension liability leaving the University with an unrestricted net position excluding pension and OPEB related amounts recognized under GASB Statement Nos. 68 and 75 of $39.8 million (2020), $39.6 million (2019) and $45.2 million (2018), which is available for any lawful purposes under management's discretion.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position reports the results of operations for the year. Activities are reported as operating, non-operating or other. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service and related support services to an individual or entity separate from the University. Non-operating revenues and expenses are those other than operating and include, but are not limited to, non-operating grants and contracts, investment income and expenses and interest expense on capital debt. Other revenues, expenditures, gains and losses and transfers to other governing boards or institutions include state capital construction and controlled maintenance appropriations, transfers between funds and other organizations and agencies and gains or losses from the disposal of assets.

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2020, 2019 and 2018 *(in thousands)*

	2020	2019	2018	Increase (Decrease) 2020 vs. 2019 Amount	Percent
Operating revenues	$ 134,418	$ 130,211	$ 120,020	$ 4,207	3.2%
Operating expenses	127,822	125,584	144,959	2,238	1.8%
Operating Income (Loss)	**6,596**	**4,627**	**(24,939)**	**1,969**	**42.5%**
Net non-operating revenues	19,568	14,169	11,634	5,399	38.2%
Income before Other Revenues or Expenses	**26,164**	**18,796**	**(13,305)**	**7,368**	**39.2%**
Other revenues, expenditures, gains, losses and transfers	2,847	990	1,353	1,857	187.6%
Increase (Decrease) in Net Position	**29,011**	**19,786**	**(11,952)**	**9,225**	**46.6%**
Beginning net position	193,728	173,942	188,007	19,786	11.4%
Cumulative effect of adoption of new accounting standard	-	-	(2,113)	-	
Ending Net Position	**$ 222,739**	**$ 193,728**	**$ 173,942**	**$ 29,011**	**15.0%**

The University's operating revenues increased by $4.2 million from $130.2 million (2019) to $134.4 million (2020) and net non-operating revenues increased by $5.4 million from $14.2 million (2019) to $19.6 million (2020).

Operating and Net Non-operating Revenues for the Years Ended June 30, 2020, 2019 and 2018 *(in thousands)*

	2020	2019	2018	Increase (Decrease) 2020 vs. 2019 Amount	Percent
Operating Revenues					
Tuition and fees (net)	$ 72,555	$ 70,108	$ 65,736	$ 2,447	3.5%
Fee-for-service revenue	15,451	13,620	11,570	1,831	13.4%
Federal, state, private grants and contracts	11,609	10,473	10,019	1,136	10.8%
Auxiliary enterprise revenue (net)	33,226	34,227	31,050	(1,001)	-2.9%
Other operating revenues	1,577	1,783	1,645	(206)	-11.6%
Total Operating Revenues	**$ 134,418**	**$ 130,211**	**$ 120,020**	**$ 4,207**	**3.2%**
Net Non-operating Revenues					
Non-operating grants	$ 19,900	$ 16,346	$ 16,070	$ 3,554	21.7%
Contributions	4,243	1,369	835	2,874	209.9%
Capital fees (net)	1,630	1,656	2,130	(26)	-1.6%
Investment and interest income	3,643	3,210	1,719	433	13.5%
Interest expense, capital debt	(10,074)	(8,646)	(8,821)	(1,428)	16.5%
Other net non-operating revenues	1,039	411	4	628	152.8%
Loss on disposal of assets	(813)	(177)	(303)	(636)	359.3%
Non-operating Revenues	**$ 19,568**	**$ 14,169**	**$ 11,634**	**$ 5,399**	**38.1%**

Operating Revenues
For the years ended June 30, tuition and fee revenues are reported net of scholarship allowances of $21.1 million (2020), $21.6 million (2019) and $21.0 million (2018) and auxiliary enterprise revenues are reported net of scholarship allowances of $65 thousand (2020), $52 thousand (2019) and $49 thousand (2018). Scholarship allowances are defined as the financial aid awarded to students by the University to pay for University charges. More than half of the increase in Fiscal Year 2020 tuition and fees are due to increased online revenues recognized in the Spring 2020 term compared to Fiscal Year 2019; Fall 2020 on-line tuition was ahead of Fall 2019 by $265 thousand and ended up ahead of Fiscal Year 2019 online tuition revenue by $1.2 million at year-end because more students moved to online classes due to COVID-19. The decrease in auxiliary enterprise revenue is due to Spring 2020 housing refunds issued due to COVID-19. The State provides funding from the College Opportunity Fund (COF) via FFS contracts with the Department of Higher Education and with stipends to qualified undergraduate students to pay a portion of tuition. For the years ended June 30, the value of the stipend was $94 per credit hour (2020) and $85 per credit hour (2019) and $77 per credit hour (2018). The University received total COF funding of $17.4 million (2020), $15.9 million (2019) and $14.4 million (2018). The increase in FFS Revenue is a result of Fiscal Year 2020 legislative operating appropriations compared to Fiscal Year 2019.

Net non-operating Revenues
For the years ended June 30, Federal Pell grant revenues were $13.0 million (2020), $13.9 million (2019) and $13.8 million (2018). For the years ended June 30, other non-operating grants were $7.3 million (2020), $2.8 million (2019) and $2.4 million (2018) and were primarily comprised of direct federal CARES Act funding of $4.0 million offset by a $900 thousand decrease in Pell funding (2020) and Build America Bond interest subsidies of $1.2 million (2020, 2019 and 2018). For the years ended June 30, the University also received $700 thousand in Fiscal Years 2020, 2019 and 2018 of local government grants to help fund the construction and debt service of building an academic classroom building on campus. The City of Grand Junction and Mesa County committed support in a combined amount of $700 thousand per year for 10 years beginning in Fiscal Year 2013 for an Academic Classroom Building.

For the years ended June 30, investment and interest income was $3.6 million (2020), $3.2 million (2019) and $1.7 million (2018). The increases from Fiscal Year 2018 to Fiscal Year 2019 and to Fiscal Year 2020 are due to interest earned on Series 2019B bond proceeds used to finance construction of the Aspen Apartments hall that opened in the Fall 2020 semester. In Fiscal Year 2019, the University had $21.0 million of restricted cash for this purpose compared to restricted cash of $2.6 million in Fiscal Year 2018. The unspent Series 2019B proceeds were $9.0 million as of June 30, 2020 and are for capital improvements ($7.3 million) and for capitalized interest through May 15, 2022 ($1.7 million). See Note 2 to the financial statements for detailed investment information.

Operating expenses totaled $127.8 million (2020), $125.6 million (2019) and $145.0 million (2018). The breakdown of expenses by reporting category is as follows.

Operating Expenses for Fiscal Years 2020, 2019 and 2018 *(in thousands)*

				Increase (Decrease) 2020 vs. 2019	
	2020	2019	2018	Amount	Percent
Instruction	$ 34,831	$ 33,254	$ 44,425	$ 1,577	4.7%
Research	290	263	528	27	10.3%
Public service	53	113	74	(60)	-53.1%
Academic support	4,536	8,133	9,769	(3,597)	-44.2%
Student services	15,357	12,470	13,820	2,887	23.2%
Institutional support	5,822	6,699	8,209	(877)	-13.1%
Operation and maintenance of plant	15,321	13,139	15,071	2,182	16.6%
Net scholarships and fellowships	15,641	12,747	11,838	2,894	22.7%
Auxiliary enterprises	19,907	23,280	26,756	(3,373)	-14.5%
Depreciation	16,064	15,486	14,469	578	3.1%
Total Operating Expenses	**$ 127,822**	**$ 125,584**	**$ 144,959**	**$ 2,238**	**1.8%**

The increase in operating expenses from Fiscal Year 2019 to Fiscal Year 2020 is partly attributed to COVID-19 and CARES Act expenditures of $4.0 million, offset by the net Pension and OPEB expenses of *negative* $6.3 million in Fiscal Year 2019 and *negative* $13.0 million in Fiscal Year 2020. Operating expenses before considering net pension and OPEB expenses were $131.8 million in Fiscal Year 2019 and $140.8 million in Fiscal Year 2020, a 6.8% increase. The increase is explained by additional CARES Act expenditures of $4.0 million and the remaining increase of $5 million is an increase of 3.7% over Fiscal Year 2019 and represents the increased costs of providing more programs and services to our students.

Scholarship expenses are reported net of total scholarship allowances of $21.1 million (2020), $21.6 million (2019) and $21.0 million (2018); gross scholarship expense was $37.2 million (2020), $34.9 million (2019) and $32.9 million (2018). Note 11 to the financial statements reports non-work-study scholarships from institutional sources totaled $15.3 million (2020), $13.3 million (2019) and $11.8 million (2018) and overall non-loan student assistance from institutional sources was $19.1 million (2020), $17.1 million (2019) and $15.2 million (2018). See Note 11 to the financial statements for detailed non-loan student financial assistance information.

Capital Assets

On June 30, 2020, the University had $595.6 million invested in capital assets before total accumulated depreciation of $156.7 million. The projects completed during Fiscal Year 2020 and projects in progress on June 30, 2020 are reported below. Fiscal Year 2020 property acquisitions include $704 thousand in land and building contributions from the University's foundations.

Capital Asset Categories (before depreciation) as of June 30, 2020, 2019 and 2018 *(in thousands)*

							Increase (Decrease) 2020 vs. 2019	
		2020		**2019**		**2018**	**Amount**	**Percent**
Description								
Land	$	44,138	$	43,427	$	42,186	$ 711	1.6%
Construction in progress		17,943		8,166		92	9,777	119.7%
Land and leasehold improvements		39,952		38,057		38,057	1,895	5.0%
Buildings		456,899		438,614		437,266	18,285	4.2%
Equipment		21,437		20,064		19,317	1,373	6.8%
Library materials		15,224		14,612		13,987	612	4.2%
Total Gross Capital Assets	**$**	**595,593**	**$**	**562,940**	**$**	**550,905**	**$ 32,653**	**5.8%**

Significant capital additions (over $1 million) completed in Fiscal Year 2020 and the resources funding the acquisitions includes the following.

Project Description *(in thousands)*		**Amount**
Electric Lineworker Building, State-funded	$	3,055
Hotel Maverick, University-funded		17,474
Total	**$**	**20,529**

Opened in June 2020, the Hotel Maverick is a 60 room boutique hotel that serves as a teaching facility for the University's hospitality management program.

Significant capital additions (over $1 million) completed in Fiscal Year 2019 and the resources funding the acquisitions includes the following.

Project Description *(in thousands)*		**Amount**
Seventh Day Adventist building remodel, University-funded	$	1,459
Total	**$**	**1,459**

The following significant projects (over $1 million) were in progress on June 30, 2020.

Project Description *(in thousands)*		**Amount**
Varsity Track, University-funded	$	4,090
Student Housing, University-funded		12,713
Total	**$**	**16,803**

The following significant projects (over $1 million) were in progress on June 30, 2019.

Project Description *(in thousands)*		**Amount**
Hotel Maverick, University-funded	$	5,334
Electric Lineworker Building, State-funded		2,044
Total	**$**	**7,378**

In addition to the operating and non-operating revenues discussed above, the University received capital revenues in the amounts shown below. Capital donations in Fiscal Years 2020, 2019 and 2018 are primarily cash and in-kind contributions from the University's foundations.

Capital Revenues for Fiscal Years 2020, 2019 and 2018 *(in thousands)*									
							Increase (Decrease) 2020 vs. 2019		
		2020		**2019**		**2018**		**Amount**	**Percent**
Capital Revenues									
State appropriation, capital	$	1,690	$	84	$	176	$	1,606	1,911.9%
State capital contributions		231		1,458		112		(1,227)	-84.2%
Capital donations		1,630		1,836		2,993		(206)	-11.2%
Total Capital Revenues	**$**	**3,551**	**$**	**3,378**	**$**	**3,281**	**$**	**173**	**5.1%**

Debt

The University had debt of $225.8 million (2020), $232.7 million (2019) and $218.6 million (2018). See Note 6 to the financial statements for detailed descriptions of the University's debt. In February 2019, the University issued Enterprise Refunding Bonds Series 2019A to forward direct purchase refunding the Series 2009A Bonds. In June 2019, the University issued Enterprise Revenue Bonds Series 2019B to construct and equip a new residence hall on the University campus. In January 2020, the University issued Enterprise Refunding Bonds Series 2020A, which partially refunded Series 2012A and Series 2012B.

Capital Debt Categories as of June 30, 2020, 2019 and 2018 (in thousands)									
							Increase (Decrease) 2020 vs. 2019		
		2020		**2019**		**2018**		**Amount**	**Percent**
Bonds payable	$	222,955	$	229,339	$	214,732	$	(6,384)	-2.8%
Capital leases		2,804		3,180		3,555		(376)	-11.8%
Notes payable		72		181		272		(109)	-60.2%
Total Capital Debt	**$**	**225,831**	**$**	**232,700**	**$**	**218,559**	**$**	**(6,869)**	**-3.0%**

Economic Outlook

The COVID-19 pandemic has challenged the University in ways that could not have been imagined. In response, the University devised a plan in collaboration with medical experts and healthcare leaders to design a safe return to campus based on scientific evidence and medical best practices. The University formed Safe Together Strong Together (ST2) committees and task forces to reopen the University for in-person instruction in Fall 2020 using a three-phased approach.

- **Phase 1: Providing a Safe Path, Pilot Openings and Development of Operations – May 2020:** In April 2020, the University partnered with Mesa County Public Health and Community Hospital to design partial opening plans for the Recreation Center, the Maverick Stores (CMU Bookstores) and a small number of outdoor recreation facilities. This pilot opening was selected based on what current state and county orders allowed. The openings were meant to test the effectiveness of the team planning and partnerships. The focus of Phase 1 was also to consolidate the work from each team into an operational plan to be submitted to health officials in June 2020.
- **Phase 2: Building Capacity, Implementation of Safe Together, Strong Together Operations Plan – June 2020:** The University opened Hamilton Recreation Center, outdoor recreation venues, the Maverick Store and the CMU Natatorium following prescribed limitations and protections.
- **Phase 3: Stronger Together, Return to Campus – August 2020:** The path forward will be one of continuous adaption and the layering of strategies and tools. The University strategy will evolve as research, data and medical expert opinions progress. The University will work to take a nuanced, thoughtful approach to maximizing safety, minimizing risk and delivering critically important in-person instruction at the University.

Planning committees have worked through detailed re-start plans focused on major sets of guiding questions that address three primary areas of focus and goals.

- **Training:** Define best practices and the training needed for the campus community to ensure a safe return to camps.
- **Prevention:** Implement guidance and practices to help prevent the spread of COVID-19.
- **Virus screening and testing:** Define the most effective and clinically proven strategies for virus screening and testing that address health and safety of students, faculty and staff in returning to campus.

State Operating Funding: Long-bill appropriated state support for Fiscal Year 2020 was $33.1 million. This compares to $29.2 million of state support actually received in Fiscal Year 2019 and $26.0 million of state support actually received in Fiscal Year 2018.

The University's Fiscal Year 2021 state operating appropriation is $13.7 million, including $7.5 million for the State of Colorado's College Opportunity Fund (COF), $6.1 million in FFS revenues, $182 thousand in special purpose Fee-For-Service (FFS revenues) and an estimated $682 thousand for limited gaming tax revenues pursuant to C.R.S Section 12-47-1-701.5(3)(c)(I) and is an $18.5 million or 56.5% decrease from Fiscal Year 2020 state operating appropriations of $33.1 million. (See Note 12.)

COVID-19 Funding: The University received $17.0 million in federal indirect CARES Act funding through the Governor's Office in May 2020 for COVID-19 for allowable uses that include:

- Expenses to respond to the COVID-19 public health emergency.
- Expenses to meet mental health needs of students experiencing trauma or mental health challenges as a result of COVID-19.
- Expenses to prepare for school closures and re-openings resulting from COVID-19.
- Expenses to facilitate distance learning in connection with school closings.
- Personnel expenses necessary to respond to the COVID-19 public health emergency, including payroll costs for employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency, expenses to improve telework capabilities for

employees to enable compliance with public health precautions and the cost of providing family and medical leave to employees to enable compliance with COVID-19 public heath precautions.

- Expenses to facilitate distance learning, including technological improvements, curriculum development, online learning materials, student outreach support, and payroll costs for faculty and support staff responsible for developing online instruction in response to the COVID-19 public health emergency.
- Expenses related providing economic support to educate students affected by COVID-19 by maintaining enrollment, retention and credential completion.

The University will use all of the federal indirect CARES Act funding that was passed through from the Governor's Office in Fiscal Year 2021 and the indirect CARES Act funds received in May 2020 are recorded as Unearned Revenue at June 30, 2020.

In Fiscal Year 2020, the University was also awarded the following funds.

- Direct CARES funding of $3.5 million to be used to provide emergency financial aid grants to students for their expenses related to the disruption of campus operations due to COVID.
- Direct CARES funding of $3.5 million to be spent on those costs for which there is a "clear nexus to significant changes to the delivery in instruction" due to COVID. This could include refunds made to students, technology costs, programming customizations for courses and delivery.

At June 30, 2020, the University had revenues and expenses of $4.0 million related to the direct CARES Act grants, including $548 thousand of grants to students and $3.4 million for the University's response to changes in the delivery of instruction due to COVID. These amounts are shown as nonoperating revenues with a corresponding amount recorded as other accounts receivable in the accompanying statements of net position and statements of revenues, expenses and changes in net position.

Capital Projects: The University continues to invest in facilities to expand programs in order to attract and retain students. Current projects include:

- Student Housing: To meet the growing needs of student housing (Fall semester housing occupancy in both 2018 and 2019 was 95%) the University will complete the latest expansion by the Fall 2020 semester and add approximately 120-130 beds. This project is funded by the Series 2019B Bonds. (See Note 6.)
- Varsity Track: The University's Track team currently rents its practice track facilities and does not have an NCAA-certified track for local meets. The 400 meter, 8 lane, all weather, track under construction would include a bi-directional long jump runway, take-off board and sand pit; a bi-directional triple jump runway, take-off board and sand pit; a bi-directional pole vault runway and vault boxes; a steeplechase pit and water jump hurdle; two shot put throwing circles, a discus throwing circle with cage, a throwing circle for hammer throw with cage; a javelin throw runway; and a high jump area. This track would allow the University to hold consistent practices, regular meets, and a national meet in the near future.

Debt Management: The University continues to look for opportunities to manage debt as the campus expands. In Fiscal Year 2019, the University issued Series 2019A bonds to refund a portion of the Series 2009A bonds and generate a net present value savings of $1.9 million. In June 2019, the University issued Enterprise Revenue Bonds Series 2019B to construct and equip a new residence hall on the University campus. In January 2020, the University issued Enterprise Refunding Bonds Series 2020A to partially refund Series 2012A and Series 2012B.

Institutional Vision and Values
The University has continued to mature into an institution of higher education that successfully prepares students from diverse backgrounds for lives of career and service anywhere in the world. Over the next decade, the University will seek to be the first-choice institution for students, faculty, and staff by leveraging:

- An adaptable, flexible approach to learning that allows students to choose from multiple and potentially integrated pathways to achieve certification, and/or associates, bachelors, and graduate degrees.
- A highly qualified faculty that excels in teaching and interacting with students.
- A curriculum, often bridging liberal education and professional programs, that successfully prepares students for the 21st century in the areas of personal and social responsibility, civic engagement, ethics, and intercultural/global learning.
- Continued investment in facilities and technology that expand, expedite, and enhance learning for every student.
- Community support from businesses, industries, alumni, and residents of the region.
- A wide array of academic programs that are improved on an on-going, continuous basis for quality and relevance to Western Colorado's needs in the context of an ever-changing world.
- An administration that uses human and natural resources wisely, embraces excellence, is committed to shared governance, and is focused on the future.

The University's goal is to be respected as a learning community that embraces diversity of students, faculty, staff, ideas, and degree levels, while maintaining a quality educational environment that focuses on serving its many constituents. As it assumes an expanded leadership role, the University will expand its public engagement of the region's stakeholders by serving as the primary intellectual and cultural center and promoting the exchange of ideas that are of regional, national, and international importance.

Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the University Controller at Colorado Mesa University, 1100 North Avenue, Grand Junction, CO 81501.

FINANCIAL STATEMENTS SECTION

COLORADO MESA UNIVERSITY
Statements of Net Position
As of June 30, 2020 and 2019 *(in thousands)*

		2020		2019
Assets				
Current Assets				
Cash and cash equivalents	**$**	**65,355**	$	52,528
Investments		**15,349**		15,095
Student accounts receivable, net		**5,126**		4,984
Other accounts receivable, net		**10,739**		1,643
Student loans, net		**95**		1
Inventories		**1,275**		1,215
Prepaid expenses		**586**		432
Total Current Assets		**98,525**		75,898
Non-current Assets				
Non-capital non-current Assets				
Restricted cash and cash equivalents		**8,976**		20,950
Student loans, net		**434**		599
Other non-current assets		**29**		-
Total Non-capital Non-current Assets		**9,439**		21,549
Non-depreciable Capital Assets, Net				
Land and improvements		**44,138**		43,427
Construction in progress		**17,943**		8,166
Total Non-depreciable Capital Assets		**62,081**		51,593
Depreciable Capital Assets, Net				
Land and leasehold improvements		**21,512**		21,542
Buildings		**343,685**		335,365
Equipment		**6,921**		6,940
Library materials		**4,671**		4,433
Total Depreciable Capital Assets, Net		**376,789**		368,280
Total Non-current Assets		**448,309**		441,422
Total Assets	**$**	**546,834**	$	517,320
Deferred Outflows				
Loss on bond refundings, net	**$**	**6,069**	$	6,245
Pension related		**3,182**		8,813
Other post-employment benefits related		**106**		121
Total Deferred Outflows	**$**	**9,357**	$	15,179

See accompanying notes.

COLORADO MESA UNIVERSITY
Statements of Net Position
As of June 30, 2020 and 2019 *(in thousands)*

	2020	2019
Liabilities		
Current Liabilities		
Accounts payable	**$ 5,357**	$ 5,436
Accrued liabilities	**8,015**	6,782
Unearned revenues	**20,590**	3,520
Deposits held for others	**548**	521
Student deposits	**2,423**	581
Bonds payable, current portion	**7,245**	6,480
Capital leases payable, current portion	**389**	376
Notes payable, current portion	**12**	109
Compensated absence liability, current portion	**357**	301
Total Current Liabilities	**44,936**	24,106
Non-current Liabilities		
Bonds payable	**215,710**	222,859
Capital leases payable	**2,415**	2,804
Notes payable	**60**	72
Compensated absence liability	**2,584**	2,180
Net pension liability	**45,846**	55,004
Net other post-employment benefit liability	**1,775**	2,241
Total Non-current Liabilities	**268,390**	285,160
Total Liabilities	**$ 313,326**	$ 309,266
Deferred Inflows		
Pension related	**$ 19,686**	$ 29,457
Other post-employment benefits related	**440**	48
Total Deferred Inflows	**$ 20,126**	$ 29,505
Net Position		
Net investment in capital assets	**$ 220,328**	$ 205,633
Restricted for:		
Loans	**765**	765
Capital projects	**7,290**	18,461
Other purposes	**5,998**	7,064
Unrestricted deficit	**(11,642)**	(38,195)
Total Net Position	**$ 222,739**	$ 193,728

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 4,390,488
Investments	35,874,581
Unconditional Promise to Give	1,600,992
Accounts Receivable	13,600
Inventory-Land	40,000
Property Subject to Life Estate	508,000
Total Current Assets	42,427,661
Total Assets	$ 42,427,661
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 89,710
Total Current Liabilities	89,710
Total Liabilities	89,710
NET ASSETS	
Without Donor Restrictions	734,524
With Donor Restrictions	41,603,427
Total Net Assets	42,337,951
Total Liabilities and Net Assets	$ 42,427,661

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 5,794,727
Investments	33,306,431
Unconditional Promise to Give	1,574,517
Accounts Receivable	5,458
Prepaid Program Expenses	130,233
Property Subject to Life Estate	508,000
Total Current Assets	41,319,366
Total Assets	$ 41,319,366
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 553,196
Total Current Liabilities	553,196
Total Liabilities	553,196
NET ASSETS	
Without Donor Restrictions	615,860
With Donor Restrictions	40,150,310
Total Net Assets	40,766,170
Total Liabilities and Net Assets	$ 41,319,366

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30,2020 with Comparative Year June 30, 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 234,225	$ 424,798
Accounts Receivable (Net of Allowance of $30,365 for 2020 and $72,500 for 2019)	6,895	2,082
Total Current Assets	241,120	426,880
OTHER ASSETS		
Cash with Donor Restrictions	-	172,452
Property Held for CMU	4,102,044	-
Land held for Investment	880,393	880,393
Total Long-Term Investment	4,982,437	1,052,845
Total Assets	$ 5,223,556	$ 1,479,725
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 12,736	$ 26,712
Note Payable-Property Held for CMU	3,732,514	-
Prepaid Rent	3,711	4,204
Total Current Liabilities	3,748,961	30,916
NON-CURRENT LIABILITIES		
Tenant Deposits	29,785	28,535
Total Non-Current Liabilities	29,785	28,535
Total Liabilities	3,778,746	59,451
NET ASSETS		
Without Donor Restrictions	1,175,281	1,247,822
With Donor Restrictions	269,530	172,452
Total Net Assets	1,444,810	1,420,274
Total Liabilities and Net Assets	$ 5,223,556	$ 1,479,725

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019 *(in thousands)*

	2020	2019
Operating Revenues		
Tuition and fees (including $14,612 (2020) and $14,272 (2019) pledged for bonds, net of scholarship allowances of $21,055 (2020) and $21,588 (2019))	**$ 72,555**	$ 70,108
Fee for service revenue	**15,451**	13,620
Federal, state, and private grants and contracts	**11,609**	10,473
Auxiliary enterprise revenue (including $32,754 (2020) and $32,717 (2019) pledged for bonds, net of scholarship allowances of $65 (2020) and $52 (2019))	**33,226**	34,227
Contributions	**465**	913
Other operating revenues (including $1,145 (2020) and $779 (2019) pledged for bonds)	**1,112**	870
Total Operating Revenues	**134,418**	130,211
Operating Expenses		
Instruction (including ($7,361) (2020) and ($3,113) (2019) of PERA non-cash retirement and OPEB expenses)	**34,831**	33,254
Research (including ($33) (2020) and ($26) (2019) of PERA non-cash retirement and OPEB expenses)	**290**	263
Public service (including $3 (2020) and $0 (2019) of PERA non-cash retirement and OPEB expenses)	**53**	113
Academic support (including ($666) (2020) and ($453) (2019) of PERA non-cash retirement and OPEB expenses)	**4,536**	8,133
Student services (including ($1,556) (2020) and ($616) (2019) and of PERA non-cash retirement and OPEB expenses)	**15,357**	12,470
Institutional support (including ($1,206) (2020) and ($736) (2019) of PERA non-cash retirement and OPEB expenses)	**5,822**	6,699
Operation and maintenance of plant (including ($1,512) (2020) and ($600) (2019) of PERA non-cash retirement and OPEB expenses)	**15,321**	13,139
Net scholarships and fellowships	**15,641**	12,747
Auxiliary enterprises (including ($1,021) (2020) and ($713) (2019) of PERA non-cash retirement and OPEB expenses)	**19,907**	23,280
Depreciation	**16,064**	15,486
Total Operating Expenses (including ($13,358) (2020) and ($6,257) (2019) of PERA non-cash retirement and OPEB expenses)	**127,822**	125,584
Operating Income	**6,596**	4,627
Non-operating Revenues and Expenses		
Federal Pell and other non-operating grants	**19,900**	16,346
State support for pensions	**364**	379
Contributions	**4,243**	1,369
Capital fees, net of scholarship allowances of $474 (2020) and $491 (2019)	**1,630**	1,656
Investment and interest income, net (including $477 (2020) and $483 (2019) pledged for bonds)	**3,643**	3,210
Interest expense on capital debt	**(10,074)**	(8,646)
Other net non-operating revenues (expenses)	**675**	32
Loss on disposal of assets	**(813)**	(177)
Net Non-operating Revenues	**19,568**	14,169
Income before Other Revenues and Expenses	**26,164**	18,796
Other Revenues, Expenses, Gains, Losses, and Transfers		
State appropriations, capital	**1,690**	84
Capital Contributions from the State	**231**	1,458
Capital donations (including $864 (2020) and $826 (2019) pledged for bonds)	**1,630**	1,836
Transfers to governing boards or other institutions	**(704)**	(2,388)
Total Other Revenues, Expenses, Gains, Losses, and Transfers	**2,847**	990
Increase in Net Position	**29,011**	19,786
Net Position - Beginning of Year	**193,728**	173,942
Net Position - End of Year	**$ 222,739**	$ 193,728

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 80,039	$ 5,224,044	$ 5,304,083
Support from CMU	309,691	39,075	348,766
Special Events	-	288,761	288,761
Less: Cost of Direct Benefits to Donors	-	(218,094)	(218,094)
Investment Income (net of fees)	5,504	662,435	667,939
Realized Gain (Loss) on Investment	-	(290,020)	(290,020)
Unrealized Gain (Loss) on Investments	-	309,327	309,327
CMU Department and Club Collections	-	1,913,992	1,913,992
Other	99	267	366
Net Assets Released from Restrictions	6,476,670	(6,476,670)	-
Total Revenue and Support	6,872,003	1,453,117	8,325,120
EXPENSES			
Program Expenses			
Scholarships	2,913,312	-	2,913,312
CMU Building Projects and Expense	775,623	-	775,623
CMU Department and /Club Transfers	1,848,204	-	1,848,204
Other Support of CMU	998,702	-	998,702
Total Program Expenses	6,535,841	-	6,535,841
Supporting Services			
Management and General	71,284	-	71,284
Fund Raising	146,214	-	146,214
Total Supporting Expenses	217,498	-	217,498
Total Expenses	6,753,339	-	6,753,339
INCREASE (DECREASE) IN NET ASSETS	118,664	1,453,117	1,571,781
Net Assets-Beginning	615,860	40,150,310	40,766,170
Net Assets-Ending	$ 734,524	$ 41,603,427	$ 42,337,951

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 80,745	$ 6,023,680	$ 6,104,425
Support from CMU	362,691	39,075	401,766
Special Events	-	529,052	529,052
Less: Cost of Direct Benefits to Donors	-	(467,659)	(467,659)
Investment Income (net of fees)	5,049	694,632	699,681
Realized Gain (Loss) on Investment	-	282,385	282,385
Unrealized Gain (Loss) on Investments	-	1,135,792	1,135,792
CMU Department and Club Collections	-	2,968,479	2,968,479
Other	1,050	547	1,597
Net Assets Released from Restrictions	5,906,129	(5,906,129)	-
Total Revenue and Support	6,355,664	5,299,854	11,655,518
EXPENSES			
Program Expenses			
Scholarships	2,645,778	-	2,645,778
CMU Building Projects and Expense	1,162,285	-	1,162,285
CMU Department and /Club Transfers	1,866,197	-	1,866,197
Other Support of CMU	361,058	-	361,058
Total Program Expenses	6,035,318	-	6,035,318
Supporting Services			
Management and General	89,483	-	89,483
Fund Raising	290,195	-	290,195
Total Supporting Expenses	379,678	-	379,678
Total Expenses	6,414,996	-	6,414,996
INCREASE (DECREASE) IN NET ASSETS	(59,332)	5,299,854	5,240,522
Net Assets-Beginning	675,192	34,850,456	35,525,648
Net Assets-Ending	$ 615,860	$ 40,150,310	$ 40,766,170

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020 with Comparative Totals for the year ended June 30, 2019

WITHOUT DONOR RESTRICTIONS	2020	2019
REVENUE AND SUPPORT		
Real Estate Management Fees	$ 143,198	$ 114,168
Net Assets Released from Restrictions	-	-
Total Revenue and Support	143,198	114,168
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Real Estate Management Expense	35,311	33,420
Supporting Services		
Management and General	10,917	7,600
Total Expenses	46,228	41,020
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	96,970	73,148
WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Support from Colorado Mesa University	4,263,689	1,560,327
Support from Colorado Mesa University Foundation	100,000	100,000
Net Assets Released from Restriction	-	-
Total Revenue and Support	4,363,689	1,660,327
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Purchase of Real Estate	4,436,122	1,487,775
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(72,434)	172,552
INCREASE (DECREASE) IN NET ASSETS	24,536	245,700
Net Assets-Beginning	1,420,274	1,174,574
Net Assets-Ending	$ 1,444,810	$ 1,420,274

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services					Supporting Services		
	Scholarships	CMU Building Projects and Expansion	CMU Department & Club Transfers	Other Support of CMU	Total Program Services	Management & General	fund Raising	Total
CMU Building Projects	$ -	$ 775,623	$ -	$ -	$ 775,623	$ -	$ -	$ 775,623
CMU Student Scholarships	2,841,913	-	-	-	2,841,913	-	-	2,841,913
Other Scholarships	58,975	-	-	-	58,975	-	-	58,975
CMU- Transfers & Expenses for								
Departments & Clubs	-		1,848,204		1,848,204	-	-	1,848,204
Computer Maintenance & Supplies	12,424	-	-	-	12,424	31,366	56,749	100,539
Donor Cultivation, Promotion,					-	-	77,723	77,723
Hospitality, & Marketing	-	-	-	-	-	8,731	-	8,731
Insurance	-	-	-	-	-	9,822	-	9,822
In-Kind Transfers to CMU	-	-	-	375,251	375,251	-	-	375,251
Other	-	-	-	40,981	40,981	2,951	5,081	49,013
Professional Fees	-	-	-	-	-	9,972	-	9,972
Supplies	-	-	-	-	-	7,523	3,813	11,336
Travel	-	-	-	-	-	919	2,848	3,767
Workforce Development &								
Applied Research	-	-	-	132,746	132,746	-	-	132,746
Bad Debt Expense	-	-	-	449,724	449,724	-	-	449,724
Total Expenses	$ 2,913,312	$ 775,623	$ 1,848,204	$ 998,702	$ 6,535,841	$ 71,284	$ 146,214	$ 6,753,339

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services					Supporting Services		
	Scholarships	CMU Building Projects and Expansion	CMU Department & Club Transfers	Other Support of CMU	Total Program Services	Management & General	Fund Raising	Total
CMU Building Projects	$ -	$ 1,162,285	$ -	$ -	$ 1,162,285	$ -	$ -	$ 1,162,285
CMU Student Scholarships	2,600,571	-	-	-	2,600,571	-	-	2,600,571
Other Scholarships	22,488	-	-	-	22,488	-	-	22,488
CMU- Transfers & Expenses for Departments & Clubs	-		1,866,197		1,866,197	-	-	1,866,197
Computer Maintenance & Supplies	22,719	-	-	-	22,719	4,478	77,063	104,260
Donor Cultivation, Promotion,					-	32,865	173,726	206,591
Hospitality, & Marketing	-	-	-	-	-	3,613	-	3,613
Insurance	-	-	-	-	-	11,830	-	11,830
In-Kind Transfers to CMU	-	-	-	175,333	175,333	-	-	175,333
Other	-	-	-	-	-	14,385	21,622	36,007
Professional Fees	-	-	-	-	-	14,264	-	14,264
Supplies	-	-	-	-	-	6,532	8,992	15,524
Travel	-	-	-	-	-	1,516	8,792	10,308
Workforce Development & Applied Research	-	-	-	185,725	185,725	-	-	185,725
Total Expenses	$ 2,645,778	$ 1,162,285	$ 1,866,197	$ 361,058	$ 6,035,318	$ 89,483	$ 290,195	$ 6,414,996

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019 *(in thousands)*

	2020	2019
Cash Flows from Operating Activities		
Tuition and fees	**$ 92,667**	$ 91,537
Sales of services	**37,341**	34,555
Sales of product	**13,397**	13,398
Grants, contracts and gifts	**11,706**	11,497
Student loans collected	**78**	101
Other operating receipts	**1,641**	1,481
Payments to or for employees	**(66,708)**	(62,440)
Payments to suppliers	**(42,909)**	(35,018)
Scholarships disbursed	**(37,235)**	(34,879)
Net Cash Provided by Operating Activities	**9,976**	20,232
Cash Flows from Non-capital Financing Activities		
Gifts and grants for other than capital purposes	**36,255**	17,111
Other agency inflows	**105,208**	85,356
Other agency outflows	**(104,364)**	(85,140)
Transfers to other campuses, board, or institution	**(4,437)**	(2,388)
Net Cash Provided by Non-capital Financing Activities	**32,662**	14,940
Cash Flows from Capital and Related Financing Activities		
State appropriations, capital	**1,690**	84
Capital grants, contracts and gifts	**716**	1,638
Capital Student Fees	**2,104**	1,957
Acquisition and construction of capital assets	**(32,694)**	(8,293)
Proceeds from capital debt	**-**	20,503
Bond issuance costs paid	**(151)**	(312)
Principal paid on capital debt	**(6,975)**	(5,931)
Interest on capital debt	**(9,918)**	(8,496)
Net Cash Provided by (Used for) Capital and Related Financing Activities	**(45,228)**	1,151
Cash Flows from Investing Activities		
Investment earnings (interest/dividends)	**3,445**	2,067
Net Cash Provided by Investing Activities	**3,445**	2,067
Net Increase in Cash & Cash Equivalents	**854**	38,389
Cash & Cash Equivalents - Beginning of the Year	**73,478**	35,090
Cash & Cash Equivalents - End of the Year	**$ 74,331**	$ 73,478

See accompanying notes.

COLORADO MESA UNIVERSITY
Statements of Cash Flows (continued)
For the Years Ended June 30, 2020 and 2019 *(in thousands)*

	2020	2019
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	**$ 6,596**	$ 4,627
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash pension contributions	**(364)**	(379)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	**16,064**	15,486
Provision for uncollectible accounts	**745**	764
Increase in assets - operating portions	**4,531**	12,707
Increase in liabilities - operating portions	**(17,596)**	(12,973)
Net Cash Provided by Operating Activities	**$ 9,976**	$ 20,232

	2020	2019
Supplemental Disclosure of Noncash Investing and Financing Activities		
Additions to construction in progress included in accounts payable and accrued liabilities	**$ 4,946**	$ 3,086
Land and equipment donated from foundations	**1,261**	1,388

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ 1,571,781
Adjustment to Reconcile Increase (Decrease) in Net Assets	
to Net Cash Provided by:	
Operating Activities:	
Non-cash Donations included in Contributions	(525,964)
Unrealized (Gains) Losses on Investments	(309,327)
Loss on disposal of Property and Equipment	-
(Increase) Decrease in Operating Activities	
Unconditional Promises to Give	(26,475)
Accounts Receivable	(8,142)
Prepaid Program Expenses	130,233
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(463,486)
Accrued Liabilities	
Contributions Restricted for Long-Term Purpose:	
Scholarships	(1,958,971)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,590,351)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment Contributed to CMU	435,455
Net sale of Property held for Investment	-
Proceeds from Sale of Long-Term Investments	8,112,811
Purchase of Long-term Investments	(10,321,281)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,773,015)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Collections of contributions Restricted for Long-Term Purposes:	
Scholarships	1,958,971
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	1,958,971
Net Increase (Decrease) in Cash and Cash Equivalents	(1,404,395)
Beginning Cash	5,794,727
Ending Cash	$ 4,390,332
SUPPLEMENTAL DISCLOSURES	
Noncash Investing and Financing Activities:	
Contribution of Equipment	$ 988,157

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ 5,240,522
Adjustment to Reconcile Increase (Decrease) in Net Assets	
to Net Cash Provided by:	
Operating Activities:	
Non-cash Donations included in Contributions	(1,072,874)
Unrealized (Gains) Losses on Investments	(1,416,995)
Loss on disposal of Property and Equipment	13,562
(Increase) Decrease in Operating Activities	
Unconditional Promises to Give	123,383
Accounts Receivable	(638)
Prepaid Program Expenses	(130,233)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	201,605
Accrued Liabilities	
Contributions Restricted for Long-Term Purpose:	
Scholarships	(3,268,285)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(309,953)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment Contributed to CMU	175,333
Net sale of Property held for Investment	161,438
Proceeds from Sale of Long-Term Investments	5,014,526
Purchase of Long-term Investments	(5,882,702)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(531,405)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Collections of contributions Restricted for Long-Term Purposes:	
Scholarships	3,268,285
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	3,268,285
Net Increase (Decrease) in Cash and Cash Equivalents	2,426,927
Beginning Cash	3,367,800
Ending Cash	$ 5,794,727
SUPPLEMENTAL DISCLOSURES	
Noncash Investing and Financing Activities:	
Contribution of Equipment	$ 175,333

The Notes to these financials are an integral part of this statement.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020 with Comparative Totals for the year ended June 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 24,536	$ 245,700
Adjustment to Reconcile Increase (Decrease) in Net Assets		
to Net Cash Provided by Operating Activities		
Operating Activities:		
Colorado Mesa University-Transfer of Property	-	-
(Increase) Decrease in Operating Activities		
Accounts Receivable	(4,813)	17,546
Property Held for CMU	(4,102,044)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(13,976)	22,799
Note Payable-Property Held for CMU	3,732,514	-
Prepaid Rent	(493)	2,529
Tenant Deposits	1,250	2
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(363,025)	288,576
Net Increase (Decrease) in Cash and Cash Equivalents	(363,025)	288,576
Beginning Cash	597,250	308,674
Ending Cash	234,225	$ 597,250
Cash Detail:		
Without Donor Restrictions	234,225	$ 424,798
With Donor Restrictions	-	172,452
	234,225	$ 597,250
SUPPLEMENTAL DISCLOSURES		
Noncash Investing and Financing Transactions:		
Property and Equipment Transferred to Colorado Mesa University	4,705,652	$ 1,487,775
Total Transfer of Property	4,705,652	$ 1,487,775

The Notes to these financials are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governance

Colorado Revised Statutes (C.R.S.) Section 23-53-102 established the Board of Trustees (the Board) for Colorado Mesa University (the University) to serve as the University's governing board. Eleven of the thirteen trustees are appointed by the Governor with the consent of the Senate. The remaining two members include a student representative elected by the student body and a faculty member elected by other members of the faculty. Both of these members are non-voting members. The Board has full authority and responsibility for control and governance of the University, including such areas as finance, resource management, academic programs, admissions, role and mission, personnel policies, etc. To assist them in meeting their responsibilities, the Board delegates authority to interpret and administer its policies in all areas of operation to the President of the University.

Reporting Entity

The accompanying financial statements reflect the financial activities of the University for the Fiscal Years ended June 30, 2020 and 2019. The University is a State of Colorado (the State) institution of higher education. For financial reporting purposes, the University is included as part of the State's primary government. A copy of the State's Comprehensive Annual Financial Report may be obtained from the Office of the State Controller, Department of Personnel and Administration, Denver, Colorado.

The financial statements of the University include all of the integral parts of the University's operations. The University applied required criteria to determine whether any organization should be included in the University's reporting entity. Management of the University has considered the criteria described in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* paragraph 47. Management of the University has determined that the Colorado Mesa University Foundation (the Foundation) and the Colorado Mesa University Real Estate Foundation (CMUREF) meet the criteria to be included in the University's financial statements as discretely presented component units.

Applying GASB Statement No. 61 criteria, the University has identified the Foundation and CMUREF as component units (see Note 10). Since the component units use a different reporting model (Financial Accounting Standards Board (FASB) Non-Profit), the required financial data is discretely presented on separate pages as allowed by GASB Statement No. 61. The Foundation is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to the University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the Board and its financial records are maintained separately from the University. CMUREF is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to acquire, manage and dispose of properties in order to provide financial assistance to the University. CMUREF engages in activities that may be beyond the scope of the Board and its financial records are maintained separately from the University.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

In accordance with GASB Statement No. 61 and GASB Statement No. 39, the discrete presentation of the Foundation's and CMUREF's financial statements appear on separate pages from the University. The Foundation and CMUREF warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the University. Please refer to Note 10 for additional discussion.

The financial statements of the Foundation and CMUREF are prepared on the accrual basis and follow FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

The Foundation and CMUREF use different generally accepted accounting principles (GAAP) reporting models and, following the GASB Statement No. 39 recommendation, their financial information is presented discretely after the University's financial statements. The separate financials include the statements of financial position, the statements of activities and the statements of cash flows.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the Colorado State Treasurer, including unrealized gains and losses and all highly liquid investments with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash balances.

Investments
Investments are stated at fair value, which, except for bonds, is determined based on quoted market prices. Unrealized gains and losses on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses and Changes in Net Position. The University had investments of $15.3 million and $15.1 million, including an unrealized gain of $25 thousand and $2.1 million, at June 30, 2020 and 2019, respectively.

Inventories
Inventories are stated at the lower of cost or market. The bookstore inventory includes instructional materials and soft goods held for resale. It is valued using the first-in-first-out method.

Capital Assets
Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Annual revisions of the statement of values are performed for insurance purposes.

The University uses a capitalization threshold of $50 thousand for buildings and improvements other than buildings and $5 thousand for all other capital assets. Depreciation is computed using the straight-line method over the estimated useful lives of assets with a half-year convention for asset additions. Estimated useful lives range from 25-40 years for buildings, 10-20 years for improvements other than buildings and 3-20 years for equipment, collections and library materials.

Assets under capital leases are recorded at the present value of the future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets being leased. Such amortization is included as depreciation expense in the accompanying financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under University control.
- Deferred Outflows of Resources – consumption of net assets by the University that is applicable to a future reporting period.
- Liabilities – present obligations to sacrifice resources.
- Deferred Inflows of Resources – acquisitions of net assets by the University applicable to a future reporting period.
- Net Position – residual of all other elements presented in a statement of financial position.

Effective June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The University changed its accounting policies with the implementation of this new accounting standard. Changes in accounting policies for other post-employment benefits (OPEB) are designed to improve information provided by state and local governments about financial support for OPEB that is provided by other entities. GASB Statement No. 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This accounting policy change does not impact the University's funding requirements for OPEB.

See Notes 8 and 9 for detail of the composition of the University's deferred outflows and deferred inflows.

Unearned Revenues

Unearned revenues include unearned prepaid facilities rent, student tuition and fees and advances on grants and contracts for which the University has not yet provided the associated services.

Capital Lease Liabilities

In November 2016, the University entered into a lease-purchase contract for the acquisition and installation of meters and sub-meters in several buildings on campus to better monitor electric and gas usage. In November 2008, the University entered into a lease-purchase contract with the State under the Higher Education Capital Construction Lease-Purchase Financing Program Certificates of Participation, Series 2008 to renovate and expand the Wubben Hall Science Building. In May 2008, the University entered into a capital lease-purchase contract for the acquisition of equipment that will result in guaranteed energy cost savings. The contract provides for any commitments beyond the current year be contingent upon funds being appropriated, budgeted and otherwise made available for that purpose. It is reasonably assured that sufficient funds will be available for the full term of the contract and, therefore, are treated as non-cancelable for financial reporting purposes.

Classification of Revenues and Expenses

The University has classified its revenues and expenses as operating, non-operating or other, according to the following criteria.

- Operating revenues and expenses are from activities associated with providing goods and services for instruction, public service or related support services to an individual or entity separate from the University.
- Non-operating revenues and expenditures do not meet the definition of operating revenues or operating expenses. Non-operating revenues include state operating appropriations, federal Pell grants and other non-operating grants, gifts, investment income, interest expense and insurance reimbursements. Non-operating expenses include interest expense on capital debt, bond issue cost expenses, gains and losses from disposal of assets and certain other expenses that do not meet the definition of current expenses.
- Other revenues, expenses, gains, losses and transfers include state capital and controlled maintenance appropriations, capital contributions and donations and transfers between governing boards and other institutions.

Scholarship Allowances
Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition, fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees were $21.1 million and $21.6 million, scholarship allowances for auxiliary charges were $65 thousand and $52 thousand and scholarship allowances for capital student fees were $474 thousand and $491 thousand for the years ended June 30, 2020 and 2019, respectively.

Application of Restricted and Unrestricted Resources
The University's policy is to first apply an expense against restricted resources then towards unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

Financial Statement Presentation - Net Position
The University's net position is classified as net investment in capital assets, unrestricted net position and restricted net position.

- Net investment in capital assets represents the University's total investment in capital assets, net of related outstanding debt obligations.
- Unrestricted net position is not subject to externally imposed stipulations although these resources may be designated for specific purposes by the University's management or Board. This category is a deficit due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and due to the required implementation of GASB Statement No. 75.
- Restricted net position is classified as expendable for loans, capital projects and other purposes. C.R.S. Section 23-05-103 specifically restricts the residual funds of the bonded auxiliaries, in excess of those required for operations and current year debt service, for the direct benefit of the bonded auxiliaries. As of June 30, 2020, and 2019, the University had no non-expendable investment in restricted net position.

The restricted net position of the bonded auxiliary operations was $3.7 million and $3.7 million at June 30, 2020 and 2019, respectively. Restricted net position also includes the net position of the Federal Perkins Loan (FPL) program and the University's sponsored program activities. FPL guidelines require that net program resources fund new loans, are written off in accordance with program guidelines or are refunded to the federal government. At June 30, 2020 and 2019, the restricted net position related to the FPL program totaled $765 thousand. The sponsored programs' net position was $600 thousand and $852 thousand at June 30, 2020 and 2019, respectively.

Income Taxes
As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income. The University did not have any significant unrelated business taxable income in the years ended June 30, 2020 and 2019.

The Foundation and CMUREF are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than private foundations.

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

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents
The University deposits its cash with the Colorado State Treasurer (the Treasurer) as allowed by C.R.S. The Treasurer pools these deposits and invests them in securities authorized by C.R.S. Section 24-75-601.1. The State Treasury acts as a bank for all state agencies and institutions of higher education, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. The University had $64.0 million and $72.0 million, including unrealized gains of $2 million and unrealized gains of $328 thousand, on deposit with the Treasurer as of June 30, 2020 and 2019, which represented approximately 0.68% of the total $9,633.8 million (2020) and 0.77% of the total $9,096.5 million (2019) fair value of investments in the State Treasurer's Pool (the Pool). As of June 30, 2020, the Pool's resources included $16.0 million of cash on hand and $9,617.8 million of investments. The University's June 30, 2020 balance included $2.2 million of bond proceeds and June 30, 2019 balance included $20.9 million of bond proceeds, leaving $61.8 million and $51.0 million available for operations as of June 30, 2020 and 2019 respectively.

On the basis of the University's participation in the Pool, the University reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the Pool may be obtained in the State's Comprehensive Annual Financial Report for the years ended June 30, 2020 and 2019.

The Colorado Public Deposit Protection Act (PDPA) requires all units of state and local government to deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

As of June 30, the carrying amount of the University's cash on deposit was $8.4 million (2020) and $1.5 million (2019) and the bank balance was $9.0 million (2020) and $2.1 million (2019). The difference between the University's cash in banks and the amount reported by the various banks was $600 thousand (2020) and $617 thousand (2019) in the form of net outstanding checks and deposits in transit. All deposits were covered by federal depository insurance and balances in excess of federal insurance levels were collateralized by PDPA as described above.

Investments

C.R.S. Section 23-53-103.3 authorized the Board to hold investments, unless externally restricted, in one or more consolidated funds in which the participation trusts or accounts have undivided interests. In accordance with the legislation, the Board approved the Colorado Mesa University Investment Policy and established an Investment Advisory Committee (IAC). The IAC is responsible for developing investment guidelines in support of the 'prudent investor' standard, providing liquidity, safety and yield. In formulating investment guidelines, the IAC takes into account institutional cash flow analysis, diversification of investments, appropriate time horizons and credit quality of investments to establish return benchmarks at acceptable levels of risk. Liquidity of assets invested shall at all times remain at a level sufficient to pay for all budgeted, outstanding operational obligations and expenses occurring within any fiscal year.

The University's investments were $15.3 million (2020) and $15.1 million (2019), including unrealized gains of $2.1 million (2020) and $2.1 million (2019). The University's investments included debt and equity securities, fixed income investments, short-term money market funds and an alternative investment fund (2020 and 2019). All of the University's investments are registered in the University's name. The fair value of all investments, except for bonds, are based on the quoted market prices as of June 30, 2020 and 2019. The fair value of individual bond pricing was provided via Interactive Data Corporation fair value information services.

The fair values of investments by value level at year ended at June 30, 2020 are as follows *(in thousands)*.

	Quoted Prices in Active Markets for Identical Assets Level 1	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Fair Value Total**
U.S. Agency Securities (Not Explicitly Guaranteed)	$ -	$ -	$ -	$ -
Corporate Bonds	-	-	-	-
Money Market Mutual Funds	649	-	-	649
Bond Mutual Funds	4,261	-	-	4,261
Asset-Backed Securities	-	-	-	-
Mortgage-Backed Securities	-	-	-	-
Corporate Equities	3,812	-	-	3,812
Equity Mutual Funds	2,850	-	-	2,850
Other - Equity Exchange Traded Funds	1,913	-	-	1,913
Other - International Equity Mutual Funds	1,834	-	-	1,834
Other - International Equity Exchange Traded Funds	10	-	-	10
Other - Bond Exchange Traded Funds	16	-	-	16
Other - Private Real Estate Exchange Trade Funds	4	-	-	4
	$ 15,349	**$ -**	**$ -**	**$ 15,349**

The fair values of investments by value level at year ended at June 30, 2019 are as follows *(in thousands)*.

	Quoted Prices in Active Markets for Identical Assets Level 1	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**	**Fair Value Total**
U.S. Agency Securities (Not Explicitly Guaranteed)	$ -	$ 178	$ -	$ 178
Corporate Bonds	-	106	-	106
Money Market Mutual Funds	409	-	-	409
Bond Mutual Funds	2,860	-	-	2,860
Asset-Backed Securities	-	35	-	35
Mortgage-Backed Securities	-	50	-	50
Corporate Equities	3,673	-	-	3,673
Equity Mutual Funds	3,128	-	-	3,128
Other - Equity Exchange Traded Funds	1,942	-	-	1,942
Other - International Equity Mutual Funds	2,704	-	-	2,704
Other - Bond Exchange Traded Funds	10	-	-	10
	$ 14,726	**$ 369**	**$ -**	**$ 15,095**

Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). To manage credit risk, the University's investment policy specifies investments of a single issuer, with the exception of the U.S. government and its agencies, may not exceed 5% of the total portfolio and no more than 10% of the portfolio may be invested in corporate debt securities rated below investment grade.

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. To mitigate interest rate risk, the investment portfolio should have an average duration of less than seven years and the University does not invest in instruments with a maturity date longer than 15 years.

The change in the investment balance during the year ended at June 30, 2020 consisted of the following components *(in thousands)*.

Investments - cost	$ 13,004
Additional contributions	-
Net interest revenue	7
Dividend income	305
Net realized loss	(51)
Change in accrued income	(3)
Misc. disbursements	-
Investment fees	(39)
Investments - cost	$ 13,224
Unrealized gain	2,126
Investments - market	$ 15,349

The change in the investment balance during the year ended at June 30, 2019 consisted of the following components *(in thousands)*.

Investments - cost	$	11,921
Additional contributions		-
Net interest revenue		119
Dividend income		283
Net realized gain		734
Investment fees		(62)
Investments - cost	$	12,995
Unrealized gain		2,100
Investments - market	$	15,095

Investments at June 30, 2020 consisted of the following. As of June 30, 2020, no individual bonds are held in the portfolio. As the portfolio now consists entirely of mutual funds and equities, which are not rated, do not have a maturity and therefore also do not have a duration.

		Fair Value	Moody's Rating	Weighted Average Maturity	Duration (in years)
Other Investments					
Corporate Equities	$	3,812			
Equity Mutual Funds		2,850			
Equity Exchange Traded Funds		1,913			
International Equity Mutual Funds		1,834			
Money Market Mutual Funds		649			
Bond Mutual Funds		4,261			
International Equity Exchange Traded Funds		10			
Private Real Estate Exchange Trade Funds		4			
Bond Exchange Traded Funds		16			
Total	**$**	**15,349**			

The return on investments for the year ended June 30, 2020 was 1.86% gross of fees and 1.61% net of fees.

Investments at June 30, 2019 consisted of the following.

		Fair Value	Moody's Rating	Weighted Average Maturity	Duration (in years)
Debt Securities					
U.S. Government Securities	$	178	Aaa		2.18
Corporate Bonds		106	A3-aa1		0.42
Other Investments					
Corporate Equities		3,673			
Equity Mutual Funds		3,128			
Equity Exchange Traded Funds		1,942			
International Equity Mutual Funds		2,704			
Money Market Mutual Funds		409			
Bond Mutual Funds		2,860			
Asset-Backed Securities		35			2.48
Mortgage-Backed Securities		50			2.02
Bond Exchange Traded Funds		10			
Total	**$**	**15,095**			

The return on investments for the year ended June 30, 2019 was 14.92% gross of fees and 14.77% net of fees.

NOTE 3 - ACCOUNTS AND LOANS RECEIVABLE

The following schedule shows the status of accounts and loans receivable and related allowance for doubtful accounts at June 30, 2020 and 2019 *(in thousands)*.

		June 30, 2020		June 30, 2019
Total Accounts and Loans Receivable	$	22,058	$	12,034
Less: Allowance for Doubtful Accounts		(5,664)		(4,807)
Net Accounts and Loans Receivable	**$**	**16,394**	**$**	**7,227**

Receivables reported on the Statements of Net Position may be aggregations of various components, such as balances from students, vendors, other governments and employees.

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2020 *(in thousands)*.

		Balance June 30, 2019		Additions		Transfers		Disposals		Balance June 30, 2020
Non-depreciable Capital Assets										
Land and Improvements	$	43,427	$	711	$	-	$	-	$	44,138
Construction in Progress		8,166		17,652		(7,875)		-		17,943
Total Non-depreciable Capital Assets		**51,593**		**18,363**		**(7,875)**		**-**		**62,081**

Depreciable Capital Assets					
Leasehold and Land Improvements	38,057	1,398	497	-	39,952
Buildings	438,614	13,679	7,378	(2,772)	456,899
Equipment	20,064	1,823		(450)	21,437
Library Materials	14,612	623		(11)	15,224
Total Depreciable Capital Assets	**511,347**	**17,523**	**7,875**	**(3,233)**	**533,512**
Less: Accumulated Depreciation					
Leasehold and Land Improvements	(16,515)	(1,924)	-	-	(18,440)
Buildings	(103,249)	(11,926)	-	1,961	(113,214)
Equipment	(13,124)	(1,840)	-	448	(14,516)
Library Materials	(10,179)	(374)	-	-	(10,553)
Total Accumulated Depreciation	**(143,067)**	**(16,064)**	**-**	**2,409**	**(156,723)**
Net Depreciable Capital Assets	**368,280**	**1,459**	**7,875**	**(824)**	**376,789**
Capital Assets, Net	**$ 419,873**	**$ 19,822**	**$ -**	**$ (824)**	**$ 438,870**

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2019 *(in thousands)*.

	Balance June 30, 2018	**Additions**	**Transfers**	**Disposals**	**Balance June 30, 2019**
Non-depreciable Capital Assets					
Land and Improvements	$ 42,186	$ 1,241	$ -	$ -	$ 43,427
Construction in Progress	92	8,081	(7)	-	8,166
Total Non-depreciable Capital Assets	**42,278**	**9,322**	**(7)**	**-**	**51,593**
Depreciable Capital Assets					
Leasehold and Land Improvements	38,057	-	-	-	38,057
Buildings	437,267	2,253	7	(913)	438,614
Equipment	19,317	1,013	-	(266)	20,064
Library Materials	13,987	625	-	-	14,612
Total Depreciable Capital Assets	**508,628**	**3,891**	**7**	**(1,179)**	**511,347**
Less: Accumulated Depreciation					
Leasehold and Land Improvements	(14,669)	(1,846)	-	-	(16,515)
Buildings	(92,262)	(11,726)	-	739	(103,249)
Equipment	(11,818)	(1,571)	-	265	(13,124)
Library Materials	(9,837)	(342)	-	-	(10,179)
Total Accumulated Depreciation	**(128,586)**	**(15,485)**	**-**	**1,004**	**(143,067)**
Net Depreciable Capital Assets	**380,042**	**(11,594)**	**-**	**(175)**	**368,280**
Capital Assets, Net	**$ 422,320**	**$ (2,272)**	**$ -**	**$ (175)**	**$ 419,873**

Capitalization of Interest

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest earned on proceeds of the University's tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs capitalized in determining the amount to be capitalized. Total interest paid for the years ended June 30, 2020 and 2019 were $9.9 million and $8.5 million, respectively. Gross interest costs incurred and the amortization of bond premiums, discounts and refunding losses for the years ended June 30, 2020 and 2019 were $10.1 million and $8.6 million, respectively, as reported on the Statements of Revenues, Expenses and Changes in Net Position.

NOTE 5 - SHORT-TERM LIABILITIES

Year-end payables were as follows *(in thousands)*.

	June 30, 2020	June 30, 2019
Accounts Payable, Vendors	$ 5,357	$ 5,436
Salaries and Benefits Payable	4,730	4,660
Capital Leases Payable, Current Portion	389	376
Bonds Payable, Current Portion	7,245	6,480
Notes Payable, Current Portion	12	109
Compensated Absences, Current Portion	357	301
Retainage on Construction Contracts Payable	1,708	544
Accrued Interest Payable	1,577	1,578
Total Payables	**$ 21,375**	**$ 19,484**

Unearned Revenues

Unearned revenues include unearned student tuition and fees, advances on grants and contracts and prepaid rent revenues from the John McConnell Math and Science Center (MSC) as follows.

	June 30, 2020	June 30, 2019
Tuition and fees	$ 1,264	$ 1,674
Governor's allocation of federal CARES Act funds	17,033	-
Grants and contract advances	-	82
Prepaid facility rents	2,293	1,764
Total unearned revenues	**$ 20,590**	**$ 3,520**

In Fiscal Year 2018, the University and MSC, a separate 501(c)(3) organization, entered into an agreement where MSC will prepay rent of about $4.4 million over the next five years, which is the cost of constructing the Eureka! Science Museum in Confluence Hall. In return, MSC will have use of the facility for 29 years and CMU will recognize revenue over the same period. Amounts collected from the MSC will be reported as unearned revenues as they are received, and the University will recognize facilities rental income on a straight-line basis over the term of the agreement.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020 is a $2 trillion package of assistance measures that include direct payment to families, loans for small businesses, supports for businesses and funding for education. In Fiscal Year 2020, the University was awarded the following funds.

- Direct CARES Act funding of $3.5 million to be used to provide emergency financial aid grants to students for their expenses related to the disruption of campus operations due to COVID-19.
- Direct CARES Act funding of $3.5 million to be spent on those costs for which there is a "clear nexus to significant changes to the delivery in instruction" due to COVID-19. This could include refunds made to students, technology costs, programming customizations for courses and delivery.
- $17.0 million of pass-through CARES Act funding allocated by Governor Polis to be used for health, safety precautions; student mental health services; school closure and re-opening costs; to facilitate distance learning with closings; expenses to recover lost learning time; personnel expenses; and economic support to educate students by maintaining enrollment, retention and credential completion.

At June 30, 2020, the University had revenues and expenses of $4.0 million related to the direct CARES grants, including $548 thousand of grants to students and $3.4 million for the University's response to changes in the delivery of instruction due to COVID-19. These amounts are shown as nonoperating revenues with a corresponding amount included in other accounts receivable in the accompanying statements of net position and statements of revenues, expenses and changes in net position. The $17.0 million of the CARES Act funding passed through from the Governor's Office was received in Fiscal Year 2020, and all of it will be spent in Fiscal Year 2021. These unspent funds are shown as unearned revenues on the statements of net position as of June 30, 2020.

NOTE 6 - LONG-TERM LIABILITIES

In Fiscal Year 2019, the University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements (GASB Statement No. 88). GASB Statement No. 88 increased disclosure requirements related to debt, especially direct borrowings and placements. The disclosures presented here conform to these new requirements. Direct Borrowings are loans with a lender for funding and Direct Placements are debt securities issued directly to an investor. Changes in long-term debt for the year ended June 30, 2020 were as follows *(in thousands)*.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Revenue bonds	$ 221,160	$ 11,240	$ (17,225)	$ 215,175	$ 7,245
Unamortized bond premiums/discounts	8,179	95	(494)	7,780	-
Total revenue bonds	229,339	11,335	(17,719)	222,955	7,245
Capital leases	3,180	-	(376)	2,804	389
Notes payable	181	-	(109)	72	12
Total Bonds, Notes and Leases Payable	**$ 232,700**	**$ 11,335**	**$ (18,204)**	**$ 225,831**	**$ 7,646**

Changes in long-term debt for the year ended June 30, 2019 were as follows *(in thousands)*.

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Revenue bonds	$ 211,480	$ 41,485	$ (31,805)	$ 221,160	$ 6,480
Unamortized bond premiums/discounts	3,252	6,140	(1,213)	8,179	-
Total revenue bonds	214,732	47,625	(33,018)	229,339	6,480
Capital leases	3,555	-	(375)	3,180	376
Notes payable	272	-	(91)	181	109
Total Bonds, Notes and Leases Payable	**$ 218,559**	**$ 47,625**	**$ (33,484)**	**$ 232,700**	**$ 6,965**

Revenue Bonds Payable

Revenue bonds are secured by a pledge of all net revenues as defined by the bond documents. For the years ended June 30, 2020 and 2019, net pledged revenues and debt service coverage are shown on the Enterprise Revenue Bonds Schedules of Revenues and Expenditures. Annual debt service payments are made in November and May of each year and are detailed below. Net pledged revenues will continue to be pledged for the life of the associated revenue bonds.

Upon the occurrence of an Event of Default, the Trustee may enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding or enforce any of the obligations of the Board and the University by any available remedy by suit at law or in equity. Should an Event of Default occur and should the Registered Owners of an aggregate of 25% of the principal amount of Bonds then Outstanding so request and indemnify the Trustee, the Trustee is obligated to exercise such one or more of the rights and powers conferred by the Bond Resolution, as the Trustee, being advised by counsel, will deem most expedient in the interest of the Bondholders. Such remedies will include acceleration of the principal amount of the Bonds either at the direction of the Bond Insurer or with the prior written consent of the Bond Insurer. Upon the occurrence of an Event of Default, the Board will immediately transfer all Net Revenues to the Trustee for so long as such Event of Default will continue. This is discussed more on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (https://emma.msrb.org/#).

Series 2009B and Series 2010B qualify as Build America Bonds under the American Recovery and Reinvestment Act of 2009. The University expects to receive cash subsidies of 35% of the interest payments, referred to as Federal Direct Payments. Due to federal budget cuts that occurred during the year ended June 30, 2013, the University received 5.9% less in Fiscal Year 2020 and 6.2% less in Fiscal Year 2019. During the years ended June 30, 2020 and 2019 the University received $1.2 million and $1.2 million, respectively, in Federal Direct Payments.

Revenue Bond Detail *(in thousands)*

Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2020**	**Outstanding Balance 2019**
Series 2020A (Direct Placement) Issued taxable convertible to tax-exempt Series 2020A bonds (Cinderella Bonds) to refund certain outstanding bonds by placing the bond proceeds and the Series 2012A and 2012B debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2012A and Series 2012B bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University’s financial statements. The defeasance resulted in an economic gain of $1.0 million and a book loss of $3.5 million that is being amortized as an adjustment to interest expense over the life of the Series 2020A bonds. The annual interest rate is 2.56%. Debt service payments are made in May and November of each year and the first principal payment is due in May 2020. The final payment is due in May 2034.	$ 11,250	$ 11,240	N/A
Series 2019B (Non-Direct Placement) Issued tax-exempt Series 2019B bonds to construct and equip a new residence hall and certain other campus improvements as are deemed necessary or desirable by the Board; pay capitalized interest on the Series 2019B bonds through May 15, 2022; and pay the costs of issuance related to the Series 2019B Bonds. The bond was issued with a $3.5 million premium and interest is fixed at 5.00%, effecting a net interest rate of 3.50%. Debt service payments are made in May and November of each year and the University will make interest-only payments until the first principal payment is due in May 2020. Final payment is in May 2049.	17,000	17,000	17,000
Series 2019A (Direct Placement) Issued tax-exempt Series 2019A bonds to advance refund all of the Series 2009A bonds by placing the bond proceeds and the Series 2009A debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2009A bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University’s financial statements. The defeasance resulted in an economic gain of $1.9 million and a book loss of $2.9 million that is being amortized as an adjustment to interest expense over the life of the Series 2019A bonds. Coupon rates are between 4.00% and 5.00%, effecting a net interest rate of 3.57%. Debt service payments are made in May and November of each year and the first principal payment is due in May 2020. The final payment is due in May 2033.	24,485	23,515	24,485

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2020**	**Outstanding Balance 2019**
Series 2017A (Direct Placement) Issued tax-exempt Series 2017A bonds to construct and equip a new Engineering Building and the John McConnell Math and Science Center and certain other campus improvements as are deemed necessary or desirable by the Board; and pay the costs of issuance related to the Series 2017A bonds. The interest rate for the Series 2017A was initially set at 2.3%. Beginning in 2027, on each May 15, the bond will adjust to an annual rate of the then-effective LIBOR rate plus 1.75%. The net effective interest rate shall not exceed 6% if issued as a fixed-rate obligation and shall not exceed 18% if issued as a variable rate obligation. Series 2017A bond proceeds were distributed to the University in predetermined amounts through February 2018. Principal and interest payments are made in May and November of each year and the final payment is due in May 2042.	15,000	13,200	13,800
Series 2016 (Non-Direct Placement) Issued tax-exempt Series 2016 bonds to construct and equip a new residence hall on the University campus, expand, renovate and equip the Maverick Center located on the University campus and construct a portion of a new Engineering facility; pay capitalized interest; and pay the costs of issuance related to the Series 2016 bonds. Coupon rates are between 3.00% and 5.00%, effecting a net interest rate of 3.55%. Debt service payments are made in May and November of each year and the University will pay interest only until principal payments begin in May 2025. Final payment is in May 2045.	26,575	26,575	26,575
Series 2014BC (Direct Placement) Issued tax-exempt Series 2014B bonds to advance refund all of the College Enterprise Revenue Bonds, Series 2007 by placing the bond proceeds in an irrevocable trust to provide for future debt payments on the Series 2007 bonds. As such, the trust account assets and the liability for the defeased bonds are not be included in the University's financial statements. The Series 2007 bonds were paid in full in May 2017. The defeasance resulted in an economic gain of $2.8 million and a book loss of $1.8 million that is being amortized as an adjustment to interest expense over the life of the 2014B bond. The Series 2014B bond carries an interest rate of 2.96%. The Series 2014C bond is a non-bank qualified, drawdown, tax-exempt term loan in an amount not to exceed $5.0 million with a 10-year maturity in order to provide funding to renovate and expand Tomlinson Library. The interest rate for the Series 2014C is fixed at 2.37%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2037.	24,005	20,230	20,885
Series 2014A (Direct Placement) Issued tax-exempt Series 2014A bonds to construct and equip new housing facilities and make such additional capital improvements to the campus as may be designated by the Board; pay capitalized interest; and pay the costs of issuance related to the Series 2014A bonds. Interest is fixed at 2.67%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2039.	14,000	11,660	12,120

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2020**	**Outstanding Balance 2019**
Series 2013 (Non-Direct Placement) Issued tax-exempt Series 2013 bonds to construct and equip a new academic classroom building on campus, renovate and equip the campus library and make such additional capital improvements to the campus as may be designated by the Board; pay capitalized interest; and pay the costs of issuance related to the Series 2013 bonds. Coupon rates are between 3.00% and 4.00%, effecting a net interest rate of 3.35%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2038.	19,900	16,420	17,050
Series 2012B (Non-Direct Placement) Issued tax-exempt Series 2012B bonds to construct, improve and equip a new, approximately 200-bed student residence hall; pay capitalized interest through May 15, 2013; and pay the costs of issuance relating to the Series 2012B Bonds. Coupon rates are between 3.00% and 4.25%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2037.	14,000	6,240	11,450
Series 2012A – Refunding (Non-Direct Placement) Issued tax-exempt Series 2012A bonds to advance refund all of the Series 2005 bonds by placing the bond proceeds and the Series 2005 debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2005 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The Series 2005 was paid in full in May 2015. The defeasance resulted in an economic gain of $742 thousand and a book loss of $2.3 million that is being amortized as an adjustment to interest expense over the life of the Series 2012A bonds. Coupon rates are between 2.375% and 4.00%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2034.	19,315	7,685	14,470
Series 2011BC (Non-Direct Placement) Issued taxable Series 2011B bonds and tax-exempt Series 2011C bonds to advance refund all of the Series 2002B bonds by placing the bond proceeds in an irrevocable trust to provide for future debt service payments on the Series 2002B Bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The bond trustees paid the outstanding balance of the defeased debt. The defeasance resulted in an economic gain of $372 thousand and a book loss of $1.4 million that is being amortized as an adjustment to interest expense over the life of the Series 2012BC bonds. Coupon rates are between 2.85% and 4.00. Principal and interest payments are made in May and November of each year and the final payment is due in May 2022.	9,720	1,385	2,045
Series 2011A (Direct Placement) Issued tax-exempt Series 2011 bonds to finance the costs of construction and equipping the Orchard Avenue Apartments; and to fund a deposit into the Series 2011 Debt Service Reserve Fund. The Series 2011 bond matures in August 2021 with variable interest calculated as the product of (a) the Bank Qualified factor; and the sum of (i) the Five-Year Treasury, Constant Maturity; plus (ii) 210 basis points. The initial rate is 2.49% and shall remain in effect for a five-year period. The bond will be recalculated in 2017 using the formula above. The bond will recalculate each year using the above formula and the University may accept the recalculated rate for a period of five	8,000	1,725	2,555

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2020**	**Outstanding Balance 2019**
years or through the Series 2011 maturity date, whichever is shorter. The University was under no obligation to accept any recalculated rate but accepted the recalculated rate of 1.81% in August 2012, which was scheduled to be in effect for a period of five years. In December 2015, the University entered into the 2011A Supplemental Resolution that replaced the variable interest rate language above with a fixed rate of 1.40% for the remainder of the bond. The bonds are secured by the pledge of certain net revenues, which are pledged and assigned for equal and ratable payment of the bonds. Principal and interest payments are made in May and November of each year and the final payment is due in May 2021.			
Series 2010AB (Non-Direct Placement) Issued tax-exempt Series 2010A bonds and taxable (Build America Bonds – Direct Payment to Board) Series 2010B bonds to finance the costs of construction, acquisition, renovation and equipping of certain housing, classroom and other University facilities; and to fund a deposit to the Series 2010 Capitalized Interest Fund to pay a portion of the interest on the Series 2010 bonds through May 2011. Coupon rates are between 5.581% and 6.746%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2042.	31,710	28,300	28,725
Series 2009AB (Non-Direct Placement) Issued taxable Series 2009B bonds to finance the costs of construction, acquisition, renovation and equipping of certain housing, University Center, parking and other University facilities; and to fund a deposit to the Series 2009 Capitalized Interest Fund to pay a portion of the interest on the Series 2009 bonds through November 2010. Interest is fixed at 5.8% Issued tax-exempt Series 2009A bonds to advance refund all of the Series 2008 bonds and issued taxable (Build America Bonds – Direct Payment to Board) The University in-substance defeased the Series 2008 bonds by placing the proceeds of the Series 2009A in an irrevocable trust to provide for future debt service payments on the Series 2008 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The 2008 bond was paid in full on November 15, 2017. The defeasance resulted in an economic gain of $2.5 million and a book loss of $5.3 million that is being amortized as an adjustment to interest expense over the life of the Series 2009A bonds. Coupon rates are 5.8%. In Fiscal Year 2019, the University issued tax-exempt Series 2019A bonds to advance refund all of the Series 2009A bonds as described above. Principal and interest payments are made in May and November of each year and the final payment is due in May 2040.	61,665	30,000	30,000
Revenue Bonds Outstanding	**$ 296,625**	**$ 215,175**	**$ 221,160**
Plus: Net bond premiums and discounts		7,780	8,179
Revenue Bonds Outstanding Net of Premiums and Discounts		**$ 222,955**	**$ 229,339**

The following is a schedule of future minimum bond payments as of June 30 *(in thousands)*.

Year Ending	Direct Placements		Non-Direct Placements		
June 30	Principal	Interest	Principal	Interest	Total
2021	$ 3,910	$ 2,720	$ 3,335	$ 6,600	$ 16,565
2022	4,080	2,541	3,450	6,470	16,541
2023	4,055	2,424	2,845	6,348	15,672
2024	4,185	2,282	2,945	6,237	15,649
2025	3,740	2,133	3,630	6,123	15,626
2026-2030	23,985	8,410	17,000	28,382	77,777
2031-2035	25,400	3,627	23,350	24,729	77,106
2036-2040	11,015	755	41,215	16,763	69,748
2041-2045	1,200	41	31,850	5,083	38,174
2046-2050	-	-	3,985	510	4,495
Total Future Minimum Payments	$ 81,570	$ 24,933	$ 133,605	$ 107,245	$ 347,353

Reserve Fund Requirements

The Series 2017A bond is not secured by an encumbrance, mortgage or other pledges of any property except pledged net revenues. A Reserve Fund requirement was met for all bonds by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under C.R.S. Section 23-5-139, as amended, if the University cannot meet a scheduled payment of principal and interest, the Treasurer is required to forward the amount necessary to make the payment to the paying agent and will recover such amounts by withholding funds from the University's Fee-For-Service (FFS) contract with the Department of Higher Education.

Capital Leases

Campus Utility Metering Lease: In November 2016, the University entered into a capital lease agreement to install meters and sub-meters in several buildings on the main campus in order to better monitor electric and gas usage for $104 thousand at no interest to be paid over 36 months. Payments began in November 2016 and will continue through October 2019. The contract provides that any commitments beyond the current year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available. It is reasonably assured that sufficient funds will be available for the full term of the contract and, therefore, are treated as non-cancelable for financial reporting purposes.

Equipment Lease: During the year ended June 30, 2008, the University entered into a $2.2 million capital lease purchase contract with an interest rate of 4.32% for the acquisition of equipment that will result in energy cost savings guarantees. Rent payments began in September 2009 and continue through August 2024. The contract provides that any commitments beyond the current year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available. It is reasonably assured that sufficient funds will be available for the full term of the contract and, therefore, are treated as non-cancelable for financial reporting purposes.

State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008: On November 6, 2008, the Treasurer entered a lease-purchase agreement under which a Trustee issued $230.8 million of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008 (Certificates). The Certificates were issued at a net premium of $181 thousand and were a combination of serial and term maturities with the final maturity in November 2027. The Certificates carry coupon rates ranging from 3.00% to 5.50% with a total interest cost of 5.38%.

The Certificates' proceeds were used to fund renovations, additions and new construction at twelve state institutions of higher education and are collateralized with existing properties at eleven of the twelve institutions. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to an average of $16.2 million for the first ten years and $16.8 million for the second ten years.

The legislation envisioned annual appropriations of Federal Mineral Lease Program (FML) revenues to fund the semi-annual lease payments required. Total lease payments anticipated from the FML source are $325.5 million, and three institutions will make $42.8 million of lease payments over the life of the Certificates to fund the portion of their required project match that they elected to finance through the Certificates.

Proceeds from the issuance of $18.4 million were allocated to renovate and expand the Wubben Hall science building. Of that, $3.7 million was financed by the University through a sublease with the Treasurer. The University was scheduled to make rental payments from April 2009 through October 2027 totaling $5.9 million including interest of $2.2 million. The University pledged the Fine Arts Building and the Tomlinson Library as collateral for the project.

State of Colorado Rural Colorado Certificates of Participation, Series 2018A. On September 24, 2018, the State of Colorado issued $500 million of State of Colorado Rural Colorado Certificates of Participation, Series 2018A (Certificates). The Certificates have a final maturity in 2037. The Certificates carry interest rates ranging from 1.84% to 5.00%. Proceeds from the sale of the Series 2018A Certificates were used to finance the costs of the Series 2018A Projects, including high-priority rural State highway and transit projects and rural State capital construction projects, including projects and State institutions of higher education that have been delayed due to insufficient funding, as well as fund the costs of issuance. Proceeds from the issuance of the certificates were allocated to repair the roofs of Wubben Hall, Building B, Fine Arts and Admissions Offices as well as fund phase 2 of the University's Electric Lineworker Building. The University was not required to pledge any collateral for the project.

The following is a schedule of future minimum capital lease payments as of June 30 *(in thousands)*.

Years ending June 30	Principal	Interest	Total
2021	$ 389	$ 135	$ 524
2022	415	115	530
2023	443	94	537
2024	472	75	547
2025	265	53	318
2026-2030	820	75	895
Total Future Minimum Payments	**$ 2,804**	**$ 547**	**$ 3,351**

Operating Lease

The University entered into an agreement to lease copier equipment during the year ended June 30, 2012, and on July 20, 2016, the University extended the agreement through July 20, 2020.

On September 18, 2020, the University entered into an agreement to provide lease copier equipment for the next four years with the term ending on October 1, 2024.

During the year ended June 30, 2001, the University agreed to lease property from the City of Montrose, Colorado. The University entered into first, second, third and fourth amendments to the lease on June 30, 2004, June 25, 2009, may 12 2010 and May 12, 2015 respectively, with the term of the fourth amendment ending on June 30, 2020. On August 6, 2020, the University agreed to a fifth amendment to the lease for an additional five (5) year renewal term ending June 30, 2025.

The following is a schedule of future minimum rental payments under the lease as of June 30 *(in thousands)*.

Years Ending June 30	Total	
2021	$	158
2022		159
2023		161
2024		162
2025		98
Total	**$**	**738**

Rent expense for the years ended June 30, 2020 and 2019 was $155 thousand and $112 thousand, respectively.

Notes Payable (All notes are Direct Borrowings)

Campus expansion: In May 2015, the University acquired a property near the Montrose campus by issuing a 5-year note payable for $498 thousand payable in monthly installments at 4%. The University also acquired a property in July 2015 by issuing a 5-year note payable for $300 thousand payable in annual installments at 3%. As part of its campus expansion program, in Fiscal Year 2006 the University acquired property by issuing a 20-year note payable. The principal balance was $190 thousand, payable in semi-annual payments at 5% interest. The property is collateral for the debt and should the university default, the property would return to the noteholders.

The following is a schedule of payments of notes payable as of June 30 *(in thousands)*.

Years Ending June 30	Total Payments	
2021	$	15
2022		15
2023		15
2024		15
2025		24
Total Principal and Interest Payments		84
Less: Interest Included Above		(12)
Total Principal Outstanding		72
Less: Current Portion of Notes Payable		(12)
Net Long-term Notes Payable	$	60

Compensated Absences

Employees accrue annual and sick leave based on the length of service and are subject to certain limitations on amounts paid upon termination and/or retirement. The changes in compensated absences balances are presented below *(in thousands)*.

Compensated Absences	June 30, 2020		June 30, 2019	
Beginning of the year	$	2,481	$	2,528
Additions		1,561		1,835
Adjustments/reductions		(1,101)		(1,882)
End of the year	**$**	**2,941**	**$**	**2,481**
Current portion	**$**	**357**	**$**	**301**

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

Amounts expended under the terms of certain grants and contracts are subject to audit and possible adjustment by governmental agencies. In management's opinion, adjustments, if required, will not have a material impact on the accompanying financial statements.

The University, in the course of conducting business, is a party to various litigation and other claims. Although the final outcome of these legal actions cannot be determined at this time, management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the University.

NOTE 8 - PENSION PLAN OBLIGATIONS

A. Colorado Public Employees Retirement Association (PERA) Defined Benefit Pension Plan

1. Summary of Significant Accounting Policies

The University participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of June 30, 2020. A full copy of the bill can be found online at www.leg.colorado.gov.

2. Plan Description

Eligible employees of the University are provided with pensions through the SDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in C.R.S. Section 24-51, administrative rules set forth at 8 C.C.R. 1502-1 and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

3. Benefits Provided as of December 31, 2019

PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by the federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases for 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 1.25% unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained and the qualified survivor(s) who will receive the benefits.

4. Contributions

Eligible employees of the University and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. Section 24-51-401, et seq. and Section 24-51-413. Employee contribution rates are summarized below.

	Fiscal Year 2019		Fiscal Year 2020	
	CY 2018	CY 2019		CY 2020
	7-1-18 to 12-31-18	1-1-19 to 6-30-19	7-1-19 to 12-31-19	1-1-20 to 6-30-20
Employee Contribution Rate	8.00%	8.00%	8.75%	8.75%

Contribution rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42). The employer contribution requirements for all employees except State Troopers are summarized in the table below.

	Fiscal Year 2019		Fiscal Year 2020	
	CY 2018	CY 2019		CY 2020
	7-1-18 to 12-31-18	1-1-19 to 6-30-19	7-1-19 to 12-31-19	1-1-20 to 6-30-20
Employer Contribution Rate	10.15%	10.15%	10.40%	10.40%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF	9.13%	9.13%	9.38%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	5.00%	5.00%	5.00%	5.00%
Total Employer Contribution Rate to the SDTF	19.13%	19.13%	19.38%	19.38%

Contributions rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

As specified in C.R.S. Section 24-51-414, the State is required to contribute $225.0 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a non-employer contribution for financial reporting purposes.

Subsequent to the SDTF's December 31, 2019, measurement date, HB 20-1379 *Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year*, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225.0 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. For the years ended June 30, employer contributions recognized by the SDTF from the University were $2.9 million (2020) and $2.9 million (2019).

5. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2019, and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2019 and 2018. The University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar years 2019 and 2018 relative to the total contributions of participating employers and the State as a non-employer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2020 and 2019, the University reported a liability of $45.8 million and $55.0 million for its proportionate share of the net pension liability.

At December 31, 2019, the University's proportion of the net pension liability was 0.4724%, which was a decrease of 0.011% compared to its proportion of 0.4834% measured as of December 31, 2018.

The University recognized net pension expense of negative $13.3 million in Fiscal Year 2020 compared to a net pension expense of negative $6.3 million in Fiscal Year 2019.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2020 and 2019 *(in thousands)*.

	Fiscal Year 2020		**Fiscal Year 2019**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 1,713	$ -	$ 1,573	$ -
Contributions subsequent to the measurement date	1,411	-	1,450	-
Net difference between projected and actual earnings on pension plan investments	-	4,939	2,778	28,404
Changes of assumptions or other inputs	-	13,150	2,896	-
Change in employer proportion	58	-	10	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,597	106	1,053
Total	**$ 3,182**	**$ 19,686**	**$ 8,813**	**$ 29,457**

The $1.4 million and $1.5 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the years ended June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows *(in thousands)*.

Years Ended June 30	
2021	$ (14,559)
2022	(1,481)
2023	(194)
2024	(1,681)

6. Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% – 9.17%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic, for 2019, the annual increase was 0.00%)	1.25% compounded annually
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic, for 2019, the annual increase was 0.00%)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows.

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2018 valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to the PERA Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, including long-term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the current long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non-U.S. Equity – Developed	18.55%	5.20%
Non-U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

7. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and the additional 0.50%, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.50% to 1.25% resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

8. Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 58,979	$ 45,846	$ 34,731

9. Pension Plan Fiduciary Net Position

Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

B. Defined Contribution Plan

1. Plan Description

Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the PERA DC Plan. Pursuant to C.R.S. Section 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing DC plan. C.R.S. Section 24-51-15, as amended, assigns the authority to establish Plan provisions to the PERA Board. The PERA DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

2. Funding Policy

All participating employees in the PERA DC Plan are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates are summarized below.

	Fiscal Year 2019		Fiscal Year 2020	
	CY 2018	CY 2019		CY 2020
	7-1-18 to 12-31-18	1-1-19 to 6-30-19	7-1-19 to 12-31-19	1-1-20 to 6-30-20
Employee Contribution Rates	8.00%	8.00%	8.75%	8.75%
Employer Contribution Rates	10.15%	10.15%	10.40%	10.40%
Total Contributions	18.15%	18.15%	19.15%	19.515%

Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as

	Fiscal Year 2019		Fiscal Year 2020	
	CY 2018	CY 2019		CY 2020
	7-1-18 to 12-31-18	1-1-19 to 6-30-19	7-1-19 to 12-31-19	1-1-20 to 6-30-20
AED as specified in C.R.S. Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
SAED as specified in C.R.S., Section 24-51-411[1]	5.00%	5.00%	5.00%	5.00%
Total Employer Contribution Rate for AED and SAED[1]	10.00%	10.00%	10.00%	10.00%

[1]Rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Contribution requirements are established under C.R.S. Section 24-51-1505, as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board in accordance with C.R.S. Section 24-51-204. As a result, forfeitures do not reduce pension expenses.

401(k) Defined Contribution Plan

1. Plan Description
Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) DC Plan administered by PERA. C.R.S. Section 24-51-14, as amended, assigns the authority to establish the Plan provisions to the PERA Board. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

2. Funding Policy
The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under C.R.S. Section 24-51-1402, as amended. Employees are immediately vested in their contributions.

C. Student Employee's Defined Contribution Pension Plan
Beginning in Fiscal Year 1993, in accordance with the provisions of C.R.S. Section 24-54.6 and as provided in Section 403(b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Pension Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5% contribution on the employee's part with no employer contribution. Total payroll covered by the plan for the Fiscal Year ended June 30, 2020, and June 30, 2019, was $589 thousand and $508 thousand, respectively. Employee contributions were $44 thousand and $38 thousand respectively or 7.5% of covered payroll.

D. Defined Contribution Pension Plan (DCPP)
The University offers a DCPP to its employees who may not be eligible to enroll in PERA or for employees who wish to make an irrevocable choice to enroll in the DCPP. When enrolled in the DCPP, the employee's retirement benefit is based on the total amount of the contributions made to his/her account and the return on investments of those contributions.

Employees enrolled in the DCPP are required to contribute 8% of their covered earnings to their DCPP account on a tax-deferred basis. The University currently contributes an amount equal to 11.4% of participating employees' covered earnings to their DCPP account.

Through February 2019, the DCPP was administered by three vendors, Fidelity Investments, TIAA-CREF and VALIC. In Fiscal Year 2019, the University contracted with TIAA-CREF to be the sole record keeper in order to align with best practices and simplify retirement options, reduce investment and recordkeeping service fees paid by employees, provide better advising to employees and to improve plan performance monitoring and oversight.

The University's contributions to the DCPP for Fiscal Years ending June 30, 2020, and 2019 were $3.6 million and $3.3 million, respectively. These contributions were equal to the required contributions for each year. All DCPP contributions are immediately invested in the employee's account. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their investment accounts.

NOTE 9 - DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

1. Summary of Significant Accounting Policies
The University participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

2. Plan Description
Eligible employees of the University are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under C.R.S. Section 24-51-12, as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. C.R.S. Section 24-51-12, as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

3. Benefits Provided
The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. Section 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll in the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

4. PERA Benefit Structure
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with

retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

5. Contributions

Pursuant to C.R.S. Section 24-51-208(1)(f), as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the University were $148 thousand and $146 thousand for the years ended June 30, 2020, and 2019.

A. OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, and 2019, the University reported a liability of $1.8 million and $2.2 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 and 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019 and 2018. The University's proportion of the net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2019 and 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the University's proportion was 0.1579%, which was a decrease of 0.0068%, compared to its share of 0.1647% measured as of December 31, 2018.

For the year ended June 30, 2020, and 2019, the University recognized a net OPEB expense of negative $60 thousand and $33 thousand. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2020, and 2019.

	Fiscal Year 2020		Fiscal Year 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6	$ 298	$ 8	$ 3
Changes of assumptions or other inputs	15	-	16	-
Net difference between projected and actual earnings on OPEB plan investments	-	97	13	-
Contributions subsequent to the measurement date	72	-	74	-
Change in employer proportions	-	45	-	45
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13	-	10	
Total	**$ 106**	**$ 440**	**$ 121**	**$ 48**

The $74 thousand reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Years Ending June 30	Total
2021	$ (83)
2022	(83)
2023	(75)
2024	(87)
2025	(72)
2026	(4)

1. Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation (in aggregate)	3.50%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2019, gradually rising to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018 valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure.

Medicare Plan	**Cost for Members Without Medicare Part A**	**Premiums for Members Without Medicare Part A**
Medicare Advantage/Self-Insured Prescription	$ 601	$ 240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is $437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age 65 or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age-adjusted to age 65 for the year following the valuation date.

Medicare Plan	**Cost for Members Without Medicare Part A**
Medicare Advantage/Self-Insured Prescription	$ 562
Kaiser Permanente Medicare Advantage HMO	571

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare and Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below.

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.
Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non-U.S. Equity – Developed	18.55%	5.20%
Non-U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non-U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

2. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates.

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	**$ 1,733**	**$ 1,775**	**$ 1,824**

3. Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied to the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows.

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

4. Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 2,007	$ 1,775	$ 1,576

5. OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 - COMPONENT UNITS

In accordance with the GASB Statement No. 61 and GASB Statement No. 39, the discrete presentation of the Foundation and CMUREF's financial statements appear on separate pages from the University. The Foundation and CMUREF warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the University.

The financial statements of the Foundation and CMUREF are prepared on the accrual basis and follow the FASB ASC Topic 958, *Not-for-Profit Entities*.

The Foundation and CMUREF use a different GAAP reporting model and following the GASB Statement No. 39 recommendation, their financial information is not presented on the same page as the University but is reported on separate pages after the University's financial statements. The separate financials include the statements of financial position and the statements of activities.

COLORADO MESA UNIVERSITY FOUNDATION

The Foundation is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the University Board of Trustees. The Foundation's financial records are maintained separately from the University.

The Foundation solicits and receives donations and other forms of support for the benefit of the University's intercollegiate athletic program as well as other programs and/or initiatives. Expenditures are primarily scholarships awarded. During the years ended June 30, 2020, and 2019, the Foundation awarded $2.9 million and $2.6 million, respectively, in scholarship funds directly to University students. Since the funds were paid directly to students, the University did not record related revenue or expense.

Accordingly, this amount is not included in the schedule of student financial assistance provided in Note 11. The Foundation received donations to partially fund regular operations of various university departments. During the years ended June 30, 2020, and 2019 cash and in-kind donations totaled $2.6 million and $2.9 million, respectively, and were recorded as revenue and expense in the appropriate funds.

The following is an excerpt from the Foundation's Fiscal Year 2020 and 2019 independent annual financial reports.

FOUNDATION – INVESTMENTS – As of and for the Year Ended June 30, 2020

Investments are stated at fair value from quoted market prices and consist of the following *(in thousands)*.

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and Money Markets	$ 934	$ 934	$ -
Common Stock	2,568	3,703	1,135
Equity Funds	17,268	19,205	1,937
Private Equity	-	290	290
Bonds	89	82	(7)
Bond Fund	10,111	10,796	685
Indexed	849	865	16
Total	**$ 31,818**	**$ 35,875**	**$ 4,056**

The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2020 *(in thousands)*.

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 6	$ 737	$ 743
Investment Fees	-	(74)	(74)
Realized Gain (Loss)	-	(290)	(290)
Unrealized Gain (Loss)	-	309	309
Total	**$ 6**	**$ 682**	**$ 688**

The following methods and assumptions were used by the Foundation in estimating the fair value of its other financial instruments.

Cash, Accounts Payable and Debt
The carrying amount reported in the statement of financial position for cash, accounts payable and debt approximates fair value because of the immediate or short-term maturities of these financial instruments.

Investments
Fair value measurements for assets reported at fair value on a recurring basis were determined based on the following *(in thousands)*.

Long-Term Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Money Markets	$ 934	$ 934	$ -	$ -
Common Stock	3,703	3,703	-	-
Equity Funds	19,205	19,205	-	-
Private Equity	290	-	290	-
Bonds	82	82	-	-
Bond Funds	10,796	10,796	-	-
Indexed	865	865	-	-
Total Long-Term Investments	**$ 35,875**	**$ 35,585**	**$ 290**	**$ -**

The Foundation's policy for determining the timing of significant transfers between levels is at the end of the fiscal year.

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

- Fixed – Value based on yields currently available on comparable bonds, with comparable durations, with similar credit ratings.
- Equity – Valued at the closing price as reported on the active market on which the stocks are traded. One stock was not traded on an active market; an outside firm was used to value the stock.
- Commodities – Valued by comparable terms and duration.
- Indexed – Values by comparable terms duration.

FOUNDATION – INVESTMENTS – As of and for the Year Ended June 30, 2019

Investments are stated at fair value from quoted market prices and consist of the following *(in thousands)*.

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and Money Markets	$ 173	$ 173	$ -
Common Stock	2,484	3,531	1,047
Equity Funds	15,071	17,303	2,232
Private Equity	-	313	313
Bonds	136	99	(37)
Bond Fund	9,833	10,062	229
Indexed	1,836	1,825	(11)
Total	**$ 29,533**	**$ 33,306**	**$ 3,773**

The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2019 *(in thousands)*.

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 5	$ 621	$ 626
Investment Fees	-	(74)	(74)
Realized Gain (Loss)	-	282	282
Unrealized Gain (Loss)	-	1,136	1,136
Total	**$ 5**	**$ 1,965**	**$ 1,970**

The following methods and assumptions were used by the Foundation in estimating the fair value of its other financial instruments.

Cash, Accounts Payable and Debt

The carrying amount reported in the statement of financial position for cash, accounts payable and debt approximates fair value because of the immediate or short-term maturities of these financial instruments.

Investments

Fair value measurements for assets reported at fair value on a recurring basis were determined based on the following *(in thousands)*.

Long-Term Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Money Markets	$ 173	$ 173	$ -	$ -
Common Stock	3,531	3,531	-	-
Equity Funds	17,303	17,303	-	-
Private Equity	313	-	313	-
Bonds	99	99	-	-
Bond Funds	10,062	10,062	-	-
Indexed	1,825	1,825	-	-
Total Long-Term Investments	**$ 33,306**	**$ 32,993**	**$ 313**	**$ -**

The Foundation's policy for determining the timing of significant transfers between levels is at the end of the fiscal year.

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

- Bonds – Value based on yields currently available on comparable bonds, with comparable durations, with similar credit ratings.
- Common Stock – Valued at the closing price as reported on the active market on which the stocks are traded.
- One stock was not traded on an active market; an outside valuation firm was used to value the stock.
- Mutual Funds – Valued at the closing price as reported on the active market on which the funds are traded.
- Commodities – Valued by comparable terms and duration.
- Indexed – Values by comparable terms duration.

FOUNDATION – ENDOWMENT – As of and for the Year Ended June 30, 2020

At June 30, 2020, the Foundation's endowment consisted of 257 individual funds, established for providing a future income stream for scholarships for University students, research and other uses for certain University departments. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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 as with donor restrictions (permanently restricted) net assets is classified as without donor restriction and is available for expenditure by the Foundation, in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 organization 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

The Foundation has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee of the Foundation is responsible for selecting managers and asset mix for the endowments of the Foundation, keeping within ranges outlined in the Board-approved investment policy.

The spending policy is to distribute 3% to 5% of the fair market value of the endowment accounts each year, with the caveat that the Foundation's Board of Directors shall have the discretion to adjust the distribution rate for a given year, depending on short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's investment policy.

Endowment Net Asset Composition by Type of Fund at year end is as follows *(in thousands)*.

	Without Donor Restriction	**With Donor Restriction**	**Endowment Net Assets**
Donor-Restricted Endowment Funds	$ -	$ 36,770	$ 36,770
Board-Designated Endowment Funds	443	-	443
Total	**$ 443**	**$ 36,770**	**$ 37,213**
Endowment Net Assets - Beginning	$ 389	$ 34,486	$ 34,875
Contributions and Transfers	54	2,609	2,663
Investment Income Net	-	662	662
Net Appreciation (Depreciation)	-	19	19
Net Assets Released from Restrictions:			
Amounts Appropriated for Expenditure	-	(1,007)	(1,007)
Endowment Net Assets - Ending	**$ 443**	**$ 36,770**	**$ 37,213**

FOUNDATION – ENDOWMENT – As of and for the Year Ended June 30, 2019

At June 30, 2019, the Foundation's endowment consisted of 242 individual funds, established for providing a future income stream for scholarships for University students, research and other uses for certain University departments. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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 as with donor restrictions (permanently restricted) net assets is classified as without donor restriction and is available for expenditure by the Foundation, in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 organization 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 organization

(7) The investment policies of the organization

The Foundation has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee of the Foundation is responsible for selecting managers and asset mix for the endowments of the Foundation, keeping within ranges outlined in the Board-approved investment policy.

The spending policy is to distribute 3% to 5% of the fair market value of the endowment accounts each year, with the caveat that the Foundation's Board of Directors shall have the discretion to adjust the distribution rate for a given year, depending on short/long term needs of the University and the anticipated near-term trends in inflation and investment returns, consistent with the Foundation's investment policy.

Endowment Net Asset Composition by Type of Fund at year end is as follows *(in thousands)*.

	Without Donor Restriction	With Donor Restriction	Endowment Net Assets
Donor-Restricted Endowment Funds	$ -	$ 34,486	$ 34,486
Board-Designated Endowment Funds	389	-	389
Total	**$ 389**	**$ 34,486**	**$ 34,875**
Endowment Net Assets - Beginning	$ 272	$ 28,832	$ 29,104
Contributions and Transfers	117	3,541	3,658
Investment Income	-	695	695
Net Appreciation (Depreciation)	-	1,418	1,418
Net Assets Released from Restrictions:	-	-	-
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - Ending	**$ 389**	**$ 34,486**	**$ 34,875**

FOUNDATION – CONCENTRATIONS

Amounts in excess of $250 thousand in one bank account are not insured by the FDIC or related entity. The Foundation has one bank account which exceeds the FDIC insured amount but is fully collateralized by the bank with federal Ginnie Mae securities. Additionally, the Foundation has significant investments in stocks and bonds, which are subject to the risk of market value fluctuation.

As of and for the year ended June 30, 2020, fourteen donors gave 59% of all contributions, and 83% of the unconditional promises to give are from five donors.

As of and for the year ended June 30, 2019, eighteen donors gave 68% of all contributions, and 73% of the unconditional promises to give are from five donors.

FOUNDATION – PROMISES TO GIVE – As of and for the Year Ended June 30, 2020

Unconditional promises to give at year end consisted of the following *(in thousands)*.

With Donor Restrictions	
Colorado Mesa University Building Projects and Expansion	$ 528
Colorado Mesa University Departments and Clubs	166
Scholarships - Endowments	1,018
Subtotal	**$ 1,712**
Less discounts to net present value - Discount rate 0.66%	(40)
Less allowance for uncollectible promises receivable	(70)
Total	**$ 1,601**
Receivable in less than one year	$ 413
Receivable in one to five years	717
Receivables after five years	471
Total	**$ 1,601**

FOUNDATION – PROMISES TO GIVE – As of and for the Year Ended June 30, 2019

Unconditional promises to give at year end consisted of the following *(in thousands)*.

Colorado Mesa University Building Projects and Expansion	$	1,199
Colorado Mesa University Departments and Clubs		190
Scholarships - Endowments		257,071
Subtotal	**$**	**258,460**
Less discounts to net present value - Discount rate 2.32%		(28)
Less allowance for uncollectible promises receivable		(43)
Total	**$**	**258,389**
Receivable in less than one year	$	855
Receivable in one to five years		719
Receivables after five years		-
Total	**$**	**1,574**

FOUNDATION – RESTRICTIONS ON NET ASSETS – As of and for the Year Ended June 30, 2020

Net assets with donor restrictions at year end are as follows *(in thousands)*.

With Donor Restrictions – Permanent Endowment		
Student Scholarship Endowments	$	21,220
Research Endowments		3,233
Department Legacy Endowments		4,401
Total	**$**	**28,854**
With Donor Restrictions – Temporary		
Accumulated expendable portion of investment income from student scholarship endowments	$	7,916
Colorado Mesa University Building Projects and Expansion		468
Colorado Mesa University Departments and Clubs		3,152
Various other Student Scholarships or Grants		1,213
Total	**$**	**12,750**

FOUNDATION – RESTRICTIONS ON NET ASSETS – As of and for the Year Ended June 30, 2019

Permanently and temporarily restricted net assets at year end *(in thousands)*.

With Donor Restrictions – Permanent Endowment		
Student Scholarship Endowments	$	20,201
Research Endowments		2,016
Department Legacy Endowments		4,678
Total	**$**	**26,895**
With Donor Restrictions – Temporary		
Accumulated expendable portion of investment income from student scholarship endowments	$	7,590
Colorado Mesa University Building Projects and Expansion		1,108
Colorado Mesa University Departments and Clubs		3,597
Various other Student Scholarships or Grants		959
Total	**$**	**13,254**

FOUNDATION – CAMPUS EXPANSION

CMU has plans to further expand the size of the University campus. The Foundation is assisting in the expansion by purchasing real estate or collecting monies to purchase real estate needed for the expansion. CMUREF is a nonprofit that manages real estate for CMU also assists in the expansion. If the real estate closing is in the Foundation's name, The Foundation will quit claim the real estate to CMU or CMUREF for the purchase of real estate or reimburse them for purchases that have already occurred. The Foundation transferred $776 thousand (2020) and $1.2 million (2019) to CMU and CMUREF during the fiscal year for building projects and expansion.

FOUNDATION – RELATED PARTY

The University provides staff and office space for the Foundation. The value of this is not reflected in the statement of activities.

FOUNDATION – RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance.

The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents.

The ASU is effective for all nonpublic business entities for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, which changes the current guidance for assets classification, governing board designations, investment returns, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions.

ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purpose of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the currently required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds, as well as the aggregate original gift, amounts to be maintained. ASU 2016-14 also requires a not-for-profit to disclose its interpretations of the ability to spend from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and includes an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 required not-for-profit entities to provide both qualitative and quantitative information on the management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method of the indirect method.

ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. The Foundation has adopted the provision of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending June 30, 2019.

FOUNDATION – LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support with donor restrictions; such support has historically represented approximately 87% of annual program funding needs, with the remainder funded by investment income with donor restrictions and appropriated earnings from gifts without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, scholarship and other programmatic expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation’s fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets and
- Maintaining sufficient reserves to provide reasonable assurance that long term programmatic commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for management and general and fundraising expenses. Additionally, an amount that represents 50% of the anticipated programmatic expenses for the next year is made available.

The table below presents financial assets available for general expenditures within one year at June 30, 2020.

Financial Assets at Year End		
Cash and Cash Equivalents	$	4,390
Investments		35,875
Unconditional Promises to Give		1,601
Accounts Receivables		14
Land		40
Property Subject to Life Estate		508
Total Financial Assets	**$**	**42,428**
Less Amounts not Available for Use within One Year		
Unconditional Promises to Give		1,188
Permanently Restricted Portion of Endowment		28,854
Property Subject to Life Estate		508
Land		40
Private Equity Investment		290
Total Financial Assets Not Available for Use within One Year	**$**	**30,880**
Total Financial Assets		
Expenditures within One Year	**$**	**11,548**

The table below presents financial assets available for general expenditures within one year at June 30, 2019.

Financial Assets at Year End		
Cash and Cash Equivalents	$	5,795
Investments		33,306
Unconditional Promises to Give		1,575
Accounts Receivables		5
Prepaid Program Expenses		130
Property Subject to Life Estate		508
Total Financial Assets	**$**	**41,319**
Less Amounts not Available for Use within One Year		
Unconditional Promises to Give		1,301
Permanently Restricted Portion of Endowment		26,895
Historical Earnings from Endowment Available not Anticipated to be Used		6,553
Property Subject to Life Estate		508
Private Equity Investment		313
Total Financial Assets Not Available for Use within One Year	**$**	**35,570**
Total Financial Assets		
Expenditures within One Year	**$**	**5,749**

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

CMUREF is a separate 501(c)(3) corporation that was organized to receive, hold, invest and administer real and personal property, borrow money and to make expenditures to or for the benefit of the University. CMUREF may receive gifts of real and personal property that persons and entities wish to donate for the benefit of the University in support and furtherance of the University's educational purposes. CMUREF may hold, maintain, improve, leverage, manage and lease such donated property in a manner consistent with donor intent until such time as CMUREF deems it advisable to convey, transfer or otherwise dispose of the property and then donate to support the University.

Under an operating agreement with the University, the parties generally intend to satisfy CMUREF's need for financial capital by allowing CMUREF to retain a portion of proceeds on an approximate 20% CMUREF and 80% University sharing. In Fiscal Year 2020 and 2019, the University transferred $704 thousand and $1.6 million, respectively, to CMUREF for property acquisitions as part of the University's expansion project and the Foundation made capital property transfers of $704 thousand and $1.5 million, respectively, to the University. See the related party note below.

The following is an excerpt from the CMUREF's Fiscal Year 2020 and 2019 independent annual financial reports.

CMUREF – LAND HELD FOR INVESTMENT AND OTHER LONG-TERM ASSETS

The University contributed a piece of land located in Mesa County in November of 2006. This land is to be developed in the future years by CMUREF to benefit the University. CMUREF has capitalized all of the development costs. A building is on the investment land and is being depreciated over a 6-year life. As of June 30, 2019, the building is fully depreciated. The cost of the land held for investments plus development costs is $880 thousand. The building cost is $22 thousand less depreciation of $22 thousand.

CMUREF – OPERATING LEASE COMMITMENTS

CMUREF leases four commercial spaces in Grand Junction from the University to tenants under non-cancelable operating leases with terms of five to ten years. CMUREF retains 20% of rental income as a management fee, and the other 80% is remitted to the University.

CMUREF entered into a master lease with the University to rent six commercial spaces in the North Avenue Student Housing complex (NASH). CMUREF retains, as a management fee, rental income over $15 per square foot. Terms of the leases range from five to ten years and rents range from $17 to $20 per square foot.

CMUREF has agreements with the University to lease other properties that are owned by the University. CMUREF has non-cancelable operating leases on these properties with terms of five to ten years. CMUREF retains 20% of rental income as a management fee, and the other 80% is paid to the University.

CMUREF also leases land and a building it owns in Grand Junction, to tenants under non-cancelable operating leases, with terms of one to five years. CMUREF retains 20% of rental income as a management fee, and the other 80% is paid to the University.

The rental income for the years ended June 30, 2020, and 2019 was $556 thousand and $600 thousand, respectively, of which CMUREF retained $143 thousand and $114 thousand, respectively, as a management fee.

Future minimum rentals and expected management fees to CMUREF are as follows *(in thousands)*.

For the Year Ending	Minimum Rentals	Minimum Expected Management Fees
June 30, 2021	$ 489	$ 115
June 30, 2022	443	109
June 30, 2023	448	114
June 30, 2024	436	115
June 30, 2025	285	66
	$ 2,101	**$ 519**

CMUREF – CONCENTRATIONS AND RELATED PARTY

At various times during the year, CMUREF maintained significant amounts of cash in a checking account with one financial institution. Such concentrations of cash may exceed the federally insured limits provided on such accounts. Management is aware of such exposure and is willing to accept the risks associated with the potential losses involved.

Approximately 95% of the CMUREF's support was received from the University. Another 2.2% of CMUREF's support was received from the Foundation. During the years ended June 30, 2020, and 2019, CMUREF received $4.4 million and $2.0 million, respectively, from the University and the Foundation that was used to acquire real estate properties in the surrounding area of the University, in order to grow and expand. See the note above. For the year ended June 30, 2020, ownership of the acquired properties was conveyed back to the University in the amount of $876 thousand and $4.1 million is being held by CMUREF. For the year ended June 30, 2019, ownership of the acquired properties was conveyed back to the University in the amount of $1.4 million.

The University provides staff and office space to perform the administrative functions of CMUREF; the value of these are not reflected on the Statement of Activities.

CMUREF – RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance.

The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The CMUREF is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents.

The ASU is effective for all nonpublic business entities for fiscal years beginning after December 15, 2018. Early adoption is permitted. The CMUREF is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, which changes the current guidance for assets classification, governing board designations, investment returns, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 206-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purpose of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the currently required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds, as well as the aggregate original gift, amounts to be maintained. ASU 2016-14 also requires a not-for-profit to disclose its interpretations of the ability to spend from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and includes an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 required not-for-profit entities to provide both qualitative and quantitative information on the management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method of the indirect method.

ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. The CMUREF has adopted the provision of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending June 30, 2019.

CMUREF – LIQUIDITY AND AVAILABILITY

The CMUREF receives significant revenue with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the CMUREF receives management fees for servicing the rentals managed by the CMUREF; such support has historically represented the funding necessary to operate the general expenses of the CMUREF.

The CMUREF manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets and
- Maintaining sufficient reserves to provide reasonable assurance that future property purchases can be obtained.

The CMUREF's Board of Directors (Board) meets periodically to review leases, rents and future needs of the University. Due to this timing, the CMUREF strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative and general, expenses plus an amount that represents any future purchase of property that is in process of closing.

The table below presents financial assets available for general expenditures within one year at June 30, 2020.

Financial Assets at Year End		
Cash and Cash Equivalents	$	234
Rents Receivable		7
Total Financial Assets Available within One Year	**$**	**241**

The table below presents financial assets available for general expenditures within one year at June 30, 2019.

Financial Assets at Year End		
Cash and Cash Equivalents	$	425
Rents Receivable		2
Plus-amount with timing restrictions available within one year		172
Total Financial Assets Available within One Year	**$**	**599**

NOTE 11 - STUDENT FINANCIAL ASSISTANCE

The University receives funds from and administers student financial assistance programs for various federal and state agencies. In addition, the University dedicates institutional resources to fund scholarships and work-study programs for students. The tables below reflect the student financial assistance activities for which the University received resources for and expended on behalf of students during the years ended June 30, 2020, and 2019. Student loans, external scholarships, grants and other student financial assistance not recorded on the University's financial system are not included.

A schedule of non-loan student assistance for the year ended June 30, 2020, follows *(in thousands)*.

	Federal Sources	**State Sources**	**Institutional Sources**	**Total All Sources**
Scholarships				
Colorado Student Grants	$ -	$ 8,539	$ -	$ 8,539
Federal Pell Grants	13,011	-	-	13,011
General Institutional Aid	-	-	13,888	13,888
Auxiliary	-	-	1,425	1,425
Other Federal Student Aid				
Work Study**	273	1,080	3,713	5,066
Federal SEOG	279	-	93	372
Total	**$ 13,563**	**$ 9,619**	**$ 19,119**	**$ 42,301**

**Includes University student assist work-study - not based on financial need.

A schedule of non-loan student assistance for the year ended June 30, 2019, follows *(in thousands)*.

	Federal Sources	**State Sources**	**Institutional Sources**	**Total All Sources**
Scholarships				
Colorado Student Grants	$ -	$ 7,456	$ -	$ 7,456
Federal Pell Grants	13,767	-	-	13,767
General Institutional Aid	-	-	11,625	11,625
Auxiliary	-	-	1,664	1,664
Other Federal Student Aid				
Work Study**	239	980	3,768	4,987
Federal SEOG	275	-	92	367
Total	**$ 14,281**	**$ 8,436**	**$ 17,149**	**$ 39,866**

**Includes University student assist work-study - not based on financial need.

NOTE 12 - LEGISLATIVE APPROPRIATIONS

Appropriated Funds: The Colorado Legislature establishes spending authority for the Trustees of the University in its annual Long Appropriation Bill (the Long Bill). The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund (COF). In prior years and for fiscal years beginning on or after July 1, 2016, the general assembly annual appropriation of general fund moneys bill includes certain cash revenues from the student share of tuition and fees.

For the years ended June 30, 2020, and 2019, appropriated expenses were within spending authority. For the year ended June 30, 2020, long-bill appropriated state support was $33.1 million. For the year ended June 30, 2019, long-bill appropriated state support was $29.0 million, plus an additional $741 thousand appropriated through SB 18-262, Higher Education Targeted Master Plan Funding and an additional $300 thousand appropriated through SB 18-086 for cybersecurity technology, for a total of $30.1 million.

For the years ended June 30, 2020, and 2019, long-bill appropriated funds included $17.6 million and $15.9 million, respectively, from students that qualified for stipends from COF; $14.9 million and $13.6 million, respectively, as FFS contract revenue; and $577 thousand and $433 thousand, respectively, from limited gaming tax revenues pursuant to C.R.S. Section 12-47-1-701.5(3)(c)(I). In Fiscal Year 2020 and 2019, appropriations from cash funds included $79.2 million and $76.6 million for the students' share of tuition and mandatory fees. All other revenues represent non-appropriated funds and are excluded from the annual appropriations bill.

Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues and other revenue sources. Appropriated expenses were $83.0 million and $82.1 million in Fiscal Year ended June 30, 2020, and 2019, respectively.

Capital Construction State Appropriations: In Fiscal Year 2019, the legislature appropriated $557 thousand to fund an upgrade to HVAC controls in Lowell Heiny Hall.

NOTE 13 - TABOR ENTERPRISE STATUS

In November 1992, the Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to all local governments and the State of Colorado, including the University. On August 10, 2005, the Colorado State Auditor issued an opinion that the University meets the TABOR requirements and recommended that the Legislative Audit Committee approve them as a TABOR-exempt enterprise.

To qualify as a TABOR-exempt enterprise, a higher education institution needs to be a government-owned business authorized to issue its own revenue bonds that receive less than 10% of its revenue grants from all Colorado state and local governments combined. Designation is reviewed at the end of each year to determine that the colleges and universities continue to meet TABOR-exempt criteria. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

The schedule below shows the University's TABOR Enterprise state support calculation for Fiscal Year 2020 *(in thousands)*.

State and Local Government Grants		
State Capital Appropriation	$	1,690
State PERA Support		364
State Share - Certificates of Participation (COPS)		1,425
Local Government Grants		989
Total State and Local Government Grants		4,468
Total Revenues and State share of COPS (gross operating, non-operating and other revenues and State share of COPS)	$	168,562
Ratio of State Grants to Total Revenues		2.65%

The schedule below shows the University's TABOR Enterprise state support calculation for Fiscal Year 2019 *(in thousands)*.

State and Local Government Grants		
State Capital Appropriation	$	84
State PERA Support		379
State Share - Certificates of Participation (COPS)		1,480
Local Government Grants		712
Total State and Local Government Grants		2,655
Total Revenues and State share of COPS (gross operating, non-operating and other revenues and State share of COPS)	$	158,440
Ratio of State Grants to Total Revenues		1.7%

NOTE 14 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss from liability for accident, property damage and personal injury. To mitigate these risks, the University has purchased the following insurance *(in thousands)*.

Coverage	Company	Limit $	Deductible
General liability	Hanover	$ 2,000	$ 1
Directors' and officers' liability	Hanover	2,000	10
Automobile liability	Hanover	1,000	1
Employment practices liability	Hanover	2,000	10
Employee benefits administration	Hanover	3,000	1
Employee dishonesty (Fidelity)	Hanover	300	1
Student professional liability	AIX Specialty	3,000	3
Sexual misconduct or molestation	Hanover	2,000	-
Commercial excess liability	Hanover	8,000	-
Workers compensation	Pinnacol	1,000	5
Boiler machinery breakdown	Hanover	included	25
Property - building	Hanover	478,745	25
Property - personal property	Hanover	64,288	25

The University became fully insured through several insurance companies in 2012 and is insured for everything above its reserve and deductible. The coverage for the year ended June 30, 2020, is consistent with previous years and there have been no significant reductions in coverage or settlements exceeding coverage.

REQUIRED SUPPLEMENTARY INFORMATION

COLORADO MESA UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the Years Ended June 30,

	2020*	2019*	2018*	2017*	2016*	2015*
University's proportion of the net pension liability	0.4724%	0.4834%	0.4929%	0.4926%	0.4905%	0.4917%
University's proportionate share of the net pension liability	$ 45,845,522	$ 55,004,497	$ 98,661,537	$ 90,474,883	$ 51,652,554	$ 46,250,520
University's covered payrol	$ 14,547,380	$ 14,524,040	$ 14,384,933	$ 13,187,958	$ 12,658,750	$ 12,549,395
University's proportionate share of the net pension liability as a percentage of its covered payroll	315.15%	378.71%	685.87%	686.04%	408.04%	368.55%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.10%	43.20%	42.60%	56.10%	56.84%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2019, 2018, 2017, 2016, 2015, and 2014 (the plan's measurement periods) occurring within the University's fiscal years ended June 30, 2020, 2019, 2018, 2017, 2016, and 2015 in accordance with Governmental Accounting Standards Board Statement No. 68 and 82, *Accounting and Financial Reporting for Pensions*.

COLORADO MESA UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO THE PERA DEFINED BENEFIT PENSION PLAN
For the Years Ended June 30,

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,892,585	$ 2,935,354	$ 2,873,141	$ 2,815,953	$ 2,506,149	$ 2,372,914
Contributions in relation to the contractually required contribution	$ (2,892,585)	$ (2,935,354)	$ (2,873,141)	$ (2,815,953)	$ (2,506,149)	$ (2,372,914)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 14,179,340	$ 14,198,998	$ 14,559,702	$ 13,410,752	$ 12,786,325	$ 12,537,485
Contributions as a percentage of covered payroll	20.40%	20.67%	19.73%	21.00%	19.60%	18.93%

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50% to 1.25%.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25% was used as the discount rate, rather than using the blended rate of 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26% to 4.72%.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.5% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scale for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50% to 5.26%.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for the pension plan compared to the prior year.

COLORADO MESA UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
For the Years Ended June 30, *

	2020	2019	2018
University's proportion of the net other post-employment benefit liability	0.1579%	0.1647%	0.1687%
University's proportionate share of the net other post-employment benefit liability	$ 1,774,888	$ 2,240,739	$ 2,192,392
University's covered payroll	$ 14,697,292	$ 14,673,712	$ 14,729,991
University's proportionate share of the net other post-employment beneift liability as a percentage of its covered payroll	12.08%	15.27%	14.88%
Plan fiduciary net position as a percentage of the total other post-employment benefit liability	24.49%	17.03%	17.53%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2019, 2018 and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2019 and 2018 in accordance with Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* .

COLORADO MESA UNIVERSITY

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO PERA DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN
For the Years Ended June 30,

	2020	2019	2018
Contractually required contribution	$ 147,933	$ 146,322	$ 150,246
Contributions in relation to the contractually required contribution	$ (147,933)	$ (146,322)	$ (150,246)
Contribution deficiency (excess)	$ -	$ -	$ -
University's covered payroll	$ 14,503,195	$ 14,345,321	$ 14,729,991
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in terms or assumptions for the December 31, 2018 measurement period for the pension plan compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

SUPPLEMENTAL INFORMATION SECTION

COLORADO MESA UNIVERSITY

Enterprise Revenue Bonds Schedules of Revenues and Expenditures

For the years ended June 30 *(in thousands)*

	2020	2019
Pledged Revenues		
Pledged tuition revenue	**$ 8,845**	$ 8,759
Residence halls and apartments	**15,343**	15,412
Food services	**10,394**	9,997
University center	**2,983**	3,168
Bookstore	**3,455**	3,582
Recreation center	**2,084**	2,166
Campus parking	**799**	818
Continuing education	**149**	282
MAVcard	**259**	254
Central services	**3,091**	2,499
Student fee revenue	**1,683**	1,407
Indirect Cost Recoveries	**78**	94
Math and Science Center Pledge	**688**	637
Total Pledged Revenues	**$ 49,851**	$ 49,075
Operating Expenses		
Residence halls and apartments	**5,929**	5,941
Food services	**5,610**	6,114
University center	**995**	1,070
Bookstore	**3,390**	3,964
Recreation center	**1,387**	1,614
Campus parking	**290**	319
Continuing education	**447**	496
MAVcard	**138**	125
Central services	**750**	798
Total Operating Expenses	**18,936**	20,441
Net Revenue Before Transfers	**30,915**	28,634
Transfers		
Mandatory transfers	**(13,802)**	(12,607)
Net Non-mandatory transfers	**(4,154)**	(2,051)
Total Transfers	**(17,956)**	(14,658)
Net Revenue	**$ 12,959**	$ 13,976
Debt Service Coverage		
Net operating revenue	**$ 30,915**	$ 28,634
Bond principal and interest	**13,802**	12,607
Excess of Net Operating Revenue Over Debt Service	**$ 17,113**	$ 16,027
Debt Service Coverage Ratio	**224%**	227%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee:
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of Colorado Mesa University (the University); an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 2, 2021. The financial statements of Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, discretely presented component units of the University, as of and for the years ended June 30, 2020 and 2019 were audited by other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that were reported on separately by those auditors. The financial statements of the discretely presented component units, Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dalby Wendland & Co. P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

February 2, 2021

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

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AUDIT COMMITTEE COMMUNICATIONS

Members of the Legislative Audit Committee:
Denver, Colorado

We have audited the financial statements of the business-type activities of Colorado Mesa University (the University) for the year ended June 30, 2020, and have issued our report thereon dated February 2, 2021. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Colorado Mesa University Foundation (the Foundation), a discretely presented component unit of the University, and the Foundation's financial statements were not audited in accordance with *Government Auditing Standards*. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 8, 2020. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability is based on the estimate of the University's proportionate share of the net pension liability as of June 30, 2020 and 2019 of the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 8 to the University's financial statements. The University's proportion of the SDTF's net pension liability was based on the University's contributions to the SDTF for the calendar years 2020 and 2019 relative to the total contributions made to the SDTF by participating employers for the calendar years 2020 and 2019.

- Management's estimate of the net Other Post-Employment Benefits (OPEB) liability is based on the estimate of the University's proportionate share of the net OPEB liability as of June 30, 2020 and 2019 of the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB plan administered by the Colorado Public Employees' Retirement Association (PERA), as described in Note 9 to the University's financial statements. The University's proportion of the HCTF's net OPEB liability was based on the University's contributions to the HCTF for the calendar years 2020 and 2019 relative to the total contributions made to the HCTF by participating employers for the calendar years 2020 and 2019.

- Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of depreciation expense is based on their evaluation of the useful lives of property and equipment. We evaluated the key factors and assumptions used to determine the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was one misstatement identified during the audit. Management has corrected the misstatement. In addition, the misstatement detected as a result of audit procedures and corrected by management was immaterial, both individually and in aggregate, to the University's financial statements taken as a whole and it had no effect on the University's net position or change in net position.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 2, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of the University's Proportionate Share of the Net Pension Liability of the State Division Trust Fund– a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), the schedule of University contributions to the State Division Trust Fund– a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association (PERA), the schedule of the University's proportionate share of the net other post-employment benefit liability and the schedule of University Contributions to the PERA Defined Other Post-Employment Benefit Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of revenue and expenses for enterprise revenue bonds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Legislative Audit Committee, Office of the State Auditor of the State of Colorado, Board of Trustees and management of the University and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Sincerely,

Dalby Wendland & Co. P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

February 2, 2021

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