COLORADO MESA UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal Years Ended June 30, 2021 and 2020

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, 2021 and 2020

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, 2021. 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 2021.

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, 2021 and 2020. 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*.
- Perform a financial and compliance audit of the Statement of Appropriations, Expenditures, Transfers, and Reversions of the University's State-Funded Student Financial Assistance Programs, including a review of the related internal control structure as required by generally accepted auditing standards and *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, 2021 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, 2021 and 2020.

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 to provide the results of testing on those major programs at the University (Student Financial Aid Cluster and Coronavirus Relief Funds) to the Office of the State Auditor to support an opinion on those programs for the State of Colorado, which will be included 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, 2021.

Summary of Progress in Implementing Prior Audit Findings

The University's audit report for the year ended June 30, 2020 did not include any findings or recommendations that were required to be implemented during the year ended June 30, 2021.

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 eleven 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:

	2019	2020	2021
In-State Students	6,533.5	6,484.7	6,254.8
Out-of-State Students	1,221.5	1,203.7	1,180.4
Total FTE Students	7,755.0	7,688.4	7,435.2
Total Staff and Faculty FTEs	829.6	867.6	886.5

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

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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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 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, 2021 and 2020, 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 84 through 85 be presented to supplement the basic financial statements. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 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 88 through 89 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, 2021 and 2020 on page 91 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 information is 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 January 31, 2022, 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.

DWC

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

January 31, 2022

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, 2021 and 2020 with comparative information presented as of and for the year ended June 30, 2019. 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, 2021 and 2020. 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, 2021 and 2020. 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, 2021 and 2020. 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 2021, the University's net position increased by $29.6 million, to $252.4 million. The 2020 to 2021 increase included a net operating loss of $16.6 million, which was countered by net non-operating revenues of $46.4 million and other net revenues loss of $205 thousand. The largest components of non-operating revenues include Federal Pell and other grants of $42.8 million, investment and interest income, net, of $4.4 million, capital fees, net of scholarship allowances of $1.3 million and non-operating contributions of $6.5 million. Net non-operating revenues were reduced by interest expense on capital debt of $9.6 million and a loss on disposal of assets of $3 thousand. Other revenues included capital contributions from the State of $286 thousand and capital donations of $270 thousand, which were offset by $761 thousand of transfers to other institutions.

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, net, 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.

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 $16.1 million (2021), $15.7 million (2020) and $13.5 million (2019) before considering the effects of GASB Statement Nos. 68 and 75.

Throughout the University's growth – capital assets before depreciation increased from $595.6 million at June 30, 2020 to $610.4 million at June 30, 2021 – the University has maintained current ratios of 3.73 (2021), 2.32 (2020) and 3.31 (2019). 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 increase in the current ratio from Fiscal Year 2020 to Fiscal Year 2021 is due to $17.0 million of pass-through federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) funding recorded as Unearned Revenues in Fiscal Year 2020 that was spent in Fiscal Year 2021 and recognized as non-operating grant revenue. The decrease in the current ratio from Fiscal Year 2019 is due to $17.0 million of Unearned Revenues from pass-through federal CARES Act funding received from the Colorado Governor's Office in Fiscal Year 2020. Without the CARES Act Unearned Revenues, the Fiscal Year 2020 current ratio would have been 2.92.

Net tuition and fees, Fee-For-Service (FFS) and auxiliary enterprises revenues, combined, decreased by $16.7 million for the year ended June 30, 2020, to the year ended June 30, 2021 and increased by $3.3 million from the year ended June 30, 2019 to the year ended June 30, 2020. Undergraduate enrollments on a student FTE basis at the University decreased from 7,645.6 in the year ended June 30, 2019 to 7,552.2 in the year ended June 30, 2020 (-1.2%) to 7,256.4 in the year ended June 30, 2021 (-3.9%). Graduate enrollment increased from 109.5 in the year ended June 30, 2019 to 136.3 in the year ended June 30, 2020 (24.5%) to 178.8 in the year ended June 30, 2021 (31.2%). Overall enrollments decreased from 7,755.0 in the year ended June 30, 2019 to 7,688.4 in the year ended June 30, 2020 (-0.9%) to 7,435.2 in the year ended June 30, 2021 (-3.3%).

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, 2021, 2020 and 2019 *(in thousands)*

				Increase (Decrease) 2021 vs. 2020	
	2021	2020	2019	Amount	Percent
Assets					
Current assets	$ 95,166	$ 98,525	$ 75,898	$ (3,359)	-3.4%
Other non-capital assets	3,393	9,439	21,549	(6,046)	-64.1%
Net capital assets	437,953	438,870	419,873	(917)	-0.2%
Total Assets	**536,512**	**546,834**	**517,320**	**(10,322)**	**-1.9%**
Total Deferred Outflows	**11,874**	**9,357**	**15,179**	**2,517**	**26.9%**
Liabilities					
Non-debt liabilities	20,998	39,874	19,321	(18,876)	-47.3%
Net pension and OPEB liabilities	46,813	47,621	57,245	(808)	-1.7%
Debt liabilities	217,783	225,831	232,700	(8,048)	-3.6%
Total Liabilities	**285,594**	**313,326**	**309,266**	**(27,732)**	**-8.9%**
Total Deferred Inflows	**10,426**	**20,126**	**29,505**	**(9,700)**	**-48.2%**
Net Position					
Invested in capital assets	221,783	220,328	205,633	1,455	0.7%
Restricted for other purposes	8,611	14,053	26,290	(5,442)	-38.7%
Unrestricted net position (deficit)	21,972	(11,642)	(38,195)	33,614	-288.7%
Total Net Position	**$ 252,366**	**$ 222,739**	**$ 193,728**	**$ 29,627**	**13.3%**

Unrestricted cash and investments of $80.0 million (2021), $80.7 million (2020) and $67.6 million (2019) and restricted cash of $2.5 million (2021), $9.0 million (2020) and $21.0 million (2019) make up 83.7%, 83.1% and 90.9% of the University's total non-capital assets as of June 30, 2021, 2020 and 2019, respectively. Restricted cash of $2.5 million (2021) represents bond proceeds to be used for capital construction activity ($1.6 million) and for paying bond interest while the project is being constructed ($850 thousand). 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) and $2.6 million (2018) 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, 2021, 2020 and 2019 *(in thousands)*

							Increase (Decrease) 2021 vs. 2020	
		2021		**2020**		**2019**	**Amount**	**Percent**
Payroll Liabilities	$	5,129	$	4,735	$	4,661	$ 394	8.3%
Other Accrued Liabilities		1,893		3,280		2,121	(1,387)	-42.3%
Accounts Payable		4,132		5,357		5,436	(1,225)	-22.9%
Unearned Revenues		4,955		20,590		3,520	(15,635)	-75.9%
Deposits		924		2,971		1,102	(2,047)	-68.9%
Compensated Absences		3,965		2,941		2,481	1,024	34.8%
Total Non-debt Liabilities	**$**	**20,998**	**$**	**39,874**	**$**	**19,321**	**$ (18,876)**	**-47.3%**

- Other Accrued Liabilities decreased from Fiscal Year 2020 to Fiscal Year 2021 because retainage payable for projects decreased by about $1.4 million compared to the prior year.
- The decrease in Accounts Payable from Fiscal Year 2020 to Fiscal Year 2021 is also due to fewer construction projects during Fiscal year 2021 compared to Fiscal Year 2020 due to the COVID-19 pandemic. As a result, there was less Accounts Payable compared to Fiscal Year-End 2020.
- The decrease in Unearned Revenues from Fiscal Year 2020 to Fiscal Year 2021 is due to receiving $17.0 million of pass-through federal CARES Act funding through the Governor's Office in Fiscal Year 2020, which was earned in Fiscal Year 2021.
- The decrease in Deposits from Fiscal Year 2020 to Fiscal Year 2021 is due to the University carrying $1.8 million of Spring 2020 housing deposits credited to student accounts due to the shutdown because of COVID-19, and then applied to Fall 2020 housing charges in Fiscal Year 2021.

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 2020 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, as described above. 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, also described above.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* 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 $6.4 million (2021), $3.3 million (2020) and $8.9 million (2019). The increase in pension and OPEB benefit deferred outflows from Fiscal Year 2020 to Fiscal Year 2021 of $3.1 million is primarily due to the PERA changes in assumptions or other inputs. Defined pension and OPEB benefits deferred inflows were $10.4 million (2021), $20.1 million (2020) and $29.5 million (2019). The decrease in defined pension benefit deferred inflow from Fiscal Year 2020 to Fiscal Year 2021 of $9.7 million is primarily due to an increase in the PERA pension plan changes in assumptions of $3.1 million (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 $45.3 million (2021), $45.8 million (2020) and $55.0 million (2019), respectively, of the net pension liability of the SDTF. The SDTF's net pension liability was measured as of December 31, 2020, 2019 and 2018 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, 2020, 2019 and 2018. Standard update procedures were used to roll forward the SDTF's total pension liability to December 31, 2020, 2019 and 2018. 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, 2019 and 2018 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 $1.5 million (2021), $1.8 million (2020) and $2.2 million (2019). The OPEB liability was measured as of December 31, 2020 and December 31, 2019 and the total OPEB liability was determined by actuarial valuations as of December 31, 2020 and December 31, 2019. 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 2020 and 2019 relative to the total contributions of participating employees to the HCTF.

On June 30, 2021, the University's total net position was $252.4 million compared to $222.7 million and $193.7 million on June 30, 2020 and 2019, 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 $221.8 million (2021), $220.3 million (2020) and $205.6 million (2019). This category comprises 87.9%, 98.9% and 106.1% of total net position as of June 30, 2021, 2020 and 2019, respectively and represents investments in campus facilities and equipment, net of related debt and accumulated depreciation.
- Restricted net position includes restrictions of $8.6 million (2021), $14.1 million (2020) and $26.3 million (2019) 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 $5.5 million decrease from June 30, 2020 to June 30, 2021 and $12.2 million decrease from June 30, 2019 to June 30, 2020 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 $22.0 million (2021), an $11.6 million deficit (2020) and a $38.2 million deficit (2019) 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.
- 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 $72.9 million (2021), $39.8 million (2020) and $39.6 million (2019), 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, 2021, 2020 and 2019 *(in thousands)*

	2021	2020	2019	Increase (Decrease) 2021 vs. 2020 Amount	Percent
Operating revenues	$ 117,569	$ 134,418	$ 130,211	$ (16,849)	-12.5%
Operating expenses	134,169	127,822	125,584	6,347	5.0%
Operating Income (Loss)	**(16,600)**	**6,596**	**4,627**	**(23,196)**	**-351.7%**
Net non-operating revenues	46,432	19,568	14,169	26,864	137.3%
Income before Other Revenues or Expenses	**29,832**	**26,164**	**18,796**	**3,668**	**14.0%**
Other revenues, expenditures, gains, losses and transfers	(205)	2,847	990	(3,052)	-107.2%
Increase (Decrease) in Net Position	**29,627**	**29,011**	**19,786**	**616**	**2.1%**
Beginning net position	222,739	193,728	173,942	29,011	15.0%
Cumulative effect of adoption of new accounting standard	-	-	-	-	
Ending Net Position	**$ 252,366**	**$ 222,739**	**$ 193,728**	**$ 29,627**	**13.3%**

The University's operating revenues decreased by $16.8 million from $134.4 million (2020) to $117.6 million (2021) and net non-operating revenues increased by $26.8 million from $19.6 million (2020) to $46.4 million (2021).

Operating and Net Non-operating Revenues for the Years Ended June 30, 2021, 2020 and 2019 *(in thousands)*

	2021	2020	2019	Increase (Decrease) 2021 vs. 2020 Amount	Percent
Operating Revenues					
Tuition and fees (net)	$ 61,353	$ 72,555	$ 70,108	$ (11,202)	-15.4%
Fee-for-service revenue	6,658	15,451	13,620	(8,793)	-56.9%
Federal, state, private grants and contracts	11,994	11,609	10,473	385	3.3%
Auxiliary enterprise revenue (net)	36,508	33,226	34,227	3,282	9.9%
Other operating revenues	1,056	1,577	1,783	(521)	-33.0%
Total Operating Revenues	**$ 117,569**	**$ 134,418**	**$ 130,211**	**$ (16,849)**	**-12.5%**
Net Non-operating Revenues					
Non-operating grants	$ 42,749	$ 19,900	$ 16,346	$ 22,849	114.8%
Contributions	6,532	4,243	1,369	2,289	53.9%
Capital fees (net)	1,297	1,630	1,656	(333)	-20.4%
Investment and interest income	4,373	3,643	3,210	730	20.0%
Interest expense, capital debt	(9,553)	(10,074)	(8,646)	521	-5.2%
Other net non-operating revenues	1,037	1,039	411	(2)	-0.2%
Loss on disposal of assets	(3)	(813)	(177)	810	-99.6%
Non-operating Revenues	**$ 46,432**	**$ 19,568**	**$ 14,169**	**$ 26,864**	**137.3%**

Operating Revenues

For the years ended June 30, tuition and fee revenues are reported net of scholarship allowances of $20.4 million (2021), $21.1 million (2020) and $21.6 million (2019) and auxiliary enterprise revenues are reported net of scholarship allowances of $171 thousand (2021), $65 thousand (2020) and $52 thousand (2019). Scholarship allowances are defined as the financial aid awarded to students by the University to pay for University charges. The Fiscal Year 2021 decrease of tuition revenue compared to Fiscal Year 2020 is due to the combination of a 3.3% decline in enrollments and reduction of the College Opportunity Fund (COF) stipend amount to $40 per credit hour, down from $94 per credit hour in Fiscal Year 2020.

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 $40 per credit hour (2021) and $94 per credit hour (2020) and $85 per credit hour (2019). The University received total COF funding of $7.0 million (2021), $17.4 million (2020) and $15.9 million (2019). The decrease in FFS Revenue is a result of Fiscal Year 2021 legislative operating appropriations compared to Fiscal Year 2020.

The increase in Auxiliary Revenues is due to the opening of The Hotel Maverick in June 2020. The Hotel Maverick is a 60-room boutique hotel built to serve Hospitality Management degree students as a learning laboratory, providing hands on mentoring, training and support from experienced professional staff. The Hotel Maverick generated $3.8 million of Auxiliary Revenues in Fiscal Year 2021.

Net non-operating Revenues

For the years ended June 30, Federal Pell grant revenues were $11.9 million (2021), $13.0 million (2020) and $13.9 million (2019). For the years ended June 30, other non-operating grants were $30.8 million (2021), $7.3 million (2020) and $2.8 million (2019) and were primarily comprised of direct federal CARES Act funding ($7.6 million in 2021 and $4.0 million in 2020) of $11.6 million, Coronavirus Relief Fund (CRF) funding of $17.0 million (2021) and Build America Bond interest subsidies of $1.2 million in each of the 2019, 2020, and 2021 fiscal years. The University also received $500 thousand in Fiscal Year 2021 and $700 thousand in Fiscal Years 2020 and 2019 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 $4.4 million (2021), $3.6 million (2020) and $3.2 million (2019). The increase from Fiscal Year 2020 to Fiscal Year 2021 is due to realized investment gains of $3.2 million, offset by a decrease in the unrealized gain of $1.7 million on cash held by the State Treasury, combined with $708 thousand of less interest income due to the University investing $15 million in January 2021, and spending prior restricted cash on deposit with the State Treasury on capital projects and capitalized interest over the past two years.

Operating expenses totaled $134.2 million (2021), $127.8 million (2020) and $125.6 million (2019). The breakdown of expenses by reporting category is as follows.

Operating Expenses for Fiscal Years 2021, 2020 and 2019 *(in thousands)*

				Increase (Decrease) 2021 vs. 2020	
	2021	**2020**	**2019**	**Amount**	**Percent**
Instruction	$ 36,219	$ 34,831	$ 33,254	$ 1,388	4.0%
Research	476	290	263	186	64.1%
Public service	52	53	113	(1)	-1.9%
Academic support	4,415	4,536	8,133	(121)	-2.7%
Student services	12,483	15,357	4,098	(2,874)	-18.7%
Institutional support	9,920	5,822	6,699	4,098	70.4%
Operation and maintenance of plant	14,009	15,321	13,139	(1,312)	-8.6%
Net scholarships and fellowships	17,270	15,641	12,747	1,629	10.4%
Auxiliary enterprises	23,325	19,907	23,280	3,418	17.2%
Depreciation	16,000	16,064	15,486	(64)	-0.4%
Total Operating Expenses	**$ 134,169**	**$ 127,822**	**$ 125,584**	**$ 6,347**	**5.0%**

Operating expenses before considering net pension and OPEB expenses were $140.8 million in Fiscal Year 2020 and $147.7 million in Fiscal Year 2021, an increase of $6.9 million (4.9%).

- The increase in Institutional Support expenses from Fiscal Year 2020 to Fiscal Year 2021 is due to CARES Act expenses of $3.2 million, offset by reduced travel and other operations due to COVID-19.
- The decrease in Student Services expenses is due to $3.9 million of CARES Act expenses that were incurred in Fiscal Year 2020.
- The increase in Auxiliary expenses is due to the Hotel Maverick opening in Fiscal Year 2021, operating expenses were $3.4 million in Fiscal Year 2021.

Scholarship expenses are reported net of total scholarship allowances of $20.5 million (2021), $21.1 million (2020) and $21.6 million (2019); gross scholarship expense was $42.2 million (2021), $37.2 million (2020) and $34.9 million (2019). Note 11 to the financial statements reports non-work-study scholarships from institutional sources totaled $17.1 million (2021), $15.3 million (2020) and $13.3 million (2019) and overall non-loan student assistance from institutional sources was $21.1 million (2021), $19.1 million (2020) and $17.1 million (2019). See Note 11 to the financial statements for detailed non-loan student financial assistance information.

Capital Assets

On June 30, 2021, the University had $610.4 million invested in capital assets before total accumulated depreciation of $172.5 million. The projects completed during Fiscal Year 2021 and projects in progress on June 30, 2021 are reported below. Fiscal Year 2021 property acquisitions include $761 thousand in land and building contributions from the University's foundations.

Capital Asset Categories (before depreciation) as of June 30, 2021, 2020 and 2019 *(in thousands)*

				Increase (Decrease) 2021 vs. 2020	
	2021	2020	2019	Amount	Percent
Description					
Land	$ 45,038	$ 44,138	$ 43,427	$ 900	2.0%
Construction in progress	7,790	17,943	8,166	(10,153)	-56.6%
Land and leasehold improvements	45,118	39,952	38,057	5,166	12.9%
Buildings	474,769	456,899	438,614	17,870	3.9%
Equipment	21,880	21,437	20,064	443	2.1%
Library materials	15,827	15,224	14,612	603	4.0%
Total Gross Capital Assets	**$ 610,422**	**$ 595,593**	**$ 562,940**	**$ 14,829**	**2.5%**

Significant capital additions (over $1 million) completed in Fiscal Year 2021 and the resources funding the acquisitions includes the following.

Project Description *(in thousands)*	**Amount**
Aspen Apartments, University-funded	$ 14,844
Center for Reflection, University-funded	2,325
Total	**$ 17,169**

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.

The following significant projects (over $1 million) were in progress on June 30, 2021.

Project Description *(in thousands)*		**Amount**
Baseball Complex, University-funded	$	2,017
St. Mary's SCL Health Medical Education Center, University-funded		5,528
Total	**$**	**7,545**

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**

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 2021, 2020 and 2019 are primarily cash and in-kind contributions from the University's foundations.

Capital Revenues for Fiscal Years 2021, 2020 and 2019 *(in thousands)*

							Increase (Decrease) 2021 vs. 2020		
		2021		**2020**		**2019**		**Amount**	**Percent**
Capital Revenues									
State appropriation, capital	$	-	$	1,690	$	84	$	(1,690)	-100.0%
State capital contributions		286		231		1,458		55	23.8%
Capital donations		270		1,630		1,836		(1,360)	-83.4%
Total Capital Revenues	**$**	**556**	**$**	**3,551**	**$**	**3,378**	**$**	**(2,995)**	**-84.3%**

Debt

The University had debt of $217.8 million (2021), $225.8 million (2020) and $232.7 million (2019). 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, 2021, 2020 and 2019 (in thousands)

							Increase (Decrease) 2021 vs. 2020		
		2021		**2020**		**2019**		**Amount**	**Percent**
Bonds payable	$	215,308	$	222,955	$	229,339	$	(7,647)	-3.4%
Capital leases		2,415		2,804		3,180		(389)	-13.9%
Notes payable		60		72		181		(12)	-16.7%
Total Capital Debt	**$**	**217,783**	**$**	**225,831**	**$**	**232,700**	**$**	**(8,048)**	**-3.7%**

Economic Outlook

In response to the COVID-19 pandemic, the University collaborated 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
- **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 was one of continuous adaption and the layering of strategies and tools. The University strategy evolved 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 by layering strategies and tools to create an effective shield to protect the University community, including:
    - Working with Mesa County Health and healthcare professionals.
    - Developing safety protocols and installing protective equipment.
    - Contact tracing, testing and symptom tracking tools

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 campus.
- **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.

After suspending in-person classes in the Spring 2020 term, the University was committed to bringing all students back to campus to avoid students being derailed from their educational goals, perhaps permanently, as two thirds of the University's students are first generation students, students of color or low-income students.

- **Phase 4: The Future is Now – October 2020:** University teams worked to optimize pandemic response plans based on the knowledge built during fall 2020. This next phase shares the same goals as the original: collaboration with medical experts and healthcare leaders to continue to implement campus protocols based on scientific evidence and medical best practices.

The University remained open and delivered in-person instruction the entire academic year because of strong leadership, partnerships with Mesa County Health and healthcare experts, and exceptional efforts from the entire Maverick community.

COVID-19 Funding: In response to the effects of the COVID-19 pandemic, the University was awarded the following funding in Fiscal Years 2020 and 2021:

Fiscal Year 2020 funding:

- $17.0 million in federal CARES Act funding from the Coronavirus Relief Fund (CRF) passed through to CMU from the State of Colorado Governor's Office was received in May 2020 for expenses related to providing economic support to educate students affected by COVID-19 by maintaining enrollment, retention and credential completion.
- Direct Higher Education Emergency Relief Funds (HEERF) – Student 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 HEERF – Institutional 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.

Fiscal Year 2021 funding:

- Direct HEERF through the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) of $3.5 million (Student) and $8.6 million (Institutional).
- Direct HEERF funding through the American Rescue Plan (ARP) of $10.8 million (Student) and $10.6 million (Institutional) 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. These funds can also be used for lost revenues.

Through Fiscal Year-End 2021, the University had revenues and expenses of:

- CARES – Student of $3.0 million in Fiscal Year 2021 and $548 thousand in Fiscal Year 2020 ($3.5 million total).
- CARES – Institutional of $122 thousand in Fiscal Year 2021 and $3.4 million in Fiscal Year 2020 ($3.5 million total).
- CRSSA – Student of $1.1 million in Fiscal Year 2021.
- CRSSA – institutional of $7.4 million in Fiscal Year 2021.
- CRF - $17.0 million in Fiscal Year 2021.

Revenue related to the awards above is primarily included in the federal Pell and other non-operating grants in the accompanying statements of revenues, expenses, and changes in net position.

In addition to procuring supplies and equipment necessary to safely continue operations during the pandemic, programs funded by HEERF funds include the following:

- Microgrant emergency funds for financial hardships Due to COVID-19
- Admissions emergency funds for financial hardships Due to COVID-19
- Emergency housing funding
- Tuition assistance due to change to online learning
- Funds to assist students with past due balances due to COVID-19

The University will spend the remaining funds including the balance of CRSSA funds of $2.5 million (Student) and $1.1 million (Institutional), and ARP funds of $10.8 million (Student) and $10.6 million ARP (Institutional) in Fiscal Year 2022. Programs to assist students include the following:

- Maverick housing scholarship for financial hardship due to COVID-19
- Persevere scholarship for financial hardship due to COVID-19
- Maverick momentum for financial hardship due to COVID-19

State Operating Funding: Long-bill appropriated state support for Fiscal Year 2021 was $14.6 million. This compares to $33.1 million of state support actually received in Fiscal Year 2020 and $29.2 million of state support actually received in Fiscal Year 2019.

The University’s Fiscal Year 2022 state operating appropriation is $36.5 million, including $17.4 million for the State of Colorado’s College Opportunity Fund (COF), $18.3 million in FFS revenues, $300 thousand in special purpose Fee-For-Service (FFS revenues) and an estimated $562 thousand for limited gaming tax revenues pursuant to Colorado Revised Statutes (C.R.S) Section 12-47-1-701.5(3)(c)(I) and is a $21.9 million or 250.0% increase from Fiscal Year 2021 state operating appropriations of $14.6 million (see Note 12).

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

- St. Mary's SCL Health Medical Education Center: In response to growing health care needs in CMU's 14 county service region, the Colorado Mesa University proposes to add new health care related programs, including Physician Assistant (PA), Physical Therapy (PT) and Occupational Therapy (OT). These graduate level programs will complement the range of programs offered by CMU's Department of Health Sciences. The project is funded by donations raised by the Foundation, an interest free loan from The Colorado Health Foundation and University reserves, and is scheduled to open by the Spring 2022 term.
- Kinesiology Renovation and Expansion Project: This project encompasses 63,106 square feet of kinesiology instructional and physical education space, 46,206 of which will be new space added to an existing hard structure, which will need to be slightly renovated to incorporate a track connection to the Maverick Recreation Center. As a regional hub for athletics and community events, the CMU campus regularly hosts youth sporting tournaments, community gatherings, including the Colorado Special Olympics summer games each summer. Constructing this facility will enhance CMU's ability to educate students, engage stakeholders from numerous backgrounds and solidify the University's role as a regional hub gathering place. Funding for the project is from the State's capital construction fund with a 25% University match.

Debt Management: The University continues to look for opportunities to manage debt as the campus expands. In January 2020, the University issued Enterprise Refunding Bonds Series 2020A to partially refund Series 2012A and Series 2012B. The University has secured a $5 million interest-free loan from the Colorado Health Foundation to help fund the St. Mary's SCL Health Medical Education Center.

Institutional Mission and Values

Committed to a personal approach, Colorado Mesa University is a dynamic learning environment that offers abundant opportunities for students and the larger community to grow intellectually, professionally, and personally. By celebrating exceptional teaching, academic excellence, scholarly and creative activities, and by encouraging diversity, critical thinking, and social responsibility, CMU advances the common good of Colorado and beyond. At Colorado Mesa, we take great pride in providing educational opportunities and tools that help students succeed in today's complex and interconnected world. Our focus is on providing quality academic programs, built on a strong liberal arts core that support students' interests and regional employment needs, as well as technical programs that respond to vocational workforce demands.

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, 2021 and 2020 *(in thousands)*

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 44,584**	$ 65,355
Investments	**35,399**	15,349
Student accounts receivable, net	**5,848**	5,126
Other accounts receivable, net	**7,489**	10,739
Student loans, net	**-**	95
Inventories	**1,183**	1,275
Prepaid expenses	**663**	586
Total Current Assets	**95,166**	98,525
Non-current Assets		
Non-capital non-current Assets		
Restricted cash and cash equivalents	**2,463**	8,976
Student loans, net	**438**	434
Other non-current assets	**492**	29
Total Non-capital Non-current Assets	**3,393**	9,439
Non-depreciable Capital Assets, Net		
Land and improvements	**45,038**	44,138
Construction in progress	**7,790**	17,943
Total Non-depreciable Capital Assets	**52,828**	62,081
Depreciable Capital Assets, Net		
Land and leasehold improvements	**24,602**	21,512
Buildings	**349,647**	343,685
Equipment	**6,005**	6,921
Library materials	**4,871**	4,671
Total Depreciable Capital Assets, Net	**385,125**	376,789
Total Non-current Assets	**441,346**	448,309
Total Assets	**$ 536,512**	$ 546,834
Deferred Outflows		
Loss on bond refundings, net	**$ 5,517**	$ 6,069
Pension related	**6,240**	3,182
Other post-employment benefits relatec	**117**	106
Total Deferred Outflows	**$ 11,874**	$ 9,357

See accompanying notes.

COLORADO MESA UNIVERSITY
Statements of Net Position
As of June 30, 2021 and 2020 *(in thousands)*

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	**$ 4,132**	$ 5,357
Accrued liabilities	**7,022**	8,015
Unearned revenues	**4,955**	20,590
Deposits held for others	**551**	548
Student deposits	**373**	2,423
Bonds payable, current portion	**7,530**	7,245
Capital leases payable, current portion	**415**	389
Notes payable, current portion	**12**	12
Compensated absence liability, current portion	**498**	357
Total Current Liabilities	**25,488**	44,936
Non-current Liabilities		
Bonds payable	**207,778**	215,710
Capital leases payable	**2,000**	2,415
Notes payable	**48**	60
Compensated absence liability	**3,467**	2,584
Net pension liability	**45,300**	45,846
Net other post-employment benefit liability	**1,513**	1,775
Total Non-current Liabilities	**260,106**	268,390
Total Liabilities	**$ 285,594**	$ 313,326
Deferred Inflows		
Pension related	**$ 9,850**	$ 19,686
Other post-employment benefits related	**576**	440
Total Deferred Inflows	**$ 10,426**	$ 20,126
Net Position		
Net investment in capital assets	**$ 221,783**	$ 220,328
Restricted for:		
Loans	**505**	765
Capital projects	**1,613**	7,290
Other purposes	**6,493**	5,998
Unrestricted deficit	**21,972**	(11,642)
Total Net Position	**$ 252,366**	$ 222,739

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 4,610,102
Investments	17,610,428
Unconditional Promise to Give	1,022,974
Accounts Receivable	128,895
Inventory-Land	40,000
Property Subject to Life Estate	508,000
Total Current Assets	23,920,399
LONG-TERM:	
Unconditional Promise to Give	3,267,858
Restricted:	
Investments-for future projects and scholarships	31,211,063
Total Assets	$ 58,399,320
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 125,486
Total Current Liabilities	125,486
Total Liabilities	125,486
NET ASSETS	
Without Donor Restrictions	1,408,408
With Donor Restrictions	56,865,426
Total Net Assets	58,273,834
Total Liabilities and Net Assets	$ 58,399,320

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

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 REAL ESTATE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30,2021 with Comparative Year June 30, 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 631,976	$ 234,225
Accounts Receivable (Net of Allowance of $15,761 for 2021 and $30,365 for 2020)	4,732	6,895
Total Current Assets	636,708	241,120
OTHER ASSETS		
Cash with Donor Restrictions	-	-
Property Held for CMU	3,175,117	4,102,044
Land held for Investment	880,393	880,393
Total Long-Term Investment	4,055,510	4,982,437
Total Assets	$ 4,692,218	$ 5,223,557
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ -	$ 12,736
Note Payable-Property Held for CMU	3,175,117	3,732,514
Prepaid Rent	-	3,711
Total Current Liabilities	3,175,117	3,748,961
NON-CURRENT LIABILITIES		
Tenant Deposits	28,585	29,785
Total Non-Current Liabilities	28,585	29,785
Total Liabilities	3,203,702	3,778,746
NET ASSETS		
Without Donor Restrictions	1,488,516	1,175,280
With Donor Restrictions	-	269,530
Total Net Assets	1,488,516	1,444,810
Total Liabilities and Net Assets	$ 4,692,218	$ 5,223,556

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, 2021 and 2020 *(in thousands)*

	2021	2020
Operating Revenues		
Tuition and fees (including $12,467 (2021) and $14,612 (2020) pledged for bonds, net of scholarship allowances of $20,359 (2021) and $21,055 (2020))	**$ 61,353**	$ 72,555
Fee for service revenue	**6,658**	15,451
Federal, state, and private grants and contracts	**11,994**	11,609
Auxiliary enterprise revenue (including $35,582 (2021) and $32,754 (2020) pledged for bonds, net of scholarship allowances of $171 (2021) and $65 (2020))	**36,508**	33,226
Contributions	**230**	465
Other operating revenues (including $2,021 (2021) and $1,145 (2020) pledged for bonds)	**826**	1,112
Total Operating Revenues	**117,569**	134,418
Operating Expenses		
Instruction (including ($7,419) (2021) and ($7,361) (2020) of PERA non-cash retirement and OPEB expenses)	**36,219**	34,831
Research (including ($2) (2021) and ($33) (2020) of PERA non-cash retirement and OPEB expenses)	**476**	290
Public service (including ($1) (2021) and ($3) (2020) of PERA non-cash retirement and OPEB expenses)	**52**	53
Academic support (including ($778) (2021) and ($666) (2020) of PERA non-cash retirement and OPEB expenses)	**4,415**	4,536
Student services (including ($1,371) (2021) and ($1,556) (2020) and of PERA non-cash retirement and OPEB expenses)	**12,483**	15,357
Institutional support (including ($1,220) (2021) and ($1,206) (2020) of PERA non-cash retirement and OPEB expenses)	**9,920**	5,822
Operation and maintenance of plant (including ($1,330) (2021) and ($1,512) (2020) of PERA non-cash retirement and OPEB expenses)	**14,009**	15,321
Net scholarships and fellowships	**17,270**	15,641
Auxiliary enterprises (including ($1,455) (2021) and ($1,021) (2020) of PERA non-cash retirement and OPEB expenses)	**23,325**	19,907
Depreciation	**16,000**	16,064
Total Operating Expenses (including ($13,576) (2021) and ($13,358) (2020) of PERA non-cash retirement and OPEB expenses)	**134,169**	127,822
Operating Income (Loss)	**(16,600)**	6,596
Non-operating Revenues and Expenses		
Federal Pell and other non-operating grants	**42,749**	19,900
State support for pensions	**-**	364
Contributions	**6,532**	4,243
Capital fees, net of scholarship allowances of $409 (2021) and $474 (2020)	**1,297**	1,630
Investment and interest income, net (including $414 (2021) and $477 (2020) pledged for bonds)	**4,373**	3,643
Interest expense on capital debt	**(9,553)**	(10,074)
Other net non-operating revenues (expenses)	**1,037**	675
Loss on disposal of assets	**(3)**	(813)
Net Non-operating Revenues	**46,432**	19,568
Income before Other Revenues and Expenses	**29,832**	26,164
Other Revenues, Expenses, Gains, Losses, and Transfers		
State appropriations, capital	**-**	1,690
Capital contributions from the State	**286**	231
Capital donations (including $613 (2021) and $864 (2020) pledged for bonds)	**270**	1,630
Transfers to governing boards or other institutions	**(761)**	(704)
Total Other Revenues, Expenses, Gains, Losses, and Transfers	**(205)**	2,847
Increase in Net Position	**29,627**	29,011
Net Position - Beginning of Year	**222,739**	193,728
Net Position - End of Year	**$ 252,366**	$ 222,739

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 404,245	$ 11,653,639	$ 12,057,884
Support from CMU	234,106	32,500	266,606
Special Events	-	156,110	156,110
Less: Cost of Direct Benefits to Donors	-	(105,718)	(105,718)
Investment Income (net of fees)	12,002	566,617	578,619
Realized Gain (Loss) on Investment	92,991	5,059,746	5,152,737
Unrealized Gain (Loss) on Investments	85,823	4,669,730	4,755,553
CMU Department and Club Collections	-	1,676,607	1,676,607
Other	123	725	848
Net Assets Released from Restrictions	8,447,957	(8,447,957)	-
Total Revenue and Support	9,277,247	15,261,999	24,539,246
EXPENSES			
Program Expenses			
Scholarships	3,338,017	-	3,338,017
CMU Building Projects and Expense	3,416,203	-	3,416,203
CMU Department and /Club Transfers	1,107,846	-	1,107,846
Other Support of CMU	506,431	-	506,431
Total Program Expenses	8,368,497	-	8,368,497
Supporting Services			
Management and General	55,267	-	55,267
Fund Raising	179,599	-	179,599
Total Supporting Expenses	234,866	-	234,866
Total Expenses	8,603,363	-	8,603,363
INCREASE (DECREASE) IN NET ASSETS	673,884	15,261,999	15,935,883
Net Assets-Beginning	734,524	41,603,427	42,337,951
Net Assets-Ending	$ 1,408,408	$ 56,865,426	$ 58,273,834

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, 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 REAL ESTATE FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021 with Comparative Totals for the year ended June 30, 2020

	2021	2020
WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Real Estate Rental Income	$ 449,435	$ 556,398
Real Estate Management Fees	191,994	143,198
Miscellaneous Income	3,424	-
Net Assets Released from Restrictions	-	-
Total Revenue and Support	644,854	699,596
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Real Estate Management Expense	40,329	35,312
Supporting Services		
Management and General	30,967	10,917
Total Expenses	71,296	46,229
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	573,558	653,367
WITH DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Support from Colorado Mesa University	-	4,263,689
Support from Colorado Mesa University Foundation	-	100,000
Net Assets Released from Restriction	-	-
Total Revenue and Support	-	4,363,689
EXPENSES		
Program Expenses		
Support Colorado Mesa University		
Real Estate Rental Share	429,852	556,398
Purchase of Real Estate	100,000	4,436,122
Total Program Expenses	529,852	4,992,520
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(529,852)	(628,831)
INCREASE (DECREASE) IN NET ASSETS	43,706	24,536
Net Assets-Beginning	1,444,810	1,420,274
Net Assets-Ending	$ 1,488,516	$ 1,444,810

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, 2021

	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	$ -	$ 3,416,203	$ -	$ -	$ 3,416,203	$ -	$ -	$ 3,416,203
CMU Student Scholarships	3,318,698	-	-	-	3,318,698	-	-	3,318,698
Other Scholarships	5,850	-	-	-	5,850	-	-	5,850
CMU- Transfers & Expenses for Departments & Clubs	-		1,107,846		1,107,846	-	-	1,107,846
Compute Maintenance & Supplies	13,469	-	-	-	13,469	11,866	78,152	103,487
Donor Cultivation, Promotion, Hospitality, & Marketing	-	-	-	-	-	258	84,150	84,408
Insurance	-	-	-	-	-	8,941	-	8,941
In-Kind Transfers to CMU	-	-	-	68,257	68,257	-	-	68,257
Other	-	-	-	129,972	129,972	21,989	9,914	161,875
Professional Fees	-	-	-	10,995	10,995	9,747	-	20,742
Supplies	-	-	-	-	-	2,466	6,610	9,076
Travel	-	-	-	-	-	-	773	773
Workforce Development & Applied Research	-	-	-	10,000	10,000	-	-	10,000
Bad Debt Expense	-	-	-	287,207	287,207	-	-	287,207
Total Expenses	$ 3,338,017	$ 3,416,203	$ 1,107,846	$ 506,431	$ 8,368,497	$ 55,267	$ 179,599	$ 8,603,363

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
Compute Maintenance & Supplies	12,424	-	-	-	12,424	31,366	56,749	100,539
Donor Cultivation, Promotion, Hospitality, & Marketing	-	-	-	-	-	8,731	77,723	86,454
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
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020 *(in thousands)*

	2021	2020
Cash Flows from Operating Activities		
Tuition and fees	**$ 80,858**	$ 92,667
Sales of services	**28,234**	37,341
Sales of product	**13,324**	13,397
Grants, contracts and gifts	**12,071**	11,706
Student loans collected	**42**	78
Other operating receipts	**1,442**	1,641
Payments to or for employees	**(69,611)**	(66,708)
Payments to suppliers	**(46,206)**	(42,909)
Scholarships disbursed	**(37,583)**	(37,235)
Net Cash Provided by (Used for) Operating Activities	**(17,429)**	9,976
Cash Flows from Non-capital Financing Activities		
Gifts and grants for other than capital purposes	**33,367**	36,255
Other agency inflows	**73,983**	105,208
Other agency outflows	**(72,981)**	(104,364)
Transfers to other campuses, board, or institution	**(203)**	(4,437)
Net Cash Provided by Non-capital Financing Activities	**34,166**	32,662
Cash Flows from Capital and Related Financing Activities		
State appropriations, capital	**-**	1,690
Capital grants, contracts and gifts	**2,699**	716
Capital Student Fees	**1,705**	2,104
Acquisition and construction of capital assets	**(15,905)**	(32,694)
Bond issuance costs paid	**-**	(151)
Principal paid on capital debt	**(7,646)**	(6,975)
Interest on capital debt	**(9,459)**	(9,918)
Net Cash Used for Capital and Related Financing Activities	**(28,606)**	(45,228)
Cash Flows from Investing Activities		
Investment earnings (interest/dividends)	**2,998**	3,445
Purchase of Investments	**(18,413)**	-
Net Cash Provided by (Used for) Investing Activities	**(15,415)**	**3,445**
Net Increase (Decrease) in Cash & Cash Equivalents	**(27,284)**	854
Cash & Cash Equivalents - Beginning of the Year	**74,331**	73,478
Cash & Cash Equivalents - End of the Year	**$ 47,047**	$ 74,331

See accompanying notes.

COLORADO MESA UNIVERSITY
Statements of Cash Flows (continued)
For the Years Ended June 30, 2021 and 2020 *(in thousands)*

		2021		2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	**$**	**(16,600)**	$	6,596
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Non-cash pension contributions		**-**		(364)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense		**16,000**		16,064
Provision for uncollectible accounts		**568**		745
Increase in assets - operating portions		**999**		4,531
Increase in liabilities - operating portions		**(18,396)**		(17,596)
Net Cash Provided by (Used for) Operating Activities	**$**	**(17,429)**	$	9,976

Supplemental Disclosure of Noncash Investing and Financing Activities				
Additions to construction in progress included in accounts payable and accrued liabilities	**$**	**2,320**	$	4,946
Land and equipment donated from foundations		**828**		1,261

See accompanying notes.

COLORADO MESA UNIVERSITY FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	$ 15,935,883
Adjustment to Reconcile Increase (Decrease) in Net Assets	
to Net Cash Provided by:	
Operating Activities:	
Non-cash Donations included in Contributions	(68,257)
Unrealized (Gains) Losses on Investments	(4,755,553)
Loss on disposal of Property and Equipment	-
(Increase) Decrease in Operating Activities	
Unconditional Promises to Give	(2,689,840)
Accounts Receivable	(115,295)
Prepaid Program Expenses	-
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	35,775
Accrued Liabilities	-
Contributions Restricted for Long-Term Purpose:	-
Scholarships	(1,273,511)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,069,202
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment Contributed to CMU	68,257
Net sale of Property held for Investment	-
Proceeds from Sale of Long-Term Investments	5,152,739
Purchase of Long-term Investments	(14,748,334)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(9,527,338)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Collections of contributions Restricted for Long-Term Purposes:	
Scholarships	1,273,511
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	1,273,511
Net Increase (Decrease) in Cash and Cash Equivalents	(1,184,625)
Beginning Cash	5,794,727
Ending Cash	$ 4,610,102
SUPPLEMENTAL DISCLOSURES	
Noncash Investing and Financing Activities:	
Contribution of Equipment	$ 68,257

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, 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 REAL ESTATE FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021 with Comparative Totals for the year ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 43,706	$ 24,536
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Operating Activities:		
Colorado Mesa University-Transfer of Property	926,928	-
(Increase) Decrease in Operating Activities		
Accounts Receivable	2,163	(4,813)
Property Held for CMU	-	(4,102,044)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(12,736)	(13,976)
Note Payable-Property Held for CMU	(557,397)	3,732,514
Prepaid Rent	(3,711)	(492)
Tenant Deposits	(1,200)	1,250
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	397,752	(363,025)
Net Increase (Decrease) in Cash and Cash Equivalents	397,752	(363,025)
Beginning Cash	234,225	597,250
Ending Cash	$ 631,977	$ 234,225
Cash Detail:		
Without Donor Restrictions	$ 631,976	$ 234,225
With Donor Restrictions	-	-
	$ 631,976	$ 234,225
SUPPLEMENTAL DISCLOSURES		
Noncash Investing and Financing Transactions:		
Property and Equipment Transferred to Colorado Mesa University	$ 557,397	$ 4,705,652
Total Transfer of Property	$ 557,397	$ 4,705,652

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, 2021 and 2020. 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, the statements of functional expenses 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 $35.4 million and $15.3 million, including an unrealized gain of $1.6 million and $25 thousand, at June 30, 2021 and 2020, 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 $20.4 million and $21.1 million, scholarship allowances for auxiliary charges were $171 thousand and $65 thousand and scholarship allowances for capital student fees were $409 thousand and $474 thousand for the years ended June 30, 2021 and 2020, 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 was a deficit in Fiscal Year 2020 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, 2021 and 2020, the University had no non-expendable investment in restricted net position.

The restricted net position of the bonded auxiliary operations was $5.0 million and $3.7 million at June 30, 2021 and 2020, 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, 2021 and 2020, the restricted net position related to the FPL program totaled $505 thousand and $765 thousand, respectively. The sponsored programs' net position was $636 thousand and $600 thousand at June 30, 2021 and 2020, 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, 2021 and 2020.

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 $45.3 million and $64.0 million, including unrealized gains of $277 thousand and $2 million, on deposit with the Treasurer as of June 30, 2021 and 2020, which represented approximately 0.26% of the total $17,744.6 million (2021) and 0.68% of the total $9,633.8 million (2020) fair value of investments in the State Treasurer's Pool (the Pool). As of June 30, 2021, the Pool's resources included $36.1 million of cash on hand and $17,708.5 million of investments. The University's June 30, 2021 balance included $2.5 million of bond proceeds and June 30, 2020 balance included $2.2 million of bond proceeds, leaving $42.8 million and $61.8 million available for operations as of June 30, 2021 and 2020 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 Annual Comprehensive Financial Report for the years ended June 30, 2021 and 2020.

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 $3.1 million (2021) and $8.4 million (2020) and the bank balance was $1.4 million (2021) and $9.0 million (2020). The difference between the University's cash in banks and the amount reported by the various banks was $1.7 million (2021) and $600 thousand (2020) 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 $35.4 million (2021) and $15.3 million (2020), including unrealized gains of $3.8 million (2021) and $2.1 million (2020). The University's investments included debt and equity securities, fixed income investments, short-term money market funds and an alternative investment fund (2021 and 2020). 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, 2021 and 2020. 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, 2021 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	215	-	-	215
Bond Mutual Funds	8,031	-	-	8,031
Asset-Backed Securities	-	-	-	-
Mortgage-Backed Securities	-	-	-	-
Corporate Equities	8,443	-	-	8,443
Equity Mutual Funds	12,832	-	-	12,832
Other - Equity Exchange Traded Funds	501	-	-	501
Other - International Equity Mutual Funds	5,355	-	-	5,355
Other - International Equity Exchange Traded Funds	-	-	-	-
Other - Bond Exchange Traded Funds	16	-	-	16
Other - Private Real Estate Exchange Trade Funds	6	-	-	6
	$ 35,399	**$ -**	**$ -**	**$ 35,399**

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**

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, 2021 consisted of the following components *(in thousands)*.

Investments - cost	$	13,223
Additional contributions		15,000
Net interest revenue		-
Dividend income		298
Net realized gain		3,171
Change in accrued income		4
Misc. disbursements		(3)
Investment fees		(57)
Investments - cost	$	31,637
Unrealized gain		3,763
Investments - market	$	35,399

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

Investments at June 30, 2021 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	$ 8,443			
Equity Mutual Funds	12,832			
Equity Exchange Traded Funds	501			
International Equity Mutual Funds	5,355			
Money Market Mutual Funds	215			
Bond Mutual Funds	8,031			
International Equity Exchange Traded Funds	-			
Private Real Estate Exchange Trade Funds	6			
Bond Exchange Traded Funds	16			
Total	**$ 35,399**			

The return on investments for the year ended June 30, 2021 was 26.19% gross of fees and 25.89% net of fees.

Investments at June 30, 2020 consisted of the following:

	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.

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, 2021 and 2020 *(in thousands)*.

	June 30, 2021	June 30, 2020
Total Accounts and Loans Receivable	$ 20,045	$ 22,058
Less: Allowance for Doubtful Accounts	(6,271)	(5,664)
Net Accounts and Loans Receivable	**$ 13,775**	**$ 16,394**

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, 2021 *(in thousands)*.

	Balance June 30, 2020	Additions	Transfers	Disposals	Balance June 30, 2021
Non-depreciable Capital Assets					
Land and Improvements	$ 44,138	$ 900	$ -	$ -	$ 45,038
Construction in Progress	17,943	7,407	(17,560)	-	7,790
Total Non-depreciable Capital Assets	**62,081**	**8,307**	**(17,560)**	**-**	**52,828**
Depreciable Capital Assets					
Leasehold and Land Improvements	39,952	1,076	4,090	-	45,118
Buildings	456,899	4,471	13,470	(71)	474,769
Equipment	21,437	628	-	(185)	21,880
Library Materials	15,224	603	-	-	15,827
Total Depreciable Capital Assets	**533,512**	**6,778**	**17,560**	**(256)**	**557,594**
Less: Accumulated Depreciation					
Leasehold and Land Improvements	(18,440)	(2,076)	-	-	(20,516)
Buildings	(113,214)	(11,979)	-	71	(125,122)
Equipment	(14,516)	(1,542)	-	183	(15,875)
Library Materials	(10,553)	(403)	-	-	(10,956)
Total Accumulated Depreciation	**(156,723)**	**(16,000)**	**-**	**254**	**(172,469)**
Net Depreciable Capital Assets	**376,789**	**(9,222)**	**17,560**	**(2)**	**385,125**
Capital Assets, Net	**$ 438,870**	**$ (915)**	**$ -**	**$ (2)**	**$ 437,953**

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**

NOTE 5 - SHORT-TERM LIABILITIES

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

	June 30, 2021	June 30, 2020
Accounts Payable, Vendors	$ 4,132	$ 5,357
Salaries and Benefits Payable	5,131	4,730
Capital Leases Payable, Current Portion	415	389
Bonds Payable, Current Portion	7,530	7,245
Notes Payable, Current Portion	12	12
Compensated Absences, Current Portion	498	357
Retainage on Construction Contracts Payable	371	1,708
Accrued Interest Payable	1,520	1,577
Total Payables	**$ 19,609**	**$ 21,375**

Unearned Revenues

Unearned revenues include unearned student tuition and fees, advances on grants and contracts and prepaid rent revenues from the EUREKA! McConnell Science Museum (EMSM) as follows.

	June 30, 2021	June 30, 2020
Tuition and fees	$ 1,870	$ 1,264
Governor's allocation of federal CARES Act funds	-	17,033
Prepaid facility rents	3,085	2,293
Total unearned revenues	**$ 4,955**	**$ 20,590**

In Fiscal Year 2018, the University and EMSM, a separate 501(c)(3) organization, entered into an agreement where EMSM is prepaying the cost of constructing the museum of $4.4 million over five years. In return, EMSM will have use of the facility for 29 years and CMU will recognize revenue over the same period. Amounts collected from the EMSM 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 Fiscal Year 2020 unearned revenues from the Governor's allocation of federal CARES Act funds of $17.0 million was used in accordance with federal guidance and the Governor's D 2020 070 Executive Order for expenditures associated with actions to facilitate compliance with COVID-19-related public health measures and with the provision of economic support in connection with the COVID-19 emergency to stimulate the economy by supporting Colorado's workforce through increasing student retention and completions at state institutions of public higher education. See Note 15.

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 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, 2021 were as follows *(in thousands)*.

	Balance June 30, 2020	**Additions**	**Reductions**	**Balance June 30, 2021**	**Current Portion**
Revenue bonds	$ 215,175	$ -	$ (7,245)	$ 207,930	$ 7,530
Unamortized bond premiums/discounts	7,780	-	(402)	7,378	-
Total revenue bonds	222,955	-	(7,647)	215,308	7,530
Capital leases	2,804	-	(389)	2,415	415
Notes payable	72	-	(12)	60	12
Total Bonds, Notes and Leases Payable	**$ 225,831**	**$ -**	**$ (8,048)**	**$ 217,783**	**$ 7,957**

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**

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, 2021 and 2020, 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 interest payment credits of 35%, referred to as Federal Direct Payments. Due to federal budget sequestrations in place since 2013, the University received 5.7% less in Fiscal Year 2021 and 5.9% less in Fiscal Year 2020. During the years ended June 30, 2021 and 2020 the University had credits of $1.2 million and $1.2 million, respectively, in Federal Direct Payments.

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2021**	**Outstanding Balance 2020**
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 was 3.03% and converted to 2.38% on 2/15/2021. 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	$ 11,240
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	16,725	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	22,205	23,515
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	15,000	12,600	13,200

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2021**	**Outstanding Balance 2020**
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.			
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 between 2.37% and 2.96%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2037.	24,005	19,555	20,230
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 2.73%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2039.	14,000	11,185	11,660
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	15,765	16,420
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	5,750	6,240
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	19,315	6,890	7,685

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2021**	**Outstanding Balance 2020**
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 3.125%. Principal and interest payments are made in May and November of each year and the final payment is due in May 2034.			
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	700	1,385
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 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 August 2021.	8,000	875	1,725
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	27,865	28,300
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	61,665	30,000	30,000

Revenue Bond Detail *(in thousands)*			
Issuance Description	**Original Issuance Amount**	**Outstanding Balance 2021**	**Outstanding Balance 2020**
gain of $2.5 million and a book loss of $5.3 million that is being amortized as an adjustment to interest expense over the life of the Series 2009A bonds. Coupon rates are 5.8%. In Fiscal Year 2019, the University issued tax-exempt Series 2019A bonds to advance refund all of the Series 2009A bonds as described above. Principal and interest payments are made in May and November of each year and the final payment is due in May 2040.			
Total Amount of Revenue Bond Issuances	**$ 296,625**		
Revenue Bonds Outstanding		**$ 207,930**	**$ 215,175**
Plus: Net bond premiums and discounts		7,378	7,780
Revenue Bonds Outstanding Net of Premiums and Discounts		**$ 215,308**	**$ 222,955**

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**
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	2,134	3,630	6,123	15,627
2026	3,870	1,994	3,760	5,981	15,605
2027-2031	26,415	7,548	16,030	27,662	77,655
2032-2036	22,895	2,817	27,585	23,622	76,919
2037-2041	7,820	461	43,435	14,569	66,285
2042-2046	600	14	23,530	3,322	27,466
2047-2051	-	-	3,060	311	3,371
Total Future Minimum Payments	$ 77,660	$ 22,215	$ 130,270	$ 100,645	$ 330,790

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

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
2022	$ 415	$ 115	$ 530
2023	443	94	537
2024	472	75	547
2025	265	53	318
2026	258	40	298
2027-2031	562	35	597
Total Future Minimum Payments	**$ 2,415**	**$ 412**	**$ 2,827**

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	
2022	$	159
2023		161
2024		162
2025		98
2026		-
Total	**$**	**580**

Rent expense for the years ended June 30, 2021 and 2020 was $266 thousand and $155 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	
2022	$	15
2023		15
2024		16
2025		15
2026		7
Total Principal and Interest Payments		68
Less: Interest Included Above		(8)
Total Principal Outstanding		60
Less: Current Portion of Notes Payable		(12)
Net Long-term Notes Payable	$	48

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, 2021		June 30, 2020	
Beginning of the year	$	2,941	$	2,481
Additions		1,024		1,561
Adjustments/reductions		-		(1,101)
End of the year	**$**	**3,965**	**$**	**2,941**
Current portion	**$**	**498**	**$**	**357**

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. Most of these changes were in effect as of June 30, 2021. 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, 2020

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, 2020, 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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible 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. Eligible benefit recipients under the PERA benefit structure who began membership 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% 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 2020		Fiscal Year 2021	
	CY 2019	CY 2020		CY 2021
	7-1-19 to 12-31-19	1-1-20 to 6-30-20	7-1-20 to 12-31-20	1-1-21 to 6-30-21
Employee Contribution Rate	8.75%	8.75%	10.00%	10.00%

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 2020		Fiscal Year 2021	
	CY 2019	CY 2020		CY 2021
	7-1-19 to 12-31-19	1-1-20 to 6-30-20	7-1-20 to 12-31-20	1-1-21 to 6-30-21
Employer Contribution Rate	10.40%	10.40%	10.90%	10.90%
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	9.38%	9.38%	9.88%	9.88%
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%
Defined Contribution Supplement as specified in C.R.S., Section 24-51-415	N/A	N/A	N/A	0.05%
Total Employer Contribution Rate to the SDTF	19.38%	19.38%	19.88%	19.93%

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 (actual dollars) 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. House Bill (HB) 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

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 $3.1 million (2021) and $2.9 million (2020).

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, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2020 and 2019. The University's proportion of the 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 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.

Due to the aforementioned suspension of the July 1, 2020, direct distribution payment, the nonemployer contributing entity's proportion is zero percent. Pursuant to C.R.S. Section 24-51-414, the direct distribution payment from the State of Colorado is to recommence annually starting on July 1, 2021. For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation.

At June 30, 2021 and 2020, the University reported a liability of $45.3 million and $45.8 million for its proportionate share of the net pension liability.

At December 31, 2020, the University's proportion of the net pension liability was 0.4776%, which was an increase of 0.0052% compared to its proportion of 0.4724% measured as of December 31, 2019.

The University recognized net pension expense of negative $13.6 million in Fiscal Year 2021 compared to a net pension expense of negative $13.4 million in Fiscal Year 2020.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2021 and 2020 *(in thousands)*.

	Fiscal Year 2021		**Fiscal Year 2020**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 1,119	$ -	$ 1,713	$ -
Contributions subsequent to the measurement date	1,608	-	1,411	-
Net difference between projected and actual earnings on pension plan investments	-	9,272	-	4,939
Changes of assumptions or other inputs	3,076	-	-	13,150
Change in employer proportion	426	107	58	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	11	471	-	1,597
Total	**$ 6,240**	**$ 9,850**	**$ 3,182**	**$ 19,686**

The $1.6 million and $1.4 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 subsequent fiscal year. 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	
2022	$ (588)
2023	(23)
2024	(3,152)
2025	(1,455)
2026	-

6. Actuarial Assumptions

The total pension liability in the December 31, 2019, 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 (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06[1]	Financed by the Annual Increase Reserve

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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 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.

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

The actuarial assumptions used in the December 31, 2019 valuations were based on the results of the 2016 experience analysis for the period 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.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.30%-10.90%
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 (compounded annually)	1.25%
PERA Benefit Structure hired after 12/31/06[1]	Financed by the Annual Increase Reserve

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020.

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

Several factors are 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal 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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. 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. 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, as a nonemployer contributing entity, 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. HB 20-1379 suspended the $225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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 – 2021	$ 59,933	$ 45,300	$ 33,013
Proportionate share of the net pension liability – 2020	$ 58,976	$ 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 Defined Contribution Plan (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 2020		Fiscal Year 2021	
	CY 2019	CY 2020		CY 2021
	7-1-19 to 12-31-19	1-1-20 to 6-30-20	7-1-20 to 12-31-20	1-1-21 to 6-30-21
Employee Contribution Rates	8.75%	8.75%	10.00%	10.00%
Employer Contribution Rates	10.15%	10.15%	10.15%	10.15%
Total Contributions	18.90%	18.90%	20.15%	20.15%

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

	Fiscal Year 2020		Fiscal Year 2021	
	CY 2019	CY 2020		CY 2021
	7-1-19 to 12-31-19	1-1-20 to 6-30-20	7-1-20 to 12-31-20	1-1-21 to 6-30-21
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%
Automatic Adjustment Provision (AAP), as specified in C.R.S. Section 24-51-413[1]	N/A	N/A	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. Section 24-51-1505[1]	N/A	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. Section 24-51-411[1]	N/A	N/A	N/a	0.05%
Total employer contribution rate to the SDTF[1]	10.00%	10.25%	10.75%	10.80%

[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, 2021 and June 30, 2020, was $582 thousand and $589 thousand, respectively. Employee contributions were $44 thousand and $44 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, 2021 and 2020 were $3.8 million and $3.6 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 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 $153 thousand and $148 thousand for the years ended June 30, 2021 and 2020.

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

At June 30, 2021 and 2020, the University reported a liability of $1.5 million and $1.8 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 and 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020 and 2019. The University’s proportion of the 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 of participating employers to the HCTF.

At December 31, 2020, the University’s proportion was 0.1592%, which was a decrease of 0.0016%, compared to its share of 0.1579% measured as of December 31, 2019.

For the year ended June 30, 2021 and 2020, the University recognized a net OPEB expense of negative $136 thousand and negative $60 thousand. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2021 and 2020.

	Fiscal Year 2021				Fiscal Year 2020			
	Deferred Outflows of Resources		Deferred Inflows of Resources		Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual experience	$	4	$	332	$	6	$	298
Changes of assumptions or other Inputs		11		93		15		-
Net difference between projected and actual earnings on OPEB plan investments		-		129		-		97
Contributions subsequent to the measurement date		77		-		72		-
Change in employer proportions		15		21		-		45
Changes in proportion and differences between contributions recognized and proportionate share of contributions		10		1		13		-
Total	**$**	**117**	**$**	**576**	**$**	**106**	**$**	**440**

The $77 thousand and $72 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 subsequent fiscal year. 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	
2022	$	(128)
2023		(119)
2024		(132)
2025		(117)
2026		(38)
2027		(2)
Thereafter		-

1. Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2020, 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

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 in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure.

	Initial Costs for Members without Medicare Part A		
Medicare Plan	**Monthly Cost**	**Monthly Premium**	**Monthly Cost Adjusted to Age 65**
Medicare Advantage/Self-Insured Prescription	$ 588	$ 227	$ 550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is $458 (actual dollars) per month.

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, 2019, 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 used to measure the total OPEB liability are summarized in the table below.

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 use in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were 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.

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	**School Division**	**Local Government Division**	**Judicial Division**
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers				
State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Total	3.20%-12.40%	N/A	3.20%-12.40%	N/A

[1] C.R.S. Section 24-51-101(46) expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25%.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

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 2020 plan year.
- 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020.

- Price inflation assumption decreased from 2.40% per year to 2.30% per year.
- Real rate of investment return assumption increased from 4.85% per year, net of investment expenses to 4.95% per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50% per year to 3.00% per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows.

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives[1]	6.00%	4.70%
Total	**100.00%**	

[1] The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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	7.10%	8.10%	9.10%
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	**$ 1,474**	**$ 1,513**	**$ 1,559**

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, 2020, 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 3.00%.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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 – 2021	$ 1,733	$ 1,513	$ 1,325
Proportionate share of the net OPEB liability – 2020	$ 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, 2021 and 2020, the Foundation awarded $3.3 million and $2.9 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, 2021 and 2020 cash and in-kind donations totaled $4.5 million and $2.6 million, respectively, and were recorded as revenue and expense in the appropriate funds.

The following is an excerpt from the Foundation's Fiscal Year 2021 and 2020 independent annual financial reports.

FOUNDATION – INVESTMENTS – As of and for the Year Ended June 30, 2021

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	$ 677	$ 677	$ -
Common Stock	2,959	5,187	2,228
Equity Funds	25,039	30,570	5,531
Private Equity	237	423	186
Bonds	57	50	(7)
Bond Fund	10,191	10,676	485
Indexed	1,122	1,238	116
Total	**$ 40,282**	**$ 48,821**	**$ 8,539**

The following schedule summarizes the investment return in the statement of activities for the year ended June 30, 2021 *(in thousands)*.

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 12	$ 656	$ 668
Investment Fees	(2)	(89)	(91)
Realized Gain (Loss)	93	5,060	5,153
Unrealized Gain (Loss)	86	4,670	4,756
Total	**$ 189**	**$ 10,297**	**$ 10,486**

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	$ 677	$ 677	$ -	$ -
Common Stock	5,187	5,187	-	-
Equity Funds	30,570	30,570	-	-
Private Equity	423	-	423	-
Bonds	50	50	-	-
Bond Funds	10,676	10,676	-	-
Indexed	1,238	1,238	-	-
Total Long-Term Investments	**$ 48,821**	**$ 48,398**	**$ 423**	**$ -**

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, 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 – ENDOWMENT – As of and for the Year Ended June 30, 2021

At June 30, 2021, the Foundation's endowment consisted of 275 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	$	-	$	48,268	$	48,268
Board-Designated Endowment Funds		1,101		-		1,101
Total	**$**	**1,101**	**$**	**48,268**	**$**	**49,369**
Endowment Net Assets - Beginning	$	443	$	36,770	$	37,213
Contributions and Transfers		476		2,423		2,899
Investment Income Net		11		567		578
Net Appreciation (Depreciation)		179		9,729		9,908
Net Assets Released from Restrictions:						
Amounts Appropriated for Expenditure		(8)		(1,221)		(1,229)
Endowment Net Assets - Ending	**$**	**1,101**	**$**	**48,268**	**$**	**49,369**

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 – 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, 2021, eighteen donors gave 81% of all contributions, and 95% of the unconditional promises to give are from five donors.

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.

FOUNDATION – PROMISES TO GIVE – As of and for the Year Ended June 30, 2021

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

With Donor Restrictions		
Colorado Mesa University Building Projects and Expansion	$	4,059
Colorado Mesa University Departments and Clubs		-
Scholarships - Endowments		583
Subtotal	**$**	**4,642**
Less discounts to net present value - Discount rate 0.66%		(163)
Less allowance for uncollectible promises receivable		(188)
Total	**$**	**4,291**
Receivable in less than one year	$	1,023
Receivable in one to five years		2,843
Receivables after five years		425
Total	**$**	**4,291**

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 – RESTRICTIONS ON NET ASSETS – As of and for the Year Ended June 30, 2021

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

With Donor Restrictions – Permanent Endowment		
Student Scholarship Endowments	$	23,214
Research Endowments		3,555
Department Legacy Endowments		4,442
Total	**$**	**31,211**
With Donor Restrictions – Temporary		
Accumulated expendable portion of investment income from student scholarship endowments	$	17,355
Colorado Mesa University Building Projects and Expansion		3,748
Colorado Mesa University Departments and Clubs		3,452
Various other Student Scholarships or Grants		1,398
Total	**$**	**25,953**

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 – 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 $3.4 million (2021) and $776 thousand (2020) 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 – 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, 2021.

Financial Assets at Year End		
Cash and Cash Equivalents	$	4,610
Investments		48,821
Unconditional Promises to Give		4,291
Accounts Receivables		129
Land		40
Property Subject to Life Estate		508
Total Financial Assets	**$**	**58,399**
Less Amounts not Available for Use within One Year		
Unconditional Promises to Give		3,268
Permanently Restricted Portion of Endowment		31,211
Property Subject to Life Estate		508
Land		40
Private Equity Investment		423
Total Financial Assets Not Available for Use within One Year	**$**	**35,450**
Total Financial Assets		
Expenditures within One Year	**$**	**22,949**

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**

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 2021 and 2020, the University transferred $828 thousand and $704 thousand, respectively, to CMUREF for property acquisitions as part of the University's expansion project and the Foundation made capital property transfers of $828 thousand and $704 thousand, respectively, to the University. See the related party note below.

The following is an excerpt from the CMUREF's Fiscal Year 2021 and 2020 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 $22 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, 2021 and 2020 was $449 thousand and $556 thousand, respectively, of which CMUREF retained $192 thousand and $143 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, 2022	$ 455	$ 91
June 30, 2023	367	76
June 30, 2024	367	77
June 30, 2025	242	56
June 30, 2026	99	20
	$ 1,530	**$ 320**

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 30% of the CMUREF's support was received from the University. During the years ended June 30, 2021 and 2020, CMUREF received $270 thousand and $4.4 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, 2021, ownership of the acquired properties was conveyed back to the University in the amount of $100 thousand and $3.2 million is being held by CMUREF. 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. This property being held is encumbered by a demand promissory note, payable to the University, and carries a 0% interest rate.

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 – 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, 2021.

Financial Assets at Year End		
Cash and Cash Equivalents	$	632
Rents Receivable		5
Total Financial Assets Available within One Year	**$**	**637**

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**

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, 2021 and 2020. 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, 2021, follows *(in thousands)*.

	Federal Sources	**State Sources**	**Institutional Sources**	**Total All Sources**
Scholarships				
Colorado Student Grants	$ -	$ 8,303	$ -	$ 8,303
Federal Pell Grants	11,868	-	-	11,868
General Institutional Aid	-	-	15,512	15,512
Auxiliary	-	-	1,542	1,542
Other Federal Student Aid				
Work Study**	265	1,057	3,915	5,237
Federal SEOG	269	-	90	359
Total	**$ 12,402**	**$ 9,360**	**$ 21,059**	**$ 42,821**

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

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.

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, 2021 and 2020, appropriated expenses were within spending authority. For the years ended June 30, 2021 and 2020, long-bill appropriated state support was $14.6 million and $33.1 million, respectively.

For the years ended June 30, 2021 and 2020, long-bill appropriated funds included $7.4 million and $17.6 million, respectively, from students that qualified for stipends from COF; $6.7 million and $14.9 million, respectively, as FFS contract revenue; and $562 thousand and $577 thousand, respectively, from limited gaming tax revenues pursuant to C.R.S. Section 12-47-1-701.5(3)(c)(I). In Fiscal Year 2021 and 2020, appropriations from cash funds included $77.4 million and $79.2 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.

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 2021 *(in thousands)*.

State and Local Government Grants		
State Capital Appropriation	$	-
Capital Contributions from the State		82
State PERA Support		-
State Share - Certificates of Participation (COPS)		1,477
Local Government Grants		538
Total State and Local Government Grants		2,097
Total Revenues and State share of COPS (gross operating, non-operating and other revenues and State share of COPS)	$	170,191
Ratio of State Grants to Total Revenues		1.20%

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%

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	Philadelphia	$ 2,000	$ -
Directors' and officers' liability	Philadelphia	9,000	10
Automobile liability	Philadelphia	1,000	1
Employment practices liability	Philadelphia	9,000	10
Employee benefits administration	Philadelphia	3,000	1
Employee dishonesty (Fidelity)	Philadelphia	300	3
Student professional liability	Philadelphia	3,000	-
Sexual misconduct or molestation	Philadelphia	2,000	-
Commercial excess liability	Philadelphia	8,000	-
Workers compensation	Pinnacol	1,000	5
Boiler machinery breakdown	Philadelphia	598	25
Property - building	Philadelphia	558,313	25
Property - personal property	Philadelphia	66,138	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, 2021, is consistent with previous years and there have been no significant reductions in coverage or settlements exceeding coverage.

NOTE 15 – COVID-19 FUNDING

In response to the effects of the COVID-19 pandemic, the University was awarded the following funding for the years ended June 30, 2021, and 2020:

Fiscal Year 2020 funding received:

- $17.0 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the Coronavirus Relief Fund (CRF) passed through to CMU from the State of Colorado Governor’s Office was received in May 2020 for expenses related providing economic support to educate students affected by COVID-19 by maintaining enrollment, retention and credential completion.
- Direct Higher Education Emergency Relief Funds (HEERF) – Student 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 HEERF – Institutional 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.

Fiscal Year 2021 funding received:

- Direct HEERF through the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) of $3.5 million (Student) and $8.6 million (Institutional).
- Direct HEERF funding through the American Rescue Plan (ARP) of $10.8 million (Student) and $10.6 million (Institutional) 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. These funds can also be used for lost revenues.

For the years ended June 30, 2021 and 2020, the University had revenues and expenses of the following:

- CARES – Student of $3.0 million in Fiscal Year 2021 and $548 thousand in Fiscal Year 2020 ($3.5 million total).
- CARES – Institutional of $122 thousand in Fiscal Year 2021 and $3.4 million in Fiscal Year 2020 ($3.5 million total).
- CRSSA – Student of $1.1 million in Fiscal Year 2021.
- CRSSA – institutional of $7.4 million in Fiscal Year 2021.
- CRF - $17.0 million in Fiscal Year 2021.

Revenue related to the awards above is primarily included in the federal Pell and other non-operating grants in the accompanying statements of revenues, expenses, and changes in net position.

In addition to procuring supplies and equipment necessary to safely continue operations during the pandemic, programs funded by HEERF funds include the following:

- Microgrant emergency funds for financial hardships Due to COVID-19
- Admissions emergency funds for financial hardships Due to COVID-19
- Emergency housing funding
- Tuition assistance due to change to online learning
- Funds to assist students with past due balances due to COVID-19

The University will spend the remaining funds including the Balance of CRSSA funds of $2.5 million (Student) and $1.1 million (Institutional), and ARP funds of $10.8 million (Student) and $10.6 million ARP (Institutional) in Fiscal Year 2022. Programs to assist students include the following:

- Maverick housing scholarship for financial hardship due to COVID-19
- Persevere scholarship for financial hardship due to COVID-19
- Maverick momentum for financial hardship due to COVID-19

NOTE 16 – SUBSEQUENT EVENT

On November 1, 2021 the University reached an agreement with the Colorado Health Foundation, a Colorado non-profit organization to enter into an impact investment agreement for a $5 million non-revolving term loan to help cover the cost of constructing the St. Mary's SCL Health Medical Education Center. The loan is non-interest bearing and the University will make eleven annual payments of $250,000 beginning January 2, 2028 through January 2, 2038 with a final payment of $2,250,000 due when the loan matures on November 1, 2038, the Seventeenth (17th) anniversary of the closing date.

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,

	2021*	2020*	2019*	2018*	2017*	2016*	2015*
University's proportion of the net pension liability	0.4776%	0.4724%	0.4834%	0.4929%	0.4926%	0.4905%	0.4917%
University's proportionate share of the net pension liability	$ 45,299,621	$ 45,845,522	$ 55,004,497	$ 98,661,537	$ 90,474,883	$ 51,652,554	$ 46,250,520
University's covered payroll	$ 14,711,251	$ 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	307.93%	315.15%	378.71%	685.87%	686.04%	408.04%	368.55%
Plan fiduciary net position as a percentage of the total pension liability	65.34%	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, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 (the plan's measurement periods) occurring within the University's fiscal years ended June 30, 2021, 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,

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,112,829	$ 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	$ (3,112,829)	$ (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	$ 15,011,488	$ 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	20.74%	20.40%	20.67%	19.73%	21.00%	19.60%	18.93%

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for the pension plan compared to the prior year.

Changes in assumptions or other input effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00% to 7.50%.
- The price inflation assumption was lowered from 3.50% to 2.80%.
- The wage inflation assumption was lowered from 4.25% to 3.90%.

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, *

	2021	2020	2019	2018
University's proportion of the net other post-employment benefit liability	0.1592%	0.1579%	0.1647%	0.1687%
University's proportionate share of the net other post-employment benefit liability	$ 1,513,014	$ 1,774,888	$ 2,240,739	$ 2,192,392
University's covered payroll	$ 14,711,251	$ 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	10.28%	12.08%	15.27%	14.88%
Plan fiduciary net position as a percentage of the total other post-employment benefit liability	32.78%	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, 2020, 2019, 2018 and 2017 (the Plan's measurement period) occurring within the University's fiscal years ended June 30, 2021, 2020, 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,

	2021	2020	2019	2018
Contractually required contribution	$ 153,117	$ 147,933	$ 146,322	$ 150,246
Contributions in relation to the contractually required contribution	$ (153,117)	$ (147,933)	$ (146,322)	$ (150,246)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 15,011,488	$ 14,503,195	$ 14,345,321	$ 14,729,991
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

Changes in benefit terms and actuarial assumptions – Net OPEB Liability

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB 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)*

	2021	2020
Pledged Revenues		
Pledged tuition revenue	**$ 8,183**	$ 8,845
Residence halls and apartments	**16,332**	15,343
Food services	**9,683**	10,394
University center	**2,788**	2,983
Bookstore	**3,701**	3,455
Recreation center	**1,930**	2,084
Campus parking	**791**	799
Continuing education	**268**	149
MAVcard	**225**	259
Hotel Revenues	**3,789**	-
Central services	**2,549**	3,091
Student fee revenue	**1,393**	1,683
Indirect Cost Recoveries	**267**	78
Math and Science Center Pledge	**912**	688
Total Pledged Revenues	**$ 52,811**	$ 49,851
Operating Expenses		
Residence halls and apartments	**6,415**	5,929
Food services	**6,241**	5,610
University center	**1,008**	995
Bookstore	**3,620**	3,390
Recreation center	**1,392**	1,387
Campus parking	**261**	290
Continuing education	**468**	447
MAVcard	**184**	138
Hotel Expenses	**3,363**	-
Central services	**699**	750
Total Operating Expenses	**23,651**	18,936
Net Revenue Before Transfers	**29,160**	30,915
Transfers		
Mandatory transfers	**(14,526)**	(13,802)
Net Non-mandatory transfers	**(6,033)**	(4,154)
Total Transfers	**(20,559)**	(17,956)
Net Revenue	**$ 8,601**	$ 12,959
Debt Service Coverage		
Net operating revenue	**$ 29,160**	$ 30,915
Bond principal and interest	**14,526**	13,802
Excess of Net Operating Revenue Over Debt Service	**$ 14,634**	$ 17,113
Debt Service Coverage Ratio	**201%**	224%

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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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, discretely presented component units of the University, as described in our report on the University's financial statements. 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) as a basis for designing 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. 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.

DWC

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

January 31, 2022

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AUDIT COMMITTEE COMMUNICATIONS

Board of Trustees & Members of the Legislative Audit Committee:

We have audited the financial statements of the business-type activities of Colorado Mesa University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2021, and have issued our report thereon dated January 31, 2022. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation (the Foundations), discretely presented component units of the University, and the Foundations' 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 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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, 2021. 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, 2021 and 2020 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 ending December 31, 2020 and 2019 relative to the total contributions made to the SDTF by participating employers for the calendar years ending December 31, 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, 2021 and 2020 of the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB plan administered by 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 ending December 31, 2020 and 2019 relative to the total contributions made to the HCTF by participating employers for the calendar years ending December 31, 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 were no misstatements identified during the audit.

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 January 31, 2022.

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 PERA, the schedule of University contributions to the State Division Trust Fund– a cost-sharing multiple-employer defined benefit pension plan administered by the 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 Enterprise Revenue Bonds Schedules of Revenues and Expenditures 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.

DWC

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

January 31, 2022

STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS SECTION

Introduction

Colorado Mesa University (the University) is a state-supported institution of higher education located in Grand Junction, Colorado.

The financial and compliance examination of the various state-funded student financial assistance programs at the University for the year ended June 30, 2021, was directed toward the objectives and criteria set forth in the Colorado Handbook for State-Funded Student Assistance Programs, issued by the Colorado Department of Higher Education (CDHE). The State-Funded Student Assistance Programs policies are approved by the Colorado Commission on Higher Education (CCHE). The State student financial assistance programs were examined simultaneously with the University's federal financial aid programs for the year ended June 30, 2021.

State-Funded Student Assistance Programs

The various State-funded student assistance programs at the University include the Colorado Need Based Grant Program, the Colorado Work Study Program, the Colorado Merit Aid, the Colorado Graduate Grant and the Colorado Career and Technical Education Grant.

The State-funded student assistance awards made by the University totaled approximately $9,360,000 for the fiscal year ended 2021.

The Director of Financial Aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the University federal and state financial aid programs. The University Controller is responsible for the programs' financial management, general ledger accounting, payments, and collections.

During the audit period, the University obtained authorizations to award Colorado student financial aid funds of approximately $8,282,000 under the Need Based Grant Program, $1,057,000 under the Colorado Work Study Program, $16,000 under the Colorado Graduate Grant Program, and $5,000 under the Colorado Career and Technical Education Grant Program.

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INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS OF THE STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS

Members of the Legislative Audit Committee:

Report on the Financial Statement

We have audited the accompanying Statement of Appropriations, Expenditures, Transfers, and Reversions of the State–Funded Student Financial Assistance Programs (the Statement) for Colorado Mesa University (the University), an institution of higher education of the State of Colorado, for the year ended June 30, 2021, and the notes related to the Statement. The Statement is the responsibility of the University's management. Our responsibility is to express an opinion on this Statement based on our audit.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial format as set forth in the *2020-21 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University, as described in Note A to the Statement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement 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 Statement.

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

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the respective appropriations, expenditures, transfers, and reversions of the State-Funded Student Financial Assistance programs of the University for the year ended June 30, 2021, in accordance with the format as set forth in the *2020-21 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education (DHE), and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University described in Note A to the Statement.

Emphasis of Matter

We draw attention to Note A to the Statement, which describes the basis of accounting. As described in Note A to the Statement, the Statement prepared by the University was prepared in accordance with the *2020-21 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education, and in conformity with the policies and procedures for State-Funded Student Financial Assistance Programs established by the governing board of the University. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study programs, and does not present certain transactions that would be included in the statement of state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by generally accepted accounting principles. Accordingly, the accompanying Statement is not intended to, and does not present the financial position, changes in financial position, or cash flows of the University in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 31, 2022 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* and should be considered in assessing the results of our audit.

Restriction on Use

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, the University's Board of Trustees, and management of the University, the Colorado Department of Higher Education, and the Colorado Commission on Higher Education and is not intended to be, and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a public document.

DWC

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

January 31, 2022

STATE OF COLORADO
COLORADO MESA UNIVERSITY
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS
STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS AND REVERSIONS
YEAR ENDED JUNE 30, 2021

	Total State-Funded Student Assistance	Colorado Need-Based Grant	Colorado Gradudate Grant	CTE Grant	Colorado Work-Study
Appropriations:					
Original	$ 9,109,518	$ 8,107,383	$ 15,899	$ 4,500	$ 981,736
Supplemental	250,000	175,000	-	-	75,000
Transfers	-	-	-	-	-
TOTAL	9,359,518	8,282,383	15,899	4,500	1,056,736
Expenditures	9,359,518	8,282,383	15,899	4,500	1,056,736
Reversions to State General Fund	$ -	$ -	$ -	$ -	$ -

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Colorado Mesa University (the University) is governed by the University's Board of Trustees.

The accompanying statement of appropriations, expenditures, transfers, and reversions of state-funded student financial assistance programs (the Statement) has been prepared in accordance with the format as set forth in the *2020-2021 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE) and in accordance with the policies and procedures for State-Funded Student Financial Assistance Programs established by the Board of Trustees of the University. The purpose of the Statement is to present, in summary form, the state-funded student financial assistance activities of the University for the year-ended June 30, 2021. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position or changes in financial position of the University in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

The University's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in its revised publication *Financial Accounting and Reporting Manual*.

All student aid is expensed on a cash basis except for the Colorado Work Study (CWS) Program. The CWS is on the accrual basis in that the expense is recognized when students earn their wages from employment positions funded by CWS.

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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 THE STATEMENT OF APPROPRIATIONS, EXPENDITURES, TRANSFERS, AND REVERSIONS OF THE STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS 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 Statement of Appropriations, Expenditures, Transfers, and Reversions of the State-Funded Student Assistance Programs (the Statement) of Colorado Mesa University (the University), an institution of higher education of the State of Colorado, as of and for the year ended June 30, 2021, and the related notes to the Statement, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered the University's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. 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 Statement is 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 Statement. 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.

DWC

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

January 31, 2022

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