The University of South Dakota

Financial Report

June 30, 2024

UNIVERSITY OF
SOUTH DAKOTA

University of South Dakota
Financial Report
For the Year Ended June 30, 2024

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UNIVERSITY OF
SOUTH DAKOTA

February 24, 2025

Mr. Tim Rave
President
SD Board of Regents
306 E. Capitol Avenue
Suite 200
Pierre, SD 57501

Dear President Rave:

I have enclosed the Annual Financial Report for the University of South Dakota for fiscal year 2024. The report includes all financial transactions for the period. I trust you will find it informative and helpful.

Please let me know if you have any questions.

Sincerely,

Sheila K. Gestring
President
The University of South Dakota

SHEILA K. GESTRING, PRESIDENT
414 East Clark Street • Vermillion, SD 57069 • 605-658-5641 • 605-677-6520 fax • www.usd.edu

UNIVERSITY OF
SOUTH DAKOTA

February 24, 2025

President Sheila Gestring
The University of South Dakota

Dear President Gestring:

I am pleased to present the annual Financial Report of The University of South Dakota for the year ended June 30, 2024.

The accounts of The University of South Dakota are maintained and its reports presented in accordance with standards recommended in the manual on College and University Business Administration, insofar as it is consistent with the classification and procedures required by the State of South Dakota.

All state fund expenditures are under the continuous pre-audit control of the State Auditor, and all accounts are under the post-audit control of the Auditor General. This report is intended to form a comprehensive and permanent record of the finances of The University of South Dakota for the fiscal year ended June 30, 2024.

Sincerely,

Julie Kriech
Vice President, Finance & Administration

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION AND BACKGROUND

The University of South Dakota (University) presents its financial report for the fiscal year ended June 30, 2024, along with comparative data for the fiscal years ended June 30, 2023 and 2022.

The financial operations of The University of South Dakota are audited as a part of the State of South Dakota. Therefore, an audit opinion is not issued on the individual statements of the University, but rather on the audited Annual Comprehensive Financial Report of The State of South Dakota. This section of the University of South Dakota's annual financial report presents management's discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2024. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of University management.

The University of South Dakota, the state's flagship university, is a growing, thriving university committed to excellence in education, research, and service. The University has been accredited by the North Central Association of College and Schools since 1913 and is an active member of the Land Grant Colleges. The University is a comprehensive liberal arts university offering undergraduate, graduate and professional programs within the South Dakota System of Higher Education. Our vision is to be the best small, public flagship university in the nation built upon a liberal arts foundation.

Founded in 1862 by the Dakota Territorial Legislature, the University is the state's oldest university. The University is an institution that recognizes the value of its past, even as it extends and expands its high-quality programs and services to meet the challenges of tomorrow. Our promise to our students is that The University of South Dakota is the perfect fit for students looking for a smart educational investment.

The University offers classes through several schools and colleges consisting of the College of Arts and Sciences, School of Business, School of Education, College of Fine Arts, School of Law, School of Medicine and the School of Health Sciences.

The University is one of six public universities under the governance of the South Dakota Board of Regents, a nine-member board. Nathan Lukkes is executive director of the Board of Regents. Therefore, based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, it has been determined that all six public universities are considered component units of the State of South Dakota and are reported as such in the State's comprehensive annual financial report.

The University of South Dakota Foundation (Foundation) is a component unit of the University. As such, the financial statements of the Foundation are included in this report. Independent auditors engaged by the Foundation's Board of Directors audit the Foundation's financial information. The University has no control or management responsibility over the Foundation funds.

USING THE FINANCIAL STATEMENTS

This annual report consists of financial statements, prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

The statements required by GASB include the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows. The statements are prepared under the accrual basis of accounting where revenues are recognized when the service is provided and expenses are recognized when a liability is incurred regardless of when the exchange of cash takes place.

The University has provided analysis of major variances that occurred between fiscal years 2024 and 2023 as well as information regarding capital assets and debt administration, and an economic outlook. This MD&A focuses on the University excluding the discretely presented component unit.

FINANCIAL PERFORMANCE

Financial ratios

The concept of financial analysis through selected measures, such as ratios, has been used in higher education for many years. The ratios should not be the focus; rather, they are tools to assist in the development of the answers to key questions of strategic financial importance. Financial analysis can measure success factors against institution-specific objectives and provide the institution with the tools to improve its financial profile to carry out its mission.

Strategic financial analysis considers the entire institution, including affiliates, regardless of the legal or accounting structures used to remove, isolate or distance the affiliates from the primary institution. Much of public institutions' financial resources often reside in affiliated foundations. The formation of these entities and related transactions are done to advance the institution toward mission achievement and are a critical part of the institution. Therefore, unless noted, the USD Foundation financial information is included in the calculated ratios.

Picture of the financial health of the institution at a point in time.	**2024**	**2023**	**2022**
Composite Financial Index	3.2	2.1	4.1

The Composite Financial Index (CFI) reflects a picture of the financial health of the institution at a point in time. The index is built with the values of the four component ratios described below. The four ratios are calculated and further weighting is conducted to measure the relative strength of the score and its importance in the composite score.

The most significant impact on the overall ratio was due to the increase in the Return on Net Assets. The University and the Foundation's Net Position increased. The University's increase in Net Position mainly resulted from increased dollars to support building construction. The Foundation's Net Position increased due to net investment returns.

Are resources sufficient and flexible enough to support the mission?	**2024**	**2023**	**2022**
Primary Reserve Ratio	61.6%	65.2%	86.3%
Composite Score	*1.62*	*1.72*	*2.27*

The primary reserve ratio, calculated by dividing expendable net position by total expenses, measures the ability of the University and Component Unit to continue operating at current levels. A ratio of 100% denotes that an institution would have the ability to cover its expenses for one year without a revenue stream. A negative or decreasing trend indicates weakening financial health. A primary reserve ratio of 40% or better is advisable to give institutions the flexibility to transform the enterprise. This gives the institution the ability to cover five months of expenses from reserves. Institutions operating at this targeted ratio level rely on internal cash flow to meet short-term cash needs, are able to carry on reasonable level of facilities maintenance and appear capable of managing modest unforeseen adverse financial events.

The University's primary reserve ratio remains to be healthy. For fiscal year 2024 the ratio is 61.6%, which indicates that the University along with the USD Foundation could continue its current operations for approximately 32 weeks.

Are resources, including debt, managed strategically to advance the mission?	**2024**	**2023**	**2022**
Net Operating Revenue	-4.17%	-5.38%	-1.64%
Composite Score	*-0.32*	*-0.41*	*-0.13*

The net operating income ratio, calculated by dividing total operating revenue by net operating income, indicates whether total activities resulted in income or deficit. A positive ratio indicates that the University experienced income for one year. The net operating income ratio target is between 2 to 4 percent over an extended time period. The target may appear to be low however the determination of net operating revenues includes depreciation expense as a component, indicating that a positive return in this area would suggest the institution lives within its means.

The University's net income margin was -4.17%, -5.38%, and -1.64%, for fiscal years 2024, 2023, and 2022, respectively. The increase for FY24 was primarily due to the increase in the University's nonoperating revenue and the Foundation's unrestricted revenue increase.

Does asset performance and management support the strategic direction?	**2024**	**2023**	**2022**
Return on Net Position	5.9%	-4.0%	5.6%
Composite Score	*0.59*	*-0.40*	*.56*

The return on net position ratio, calculated by dividing the change in net position by total position, is a measure of financial performance of a company which takes the use of assets into account. The ratio provides the most comprehensive measure of the growth or decline in total wealth of an institution over a specific period of time. A target range is approximately 3 or 4 percent. Higher return on net position means that the company is using its assets and working capital efficiently and effectively.

The University's return on net position ratio increased to 5.9% from -4.0% in the previous year. The increase was primarily due to the positive change in the Foundations net assets.

Do operating results indicate the institution is living with available resources?	**2024**	**2023**	**2022**
Viability	1.571	1.467	1.687
Composite Score	*1.32*	*1.23*	*1.42*

The viability ratio is a measure of clear financial health; the availability of expendable net position to cover debt should the University need to settle its obligations as of the fiscal year end. Expendable Net Position are the balances in total net position excluding investment in capital assets and non-expendable loans. A ratio of 1.0 or greater indicates an institution has sufficient expendable net position to satisfy debt requirements. By comparison, the University's viability ratio was 1.571, 1.467, and 1.687 for fiscal years 2024, 2023, and 2022, respectively.

Other ratios of importance include the current ratio and tuition and fees dependency ratio. These ratios reflect the University of South Dakota financial numbers excluding the USD Foundation component unit.

Current Ratio

The current ratio is a quick way of determining whether the institution will be able to pay its bills over the coming year. A ratio of less than one indicates a lack of liquidity. The fiscal year 2024 current ratio is 3.55. Current assets of $100.6 million are sufficient to cover current liabilities of $28.3 million. By comparison, the current ratio was 4.07 and 4.69 for fiscal years 2023 and 2022, respectively.

Tuition and Fees Dependency Ratio

The tuition and fees funding ratio measures the portion of the total operating income that are made up of tuition and fee revenue. An upward trend could indicate an increased reliance on tuition and fee revenue and may indicate the need for an increased diversity in revenue sources. The University's tuition and fee dependency ratio was 31.2%, 32.4%, and 32.3% for fiscal years 2024, 2023, and 2022, respectively.

FINANCIAL HIGHLIGHTS AND KEY TRENDS

The financial highlights and key trends for the University are noted accordingly in the required GASB statements.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University using the accrual basis of accounting. The difference between total assets and deferred outflows of resources and total liabilities, net position, is one indicator of the current financial condition of the University. The changes in net position that occur over time indicate improvement or deterioration of the University's financial condition. Generally assets and liabilities are reported at cost with the exception of investments which are reported at fair value. Capital assets are reported at historical cost less accumulated depreciation. Deferred outflows of resources represent the losses on debt refunding. A three year comparison of the Condensed Statement of Net Position as of June 30 is as follows.

Condensed Statement of Net Position

	2024	2023	2022
ASSETS			
Current Assets	100,662,667	104,437,105	97,349,068
Noncurrent Assets	373,030,306	353,418,300	350,247,500
Total ASSETS	$ 473,692,973	$ 457,855,405	$ 447,596,568
DEFERRED OUTFLOWS	2,059,007	2,217,592	2,376,177
Total ASSETS and DEFERRED OUTFLOWS	$ 475,751,980	$ 460,072,997	$ 449,972,745
LIABILITIES			
Current Liabilities	28,321,166	25,629,200	20,738,718
Noncurrent Liabilities	81,685,920	83,948,881	89,306,267
Total LIABILITIES	$ 110,007,086	$ 109,578,081	$ 110,044,985
NET POSITION			
Investment in Capital, Net of Related Debt	297,059,825	276,949,533	269,482,658
Restricted	4,281,680	6,301,895	7,830,588
Unrestricted	64,403,389	67,243,488	62,614,514
Total NET POSITION	$ 365,744,894	$ 350,494,916	$ 339,927,760
Total LIABILITIES and NET POSITION	$ 475,751,980	$ 460,072,997	$ 449,972,745

The University's largest asset is our investment in the physical plant which represents $365.4, $345.6 and $340.6 million at June 30, 2024, 2023, and 2022 respectively.

During fiscal year 2024, the University's total assets increased over the prior year by $15.8 million. Non-current assets consist mainly of physical plant which increased $19.6 million. Current Assets decreased $3.8 million. During fiscal year 2023, the University's total assets increased over the prior year by $10.3 million. Non-current assets increased $3.2 million. Current Assets increased $7.1 million.

The University's largest liability is Bonds Payable and Obligations under Capital Lease representing $66.3, $67.8 and $72.6 million at June 30, 2024, 2023, and 2022 respectively.

During fiscal year 2024, the University's liabilities remained consistent. Non-current liabilities consist of obligations which are long-term in nature and decreased $2.3 million. Current liabilities increased $2.7 million due to an increase in unearned revenues. During fiscal year 2023, the University's liabilities decreased by $0.5 million. Non-current liabilities decreased $5.4 million primarily due to a decrease to Bonds Payable and Obligations under Capital Lease.

Net position in fiscal year 2024 increased $15.2 million for a total of $365.7 million. Investment in Capital, Net of Related Debt increased $20.1 million. The Unrestricted net position decreased $2.8 million. Net position in fiscal year 2023 increased $10.6 million for a total of $350.5 million. Investment in Capital, Net of Related Debt increased $7.5 million. The Unrestricted net position increased $4.6 million.

Capital Assets

Capital assets, net, include the University's land, buildings, improvements, infrastructure, equipment and collections. Net capital assets increased by $20 million to $365.4 and increased by $5.0 million to $345.6 million respectively for the years ending June 30, 2024 and 2023. University policy requires the capitalization of 1) all land and collection purchases regardless of cost, 2) equipment over $5,000, 3) buildings and improvements over $100,000 and 4) land improvements over $50,000. The University depreciates its capital assets using a straight-line basis, using estimated

useful lives ranging from three to fifty years. Facilities under construction include projects funded by South Dakota Building Authority issued bonds. This includes various infrastructure upgrades across campus. The following chart illustrates the composition of the University's capital assets, net of accumulated depreciation, by category.

Capital Assets, Net of Accumulated Depreciation/Amortization

	2024	% of Total	2023	% of Total	2022	% of Total
Land	3,605,265	.99%	3,605,265	1.04%	3,605,265	1.06%
Arts & Historical Treasures	420,585	0.12%	420,585	0.12%	420,585	0.12%
Construction in Progress	34,082,214	9.33%	11,017,757	3.19%	18,711,127	5.49%
Land Improvements	12,733,675	3.48%	11,740,192	3.40%	11,505,199	3.38%
Buildings Improvements	278,924,274	76.33%	283,503,993	82.05%	271,433,857	79.68%
Machinery and Equipment	11,402,502	3.12%	11,370,627	3.29%	10,307,463	3.03%
Library	1,393,868	0.38%	1,485,984	0.43%	1,502,339	0.44%
Infrastructure	22,176,313	6.07%	21,605,727	6.25%	22,613,450	6.64%
Intangible Assets	685,606	0.18%	809,749	0.23%	539,562	0.16%
Total Capital Assets, Net of A/D	$365,424,302	100.00%	$345,559,879	100.00%	$340,638,847	100.00%

Long-Term Debt

The University has utilized revenue bonds to finance capital projects related to the Wellness Center, Coyote Village, Housing improvements and Muenster University Center. Revenues from the operation of these activities are pledged to the repayment of the bonds.

Long-term lease agreements are issued with the South Dakota Building Authority for the replacement of the Dakota Dome roof, construction of the Sanford Coyote Sports Center, and expansion of the Dakota Dome. The Athletic Department has the ability to generate resources from Athletic activities to fund the payments of the Dakota Dome and Sanford Coyote Sports Center long-term leases. The following is a list of debt outstanding at June 30, 2024, 2023 and 2022.

Long Term Debt

	2024	2023	2022
Dakota Dome Roof Lease Obligation, Series 2000	485,000	940,000	1,370,000
Housing, Series 2013	4,195,371	5,156,136	6,081,902
Sports Complex, Series 2013	12,130,476	13,179,071	14,176,589
Housing/Muenster University Center, Series 2015A	5,332,356	6,103,693	6,845,030
Wellness Center/Coyote Village Series 2017	29,404,783	31,012,526	32,555,270
Dakota Dome Expansion Lease Obligation, Series 2018	10,095,000	10,550,000	10,985,000
Wellness Center 5% Series 2023	3,938,343	-	-
	$65,581,329	$66,941,426	$72,013,791

Net Position

The University's resources are classified into net position categories in the Statement of Net Position. These categories are defined as:

- Investment in Capital, net of related debt.
- Restricted nonexpendable assets - restricted by externally imposed stipulations.
- Restricted expendable assets - subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or they expire by the passage of time.
- Unrestricted assets - not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Regents.

The University's net position increased by $15.2 and $10.6 million during fiscal years 2024 and 2023, respectively. Net position balances are detailed in the table below.

NET POSITION	2024	2023	2022
Investment in Capital, Net of Related Debt	297,059,825	276,949,533	269,482,658
Restricted			
Loans	(324,741)	295,896	1,195,211
Research	(741,409)	696,212	1,395,173
Debt Service	-	220	-
Bond Facilities	5,347,830	5,309,567	5,240,204
Unrestricted	64,403,389	67,243,488	62,614,514
Total Net Position	$ 365,744,894	$ 350,494,916	$ 339,927,760

Investment in Capital, Net of Related Debt and Restricted Net Position increased by $18.1 million during fiscal year 2024. Restricted Net Position includes Loan funds, Grants and Contracts, Debt Service and Bonded Facilities. Loan funds consist of Perkins, Nursing, Primary Care and Disadvantaged Medical Student Loans. Research consists of various grants and contracts. Bond Facilities is the minimum amount of Repair and Replacement Reserve (RRR) required for the various Bond Series.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenue, Expenses, and Changes in Net Position presents the University's results of operations. In accordance with GASB reporting standards, revenues and expenses are classified as either operating or non-operating. In accordance with GASB requirements, state appropriations have been classified as non-operating revenues resulting in a net operating loss. The financial statements also include an allowance for depreciation expense, which is the amortization of the costs of capital assets over their estimated useful life.

A condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2024, 2023 and 2022 is as follows.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023	2022
Operating Revenues	149,463,230	148,728,271	136,811,595
Operating Expenses	(251,142,124)	(237,845,512)	(222,011,921)
Operating Loss	(101,678,894)	(89,117,241)	(85,200,326)
Net Nonoperating Revenues	93,960,851	83,012,727	86,975,101
Net Nonoperating Expenses	(2,759,785)	(3,357,351)	(3,166,445)
Income (Loss) Before Other Revenues Expenses Gains or Losses	(10,477,828)	(9,461,865)	(1,391,670)
Capital Grants and Contracts	10,172,544	10,883,259	2,343,323
HEFF	15,234,984	5,805,138	6,532,301
SDBA Funding	-	3,362,128	9,471,976
Increase in Net Position	$ 14,929,700	$ 10,588,660	$ 16,955,930

The operating loss totaled $101.7 million and $89.1 million for fiscal years 2024 and 2023, respectively. State appropriations are classified as non-operating revenues and therefore are not included in the revenue when calculating the operating loss. State Appropriations are an integral part of revenue for the University totaling $87.0 million and $74.0 million for fiscal years 2024 and 2023, respectively.

Operating Revenues

Operating revenue is revenue generated from activities that are related to the business operations. The most significant source of operating revenues from the University are student tuition and fees, grants and contracts, general sales and service revenue and auxiliary enterprise activities.

University of South Dakota Operating Revenue

	2024	% Change	2023	% Change	2022
Tuition & Fees	63,401,903	2.73%	61,716,139	3.36%	59,711,624
Auxiliaries	14,236,041	6.43%	13,376,233	6.59%	12,549,195
General Sales & Services	35,105,994	4.44%	33,612,052	15.77%	29,034,283
Federal Grants & Contracts	28,258,218	1.37%	27,875,342	7.81%	25,855,964
State Grants & Contracts	1,507,633	-68.82%	4,835,072	-2.69%	4,968,733
Private Grants & Contracts	7,024,913	-6.33%	7,499,254	62.76%	4,607,616
Student Loan Interest	(74,969)	-59.66%	(185,821)	-335.45%	78,920
Loan Cancellation Reimbursement	3,497		-		5,259
Total Operating Revenues	$ 149,463,230	0.49%	$148,728,271	8.71%	$ 136,811,594

Operating revenues in fiscal year 2024 increased by $0.7 million, or 0.49%, as compared to fiscal year 2023. General Sales & Services increased $1.5 million and Auxiliaries increased $0.9 million.

Operating revenues in fiscal year 2023 increased by $11.9 million, or 8.71%, as compared to fiscal year 2022. General Sales & Services increased $4.6 million and Auxiliaries increased $0.8 million

Non-Operating Revenues and Expenses

Non-operating activities include items such as capital and State appropriations, investment income, capital grants, interest expense, gains and losses. These activities differ from operating activities which are a result of providing services.

	2024	% Change	2023	% Change	2022
General Fund Appropriation	87,022,890	17.54%	74,035,532	8.50%	68,235,603
School & Public Lands Appr	304,904	29.17%	236,041	0.00%	236,041
Federal Fund Appropriation			939,822	-92.04%	11,801,563
HEFF -Maintenance	87,983	0.00%	87,983	0.00%	87,983
Investment Income	1,871,966	103.99%	917,679	142.05%	379,131
Other Rev & Additions	9,866,886	45.19%	6,795,670	9.00%	6,234,780
Bond Issuance Costs	(50,394)		-	0.00%	-
Other Non-Operating Expenses	(5,143,384)		-	0.00%	-
Capital Grants & Contracts	10,172,544	-6.53%	10,883,259	364.44%	2,343,323
HEFF - Capital	15,234,984	162.44%	5,805,138	-11.13%	6,532,301
SD Building Authority	-		3,362,128	-64.50%	9,471,976
Interest on Capital Assets, related debt	(2,733,130)	-7.80%	(2,964,214)	-6.10%	(3,156,890)
Gain/Loss on Disposal of Assets	(26,655)	-93.22%	(393,137)	4,014.4%	(9,555)
	$116,608,594	16.95%	$ 99,705,901	-2.40%	$ 102,156,256

State General Fund Appropriations were the most significant non-operating revenue. The appropriation increased by $13.0 million in fiscal year 2024 and increased $5.8 million in fiscal year 2023. Investment interest earned on an average daily cash balance of participating funds from the Investment Council. The University received revenue from the Higher Education Facilities Funds (HEFF) of $15.2 million and $5.8 million for fiscal year 2024 and fiscal year 2023, respectively. The funds were used for various repair and renovation projects. The South Dakota Building Authority issued payments on behalf of the University for capital projections. Federal Fund Appropriations consist of

COVID-19 and Higher Education Emergency Relief Fund dollars. No Federal Fund Appropriations were received in FY24. Other Revenue & Additions consisted of $9.9 and $6.8 million in PELL federal grant funds for FY24 and FY23.

Operating Expenses

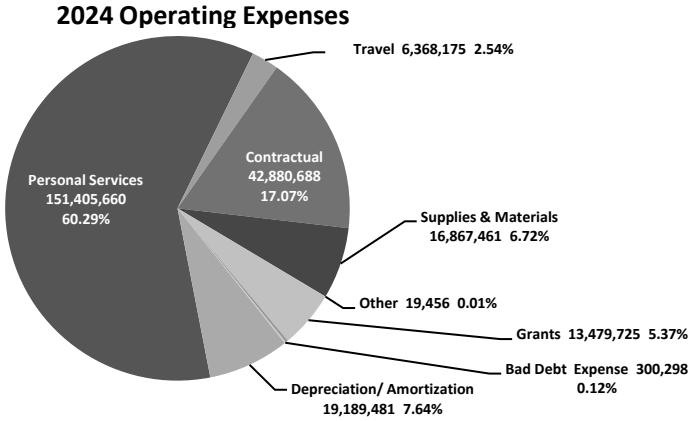
The University chooses to report their expenses by natural classification in the Statement of Revenues, Expenses and Changes in Net Position. For the reader's information, the expenses are displayed in their functional classification in Note 22. The following graphs illustrate the expenses by natural classification.

University of South Dakota Operating Expenses

	2024	% Change	2023	% Change	2022
Personal Services	$ 151,405,660	5.99%	$142,844,862	7.63%	$132,718,329
Travel	6,368,175	3.86%	6,131,240	28.75%	4,762,020
Contractual	42,880,688	6.55%	40,243,305	6.22%	37,888,253
Supplies & Materials	16,867,461	5.03%	16,059,672	19.34%	13,457,153
Other	19,456				
Grants	13,479,725	7.94%	12,488,396	-11.89%	14,173,128
Loan Cancellation Exp	631,179	-15.54%	747,302	202.27%	247,232
Bad Debt Expense	300,298	-46.91%	565,656	323.33%	133,620
Depreciation/Amortization	19,189,481	2.26%	18,765,079	0.71%	18,632,186
	$ 251,142,123	5.59%	$ 237,845,512	7.13%	$222,011,921

Operating expenses in fiscal year 2024 increased 5.59% or $13.3 million compared to fiscal year 2023. The largest operating expense is salaries and benefits. Salaries and Benefits represent 60.29% of the total current operating expenses and increased by $8.6 million.

Operating expenses in fiscal year 2023 increased 7.13% or $15.8 million compared to fiscal year 2022. The largest operating expense is salaries and benefits. Salaries and Benefits represent 60.06% of the total current operating expenses and increased by $10.1 million.



STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents information related to cash inflows and outflows. These transactions are classified as operating, non-operating, capital and investing activities. This statement helps measure the ability of the University to meet financial obligations as they mature. A comparative summary of the Statement of Cash Flows for the years ended June 30, 2024, 2023 and 2022 is a follows.

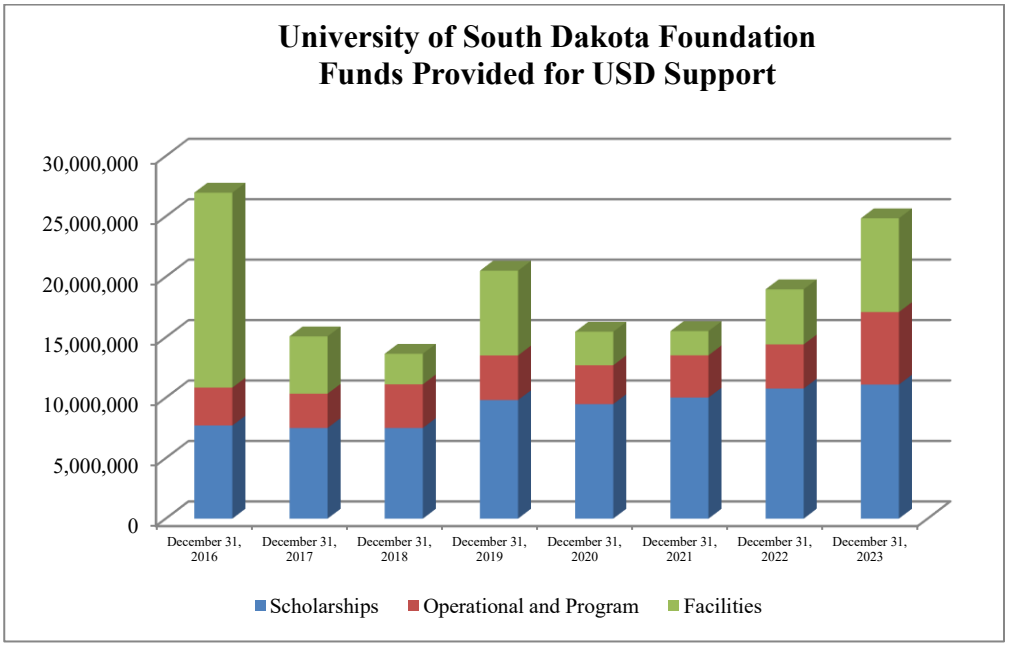
Condensed Statement of Cash Flows
For the Year Ended June 30

	2024	2023	2022
Cash Provided/(Used) by:			
Operating Activities	$ (75,365,500)	$ (65,903,236)	$ (67,497,978)
Non-Capital Financing Activities	93,704,520	80,848,858	85,313,559
Capital Related Financing Activities	(19,176,392)	(9,027,530)	(16,464,766)
Investing Activities	900,341	638,827	415,456
Net Increase (Decrease) in Cash	62,969	6,556,919	1,766,271
Cash - Beginning of the Year	80,568,330	74,011,411	72,245,140
Cash - End of the Year	$ 80,631,299	$ 80,568,330	$ 74,011,411

THE UNIVERSITY'S ECONOMIC OUTLOOK

The University maintains a positive outlook for fiscal year 2024 and beyond. The University continues to be well positioned for the future, both academically and financially. Reliance on state support remains an important non-operating revenue source for the University.

The University of South Dakota Foundation reported an increase in net assets of $19.6 million for the year ending December 31, 2023 as compared to a decrease in net assets of $37.6 million for the year ending December 31, 2022. Gift income totaled $15.0 million for the year ending December 31, 2023, compared to $13.7 million for the year ending December 31, 2022. Assets of the Foundation at December 31, 2023 were $354.8 million compared to $335.0 million for the year ending December 31, 2022.



University of South Dakota
STATEMENT OF NET POSITION
June 30

ASSETS	2024		2023	
Current assets:				
Cash and Cash Equivalents	78,968,706		79,483,733	
Cash On Deposit-State Treasurer	1,662,592		1,084,597	
Accounts Receivable - Student	5,378,588		5,221,474	
(Net of allowance of $341,343; $462,968)				
Accounts Receivable -Dept Sales	1,517,110		1,655,974	
Notes Receivable	1,513,260		2,275,111	
Accrued Interest & Dividends Receivable	1,936,287		1,191,054	
Due From Federal Sources	6,304,382		8,187,427	
Due From Primary Government	586,587		1,528,743	
Due From Component Units	432,806		713,619	
Prepaid Expenses & Deferred Charges	1,549,696		2,467,323	
Inventory	812,653		628,050	
Total Current assets		$ 100,662,667		$ 104,437,105
Noncurrent assets:				
Notes Receivable Net	7,606,004		7,858,421	
Land and Other Non-Depreciable Assets	3,605,265		3,605,265	
Buildings and Building Improvements	278,924,274		283,503,993	
(NET OF ACCUM DEPR $196,860,202; $183,484,609)				
Equipment and Other Property	12,796,371		12,856,611	
(NET OF ACCUM DEPR $77,571,395, $76,298,867)				
Land Improvements	12,733,673		11,740,192	
(NET OF ACCUM DEPR $13,195,897; $12,094,458)				
Museum and Art Collections	420,585		420,585	
Infrastructure				
(NET OF ACCUM DEPR $19,665,550; $17,985,932)	22,176,314		21,605,727	
Construction in Progress	34,082,214		11,017,757	
Intangible Assets	685,606		809,749	
(NET OF ACCUM AMORT $659,758; $413,810)				
Total Noncurrent assets		$ 373,030,306		$ 353,418,300
Deferred outflows:				
Loss on Refunding	2,059,007		2,217,592	
Total Deferred Outflows		$ 2,059,007		$ 2,217,592
Total ASSETS AND DEFERRED OUTFLOWS		$ 475,751,980		$ 460,072,997

The accompanying notes to The University of South Dakota financial statements are an integral part of this statement.

University of South Dakota
STATEMENT OF NET POSITION
June 30

LIABILITIES	2024		2023	
Current liabilities:				
Accounts Payable	5,155,255		5,241,423	
Accrued Wages & Benefits	2,696,444		3,330,015	
Accrued Interest Payable	564,847		626,549	
Due to Federal Sources	68,561		-	
Due to Primary Government	72,012		83,637	
Due to other Component Units	483,275		177,670	
Student Deposits	511,275		522,616	
Compensated Absences Payable-Current	5,347,192		5,421,122	
Bonds Payable (net)	3,686,390		3,339,846	
Obligations Under Capital Leases-Current	2,060,049		1,958,595	
Obligations Under Cap Leases Non Cap - Current	261,802		234,326	
Unearned Revenue	7,414,064		4,693,401	
Total Current liabilities		$ 28,321,166		$ 25,629,200
Noncurrent liabilities:				
Compensated Absences Payable-Non Current	9,778,502		8,923,355	
Bonds Payable	39,184,462		38,932,510	
Obligations Under Cap Leases-Non-Current	20,650,427		22,710,476	
Obligations Under Cap Leases - Non Cap Non-Current	464,320		605,526	
Fed Cap Contribution Refundable Advance	11,608,209		12,777,014	
Total Noncurrent liabilities		$ 81,685,920		$ 83,948,881
Total LIABILITIES		$ 110,007,086		$ 109,578,081
NET POSITION				
Investment in Capital, Net of Related Debt	297,059,825		276,949,533	
Restricted				
Nonexpendable				
Loans			295,896	
Expendable				
Research			696,212	
Debt Service	-		220	
Other	5,347,830		5,309,567	
Unrestricted	63,337,239		67,243,488	
Total NET POSITION		$ 365,744,894		$ 350,494,916
Total LIABILITIES AND NET POSITION		$ 475,751,980		$ 460,072,997

The University of South Dakota Foundation
Consolidated Statements of Financial Position
December 31, 2023 and 2022

Assets	2023	2022 (Restated)
Restricted Cash and Cash Equivalents	$ 7,432,895	$ 15,630,359
Investments		
Money market funds	45,404	35,317
Certificates of deposit	462,881	-
Equity securities	2,840,542	1,734,472
Equity mutual funds	123,312,316	106,724,421
Fixed income mutual funds	152,188,653	151,061,006
Equity co-mingled funds	30,163,372	23,266,703
Government bonds	760,539	848,402
All asset funds	2,648,361	3,111,300
Real estate limited partnerships	8,172,295	7,802,486
Total investments	320,594,363	294,584,107
Receivables		
Promises to give	11,657,190	11,267,738
Contributions receivable - split-interest agreements	7,017,364	6,644,871
Notes receivable	1,040,397	2,000,000
Total receivables	19,714,951	19,912,609
Operating Fixed Assets, Net of Accumulated Depreciation	2,158,206	2,206,254
Other Fixed Assets Held, Net of Accumulated Depreciation	3,626,139	2,083,335
Other Assets		
Prepaid expenses and other assets	385,676	277,378
Cash surrender value of life insurance	227,311	216,688
Operating right-of-use assets	670,616	70,760
Total other assets	1,283,603	564,826
	$ 354,810,157	$ 334,981,490
Liabilities		
Accounts Payable and Accrued Expenses	$ 922,897	$ 1,140,438
Due to the University of South Dakota - Scholarships	5,741,221	5,686,374
Gift Annuities and Life Income Agreements	2,613,375	2,400,927
Investments Held for Others	8,270,259	8,756,301
Lease Liability	670,616	70,760
Total liabilities	18,218,368	18,054,800
Net Assets (Deficit)		
Without donor restrictions	(12,353,595)	(13,195,977)
With donor restrictions	348,945,384	330,122,667
Total net assets	336,591,789	316,926,690
	$ 354,810,157	$ 334,981,490

See Notes to Consolidated Financial Statements

University of South Dakota
STATEMENT OF FIDUCIARY NET POSITION
June 30

	2024		2023	
ASSETS				
Cash and Cash Equivalents	484,448		557,800	
Accounts Receivable - Student	32,949		25,769	
Total ASSETS		$ 517,397		$ 583,569
LIABILITIES				
Accounts Payable	7,346		16,743	
Accrued Wages & Benefits	49		3,562	
Total LIABILITIES		$ 7,395		$ 20,305
NET POSITION				
Restricted for Outside Organization	510,002		563,264	
Total NET POSITION		$ 510,002		$ 563,264
Total LIABILITIES and NET POSITION		$ 517,397		$ 583,569

University of South Dakota

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the Period Ending June 30

REVENUES	2024		2023	
Operating revenues:				
On-Campus Tuition (State Support)	44,966,083		43,842,826	
Off-Campus Tuition (Self Support)	20,442,789		19,532,978	
General Activity Fee	7,192,784		7,248,816	
Program Fees	5,826,616		5,464,417	
Vehicle Registration	683,422		647,506	
Delivery Fee	982,775		946,910	
Other Fees	386,605		335,613	
Student Charges	254,346		341,970	
Student Financial Assistance	(17,333,517)		(16,644,897)	
Auxiliaries (NET OF SCHOLARSHIP ALLOWANCES OF $3,907,684; $3,627,682)	14,236,041		13,376,233	
General Sales & Services	35,105,994		33,612,052	
Federal Grants & Contracts	28,258,218		27,875,342	
State Grants & Contracts	1,507,633		4,835,072	
Private Grants & Contracts	7,024,913		7,499,254	
Student Loan Interest	(74,969)		(185,821)	
Loan Cancellation Reimbursement	3,497		-	
Total Operating revenues		$ 149,463,230		$ 148,728,271
EXPENSES				
Operating expenses:				
Personal Services (Salaries/Benefits)	151,405,660		142,844,862	
Travel	6,368,175		6,131,240	
Contractual	42,880,688		40,243,305	
Supplies & Materials	16,867,461		16,059,672	
Other	19,456		-	
Grants	13,479,725		12,488,396	
Loan Cancellation Expense	631,179		747,302	
Bad Debt	300,298		565,656	
Depreciation	18,943,533		18,535,600	
Amortization	245,948		229,479	
Total Operating expenses		$ 251,142,123		$ 237,845,512
Operating income (loss)		$ (101,678,893)		$ (89,117,241)

The accompanying notes to The University of South Dakota financial statements are an integral part of this statement.

University of South Dakota

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the Period Ending June 30

NONOPERATING REVENUES (EXPENSES)	2024		2023	
General Fund Appropriation	87,022,890		74,035,532	
School & Public Lands Appropriation	304,904		236,041	
Federal Fund Appropriations	-		939,822	
HEFF Revenues	87,983		87,983	
Investment Income	1,871,966		917,679	
Interest on Capital Asset, related debt	(2,733,130)		(2,964,214)	
Gain/Loss on Disposal of Assets	(26,655)		(393,137)	
Other Revenue & Additions	9,866,886		6,795,670	
Bond Issuance Costs	(50,394)		-	
Other Non-Operating Expenses	(5,143,384)		-	
Net Nonoperating revenues (expenses)		$ 91,201,066		$ 79,655,376
Income before other revenues expenses gains or losses		$ (10,477,827)		$ (9,461,865)
Capital Grants and Contracts	10,172,544		10,883,259	
HEFF	15,234,984		5,805,138	
South Dakota Building Authority	-		3,362,128	
Total Other changes		$ 25,407,528		$ 20,050,525
Increase in net position		$ 14,929,701		$ 10,588,660
NET POSITION				
Net position - beginning of year		$ 350,494,916		$ 339,927,760
Prior Period Adjustment		$ 320,277		$ (21,504)
Net position - end of year		$ 365,744,894		$ 350,494,916

The University of South Dakota Foundation

Consolidated Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions (Restated)	With Donor Restrictions (Restated)	Total
Revenue, Support, and Gains						
Gifts	$ 98,214	$ 14,859,752	$ 14,957,966	$ 27,016	$ 13,676,790	$ 13,703,806
Gifts in kind	-	1,898,133	1,898,133	-	191,283	191,283
Contribution from acquiring Alumni Association	-	-	-	45,728	1,410,461	1,456,189
Net investment return	1,079,183	30,588,553	31,667,736	(262,650)	(27,907,899)	(28,170,549)
Other income	1,219,446	1,222,152	2,441,598	1,100,331	(880,849)	219,482
	2,396,843	48,568,590	50,965,433	910,425	(13,510,214)	(12,599,789)
Net assets released from restrict	29,745,873	(29,745,873)	-	19,965,553	(19,965,553)	-
Total revenue, support, and gains	32,142,716	18,822,717	50,965,433	20,875,978	(33,475,767)	(12,599,789)
Expenses						
Program services						
Scholarships	11,092,663	-	11,092,663	10,765,318	-	10,765,318
USD departmental expenses	5,997,462	-	5,997,462	3,636,566	-	3,636,566
USD building and equipment expenses	7,754,711	-	7,754,711	4,560,019	-	4,560,019
Total program services	24,844,836	-	24,844,836	18,961,903	-	18,961,903
Support services						
Fundrai	3,382,970	-	3,382,970	3,730,101	-	3,730,101
Administrative and general	3,072,528	-	3,072,528	2,390,911	-	2,390,911
Total support services	6,455,498	-	6,455,498	6,121,012	-	6,121,012
Total expenses	31,300,334	-	31,300,334	25,082,915	-	25,082,915
Change in Net Assets	842,382	18,822,717	19,665,099	(4,206,937)	(33,475,767)	(37,682,704)
Beginning Net Assets	(13,195,977)	330,122,667	316,926,690	(8,989,040)	363,598,434	354,609,394
Ending Net Assets	$ (12,353,595)	$ 348,945,384	$ 336,591,789	$ (13,195,977)	$ 330,122,667	$ 316,926,690

See Notes to Consolidated Financial Statements

University of South Dakota
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Period Ending June 30

	2024		2023	
ADDITIONS				
General Sales & Services	417,254		446,421	
Total Additions		$ 417,254		$ 446,421
DEDUCTIONS				
Personal Services (Salaries/Benefits)	1,229		1,755	
Travel	159,450		206,846	
Contractual	107,267		109,246	
Supplies & Materials	186,445		242,981	
Grants	15,149		4,743	
Bad Debt	975		-	
Total Deductions		$ 470,515		$ 565,571
Net increse (decrease) in fiduciary activity:		$ (53,261)		$ (119,150)
Net position - beginning of year		$ 563,264		$ 682,414
Net position - end of year		$ 510,003		$ 563,264

THE UNIVERSITY OF SOUTH DAKOTA

STATEMENT OF CASH FLOWS

For the Year Ended June 30

	2024	2023
Cash Flows from Operating Activities		
Tuition, Fees & Auxiliaries (net of Scholarship Allowance & Discounts)	63,629,514	63,128,475
Auxiliaries	14,236,041	13,376,233
General Sales & Services	35,017,279	33,753,489
Federal Grants & Contracts	30,391,406	28,349,425
State Grants & Contracts	2,555,012	4,660,425
Private Grants & Contracts	7,670,098	5,975,547
Other Revenue and Additions	3,497	-
Loans Issued to Students	(684,814)	(1,376,457)
Loans Collected from Students	1,223,079	2,458,803
Student Loan Interest	151,423	(158,177)
Personal Services (Salaries & Benefits)	(151,272,090)	(141,489,322)
Travel	(6,337,509)	(6,046,630)
Contractual Services	(43,529,053)	(40,748,794)
Supplies & Materials	(14,895,934)	(15,433,793)
Grants & Subsidies	(13,503,994)	(12,352,460)
Payment for Other Expenditures	(19,456)	
Net cash provided (used) by operating activities	**$ (75,365,501)**	**$ (65,903,236)**
Cash Flows from Non-Operating Activities		
General Fund Appropriations	87,022,890	74,035,532
School & Public Lands	304,904	236,041
HEFF	87,983	87,983
Direct, PLUS & Loan Receipts	53,315,615	54,877,585
Direct, PLUS & Loan Disbursements	(53,315,615)	(54,877,585)
Private Loan Disbursements	8,307,063	(7,886,830)
Private Loan Receipts	(8,307,063)	7,886,830
Federal Capital Contribution	(1,162,271)	(1,017,291)
Other Revenues and Additios	7,451,014	7,506,593
Net cash flows provided by noncapital financing activities	**$ 93,704,520**	**$ 80,848,858**
Cash Flows from Capital Related Activities		
HEFF	15,234,984	5,805,138
Proceeds from Capital Debt (Leases)	3,901,221	499,667
Revenue Bond Discounts and Related Costs	(5,143,384)	
Principal Payments on Bonds & Capital Leases	(5,139,130)	(4,892,128)
Interest Payments on Bonds & Capital Leases	(3,044,365)	(3,222,365)
Purchase of Capital Assets	(35,158,262)	(21,463,228)
Capital Grants and Contracts	10,172,544	10,883,259
South Dakota Building Authority	-	3,362,127
Net cash used by capital and related financing activities	**$ (19,176,392)**	**$ (9,027,530)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	900,341	638,827
Net cash provided (used) by investing activities	**$ 900,341**	**$ 638,827**
Net Cash Provided (Used) by Operations	62,968	6,556,919
Cash - Beginning of the year	80,568,330	74,011,411
Cash - End of the year	**$ 80,631,298**	**$ 80,568,330**

RECONCILIATION OF NET OPERATING REVENUES/(EXPENSES) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES

	2024	2023
OPERATING INCOME (LOSS)	$ (101,678,893)	$ (89,117,241)
Adjustments to reconcile net income (loss) to net cash provided (used) by		
Operating activities:		
Depreciation Expense	19,189,481	18,765,079
Loan Cancellation Expense	471,110	592,256
Bad Debt Expense	300,298	565,656
CHANGES IN ASSETS AND LIABILITIES:		
Accounts Receivable Students	(457,416)	(686,251)
Accounts Receivable - Dept	138,864	(315,314)
Notes Receivable	543,157	1,139,829
Accrued Interest & Dividends Receivable	226,392	27,645
Due From Federal Sources	1,883,045	310,641
Due From Primary Govt	942,156	284,965
Due From Component Unit	280,813	(446,440)
Prepaid Expense & Unearned Charges	917,627	99,066
Inventory	(184,602)	(76,989)
Accounts Payable	649,732	304,918
Accrued Wages & Benefits	(633,571)	237,885
Due to Federal Sources	68,561	(88,867)
Due to Primary Government	(11,625)	(19,201)
Due to Component Units	305,605	17,283
Student Deposits	(11,341)	91,914
Compensated Abesences	781,217	1,115,970
Unearned Revenue	913,889	1,293,960
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	**$ (75,365,501)**	**$ (65,903,236)**
NON CASH TRANSACTIONS:		
Gain (Loss) on disposal of Assets	(26,655)	(393,137)
Donated Books/Fixed Assets	4,222,645	1,102,646
	-	-

	2023	2022
Operating Activities		
Change in net assets	$ 19,665,099	$ (37,682,704)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	123,561	130,884
Depreciation - other fixed assets	57,196	57,197
Realized gain on investments	(563,201)	(3,454,067)
Unrealized loss (gain) on investments	(22,217,220)	37,439,411
Loss on disposal of fixed assets	36,290	-
Change in cash surrender value of life insurance	(10,623)	(21,025)
Change in value of contributions receivable - split-interest agreements	(776,146)	920,755
Change in value of gift annuities and life income agreements	(141,850)	398,356
Restricted for long-term purposes:		
Gifts and revenue	(6,320,370)	(3,885,840)
Gifts other than cash	(1,893,755)	(88,295)
Changes in assets and liabilities:		
Promises to give, other than restricted for long-term purposes	39,712	(965,458)
Contributions receivable - split-interest agreements	403,653	456,965
Prepaid expenses and other assets	(108,298)	(135,082)
Accounts payable and accrued expenses	(217,541)	231,945
Due to University of South Dakota - scholarships	54,847	425,637
Gift annuities and life income agreements	354,298	(1,009,304)
Net Cash used for Operating Activities	(11,514,348)	(7,180,625)
Investing Activities		
Principal payment received on note receivable	959,603	-
Net changes in money market funds held for investment	(10,087)	462
Proceeds from sale of investments	22,708,802	55,261,006
Purchases of investments	(26,414,592)	(50,554,181)
Purchases of operating fixed assets and other fixed assets held	(111,803)	(886,654)
Net Cash (used for) from Investing Activities	(2,868,077)	3,820,633
Financing Activities		
Proceeds from draw on line of credit	3,800,000	-
Payments on line of credit	(3,800,000)	-
Proceeds from gifts and revenue restricted for long-term purposes	6,184,961	4,113,573
Net Cash from Financing Activities	6,184,961	4,113,573
Net Change in Restricted Cash and Cash Equivalents	(8,197,464)	753,581
Restricted Cash and Cash Equivalents, Beginning of Year	15,630,359	14,876,778
Restricted Cash and Cash Equivalents, End of Year	$ 7,432,895	$ 15,630,359
Supplemental Disclosure of Cash Flow Information		
Cash (received) paid during the year for unrelated business income tax	$ (6,397)	$ (8,733)
Cash paid for interest	48,029	-
Supplemental Schedule of Non-Cash Investing Activities		
Acquisition of investments of the Alumni Assocation of USD	$ -	$ 1,456,189
Right-of-use assets acquired under operating lease	642,716	-

See Notes to Consolidated Financial Statements

University of South Dakota Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organization: The University is one of six public universities under the governance of the South Dakota Board of Regents, a nine-member board. Nathan Lukkes is executive director of the Board of Regents. The University offers classes through several schools and colleges consisting of the College of Arts and Sciences, School of Business, School of Education, College of Fine Arts, School of Law, School of Medicine and the School of Health Sciences.

Financial Statement Presentation: As a component unit of the State of South Dakota, the University presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments," as amended by GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities." GASB No. 35 allows public colleges and universities to report as a business-type activity under GASB No. 34 which requires a comprehensive, entity-wide presentation of the University's assets, liabilities, net position, revenues, expenses, change in net position and cash flows. These statements were implemented for the fiscal year ended June 30, 2002.

Basis of Accounting: The University is considered to be a special-purpose government engaged only in business-type activities. The University has adopted the accrual basis of accounting as required by generally accepted accounting principles in preparing its annual financial statements. Under the accrual basis of accounting, revenue is recognized when earned, expenditures when an obligation is incurred and depreciation expense is recognized on capitalized assets. Eliminations have been made to minimize the "double-counting" of internal activities.

Reporting Entity: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as required by GASB statement No. 14, The Financial Reporting Entity. As additionally required by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, organizations that raise and hold economic resources for the direct benefit of the University are included in the reporting entity. The University evaluates potential component units for inclusion in the reporting entity based on these criteria.

The University of South Dakota Foundation is an independent, not-for-profit, South Dakota Corporation organized solely for the benefit of The University of South Dakota. The mission of the Foundation is to solicit, manage and distribute gifts for the benefit of The University of South Dakota in all facets of its operations, aiding the University's efforts to become America's finest small state university. Gifts to the Foundation are tax deductible under applicable provisions of law. The Foundation is considered a component unit of the University according to the criteria in GASB No. 39 and the University's financial statements include discrete presentation of the Foundation by displaying the Foundation's audited financial statements in their original formats on separate pages.

The University is a component unit of the State of South Dakota. A separate Financial Statement will be issued for the University as well as included as a component unit in the State of South Dakota's Financial Statements.

Fund Accounting: In order to ensure observance of the limitations and restrictions placed on the use of resources available to the University, the accounts of the institution are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources are classified for accounting and reporting purposes

into funds that are maintained in accordance with activities or objectives specified by donors, governmental appropriations, granting agencies, and other sources or regulations.

Separate Funds are maintained for each funded activity; however, in the accompanying statements, all funds have been combined in order to present the financial statements from a comprehensive entity-wide perspective.

Pandemic In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus ("COVID-19") outbreak, which has led to a global health emergency. Institutions receiving funds under Section 18004 of the CARES Act, Section 314 of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and Section 2003 of the American Rescue Plan Act (ARPA).

The University of South Dakota was allocated COVID-19 relief funding by Congress through the Higher Education Emergency Relief Fund (HEERF). Funding was allotted in the form of student, institutional and strengthening institutions program awards. Each of these awards were provided in three packages known as HEERF I, HEERF II, and HEERF III as provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan allocation (ARPA), respectively.

The University of South Dakota was awarded $23.3 million in HEERF funding as of fiscal year ended June 30, 2022. Overall $9.9 million provided emergency grants to students, while $13.4 million covered costs to help prevent, prepare for and respond to coronavirus. This includes costs related to significant changes to the delivery of instruction, to mitigate the impact of the virus, campus safety, and other direct expenses. Guidance related to the spending of these funds was provided by the US Department of Education and followed by the University of South Dakota. Below is a summary of the total HEERF awards provided to USD.

	HEERF I (CARES)	HEERF II (CRRSSAA)	HEERF III (ARPA)	TOTAL
Student	1,817,383	1,817,383	6,185,163	9,819,929
Institutional	1,817,383	4,949,006	5,735,409	12,501,798
Strengthening Institutions	183,555	289,409	535,498	1,008,462
Total Award	**3,818,321**	**7,055,798**	**12,456,070**	**23,330,189**
Revenue Recognition	FY20 - $2,411,617 FY21 - $1,406,704	FY21 - $6,770,483 FY22 - $285,315	FY22 - $11,516,248 FY23 - $939,822	

Accounting Changes: For the fiscal year ended June 30, 2022, The University of South Dakota implemented GASB Statement 87, Leases. This Statement increases the usefulness of the University's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Accounts Receivable: Accounts Receivable consists of funds owed to various University departments at June 30, 2024 from external sources. Accounts Receivable consists of funds owed from students for outstanding tuition and fee charges and from external sources for various sales and services. The University uses the allowance method for calculating uncollectible accounts for accounts receivables. Under the allowance method, a reserve is established for the projected amount that will become uncollectible. The projections for student accounts receivable is based on the current default rate.

Notes Receivable: Notes Receivable consist of amounts associated with various student loan programs.

Interest Receivable: The Interest Receivable consists of Interest Receivable on student loans and interest earned through the State Investment Council. Interest Receivable is recorded at the time the interest income is determined.

Cash and Cash Equivalents: For reporting purposes, Cash includes cash on hand and cash in local banks. Cash Equivalents include short-term investments with original maturities of three months or less.

Investments: Investments included in Cash on Deposit – State Treasurer consists of funds on deposit with the State Treasurer which are pooled by the State Investment Council for investment purposes. Investments are reported at cost as market values are not readily available for funds on deposit with the State Treasurer. Interest earnings on Current Funds investments are not received by the University but are credited to the State of South Dakota's General Fund with the exception of School & Public Lands funds and Loan Funds which do receive interest earnings. In addition, interest earnings are received from Investments in the Renewals and Replacements Funds, Retirement of Indebtedness Fund, off-campus Tuition, General Activity funds and Unexpanded Plan Fund. Interest earnings in the Unexpanded Plant Fund are primarily from the unexpended portion of the Construction accounts. Student loan funds such as the Perkins Student Loan Program, Nursing Student Loan Program, Health Professions Student Loan Program, and Loans for Disadvantaged Med Students receive interest earning. All interest earnings are credited to various participating funds.

Due To /Due From:

- Due From Federal Sources represents expenditures made on grants or Federal Appropriations for which reimbursement has not yet been received.
- Due From Primary Government represents funds owed from various state agencies of South Dakota, outside of Higher Education.
- Due From Other Component Unit represents funds owed from other South Dakota public universities or the South Dakota Board of Regents.
- Due to Federal Sources represents funds owed to federal agencies.
- Due to Primary Government represents funds owed to various state agencies of South Dakota, outside of Higher Education.
- Due To Other Component Units represent funds owed to other South Dakota public universities or the South Dakota Board of Regents.

Inventories: Inventories of supplies are reported using the FIFO method or last invoice price.

Prepaid Expenses: Prepaid expenses are recorded for amounts paid for the University's subscriptions, memberships, computer services, software leases, software maintenance, and insurance that have not yet been incurred as an expense.

Capital Assets: Capital assets are recorded at cost or, for contributed assets, at fair value at the date of acquisition. The University capitalized equipment with a cost of $5,000 or more and a useful life in excess of one year. Land, buildings, building improvements and infrastructure are capitalized at cost at the time of purchase or, if contributed, at the appraised value at the date of gift. The University capitalized major additions to plant assets when the addition increased the value by $100,000 or more for building and building improvements and $50,000 or more for land improvement and infrastructure. The University capitalizes assets in accordance with the Board of Regents policy. Library books and films are depreciated by the group method of depreciation at a straight-line depreciation over a 10-year period. Library books and films are assumed to be fully depreciated when they are deleted. The University depreciates buildings and building improvements, land improvements, infrastructure and equipment. Buildings are depreciated over 50 years for a major structure, 25 years for pole and storage buildings and 10 years for minor structures. Building improvements and land improvements are depreciated over 20 years. Infrastructure is depreciated over a range of 20 to 50 years. Equipment is depreciated over various useful lives based on classes of assets. Library books are depreciated based on a 10 year average. Depreciation expense is computed using the straight-line method

over the estimated useful lives of the respective assets. Useful lives for capital assets are established using the state's policy on useful life of assets.

Major additions to plant assets which are not completed at year end are included in the financial statements as construction in progress. When the major additions are completed the capitalized cost will be transferred to buildings and building improvements, land improvements, or infrastructure.

During fiscal year 2015, the Higher Education Facilities Fund (HEFF) allocates 20% of tuition and system fees deposited with the Tuition and Fee Fund from all state supported universities in South Dakota to building improvements. Beginning in fiscal year 2016, the HEFF rate was decreased to 11.5% as a result of combining Tuition charges and the University Support Fee.

Equipment and other property contain $11,402,502 of equipment and $1,393,867 of library books and films net of depreciation. The Oscar Howe Art collection (Works of Arts & Historical Treasures) is a Non-Depreciable Asset and is valued at estimated fair market value. The art collection includes all items in the collection including those items that are less than $5,000.

Unearned revenue: Unearned revenue is recorded for amounts received from contract and grant sponsors that have not yet been earned and performance by the University has not been completed.

Compensated Absences: Liabilities for compensated absences are recorded for vacation leave based on actual earned amounts for eligible employees who qualify for termination payments. Liabilities for sick leave are recorded for employees who are eligible for and have earned termination payments for accumulated sick days upon termination or retirement.

Net Position: The University's net positions are classified for financial reporting in the following net position categories:

1. Investment in capital assets, net of related debt: This component of net position includes capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction or improvement of those assets.
2. Restricted net position – nonexpendable: Nonexpendable restricted net position is subject to externally imposed stipulations that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income, which may be either expended or added to principal.
3. Restricted net position – expendable: Restricted expendable net position are resources the University is legally obligated to spend in accordance with externally imposed restrictions.
4. Unrestricted net position: Unrestricted net positions are not subject to externally imposed restrictions and are used for meeting expenses for academic and general operation of the University. The assets represent resources derived from student tuition and fees, state appropriations, and sales and service from educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University, and may be used at the discretion of the governing board to meet current expense for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Scholarship Allowances and Student Aid: Tuition and fee revenue has been reported net of scholarship allowance and student aid in accordance with the alternative method prescribed by NACUBO. Under the alternative method, tuition and fee revenue is reduced by the amount that was paid for by certain types of financial aid such as PELL grants, scholarships and other governmental grants. The alternative method eliminated double reporting of revenue, first as financial aid revenue and then as tuition and fee revenue. Using the alternative method, the revenue is

recognized for the financial aid grants, scholarship, etc. while the financial aid expense and tuition and fee revenue is eliminated for the amount of financial aid applied to students' accounts.

Revenue Recognition: The University uses accrual basis accounting and therefore recognizes revenues when earned. Current year revenue is recognized for all outstanding accounts receivable owed to the University from external sources as of June 30, 2024.

Operating and Non-Operating Revenues: Operating revenues include tuition and fee revenue, departmental and auxiliary sales and services, loan funds and exchange transactions. Most of the revenue generated from the University's federal, state and local grants has been determined to be exchange transactions. Non-operating revenue includes state appropriations, federal appropriations, non-exchange transactions and most investment income.

Note 2 – Cash and Cash Equivalents

For reporting purposes, cash includes cash on hand, cash in local banks, and cash in the State Treasury. Cash equivalents are reported at cost.

Note 3 – Retirement Plan

South Dakota Retirement System, Plan Description: The South Dakota Retirement System (SDRS) is a cost-sharing, multiple-employer, public employee retirement system established to provide retirement, disability and survivor benefits for employees of the state and its political subdivisions. The right to receive retirement benefits vests after five years (effective July 1, 1998, after three years) of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures and required supplementary information. The SDRS is considered part of the state of South Dakota financial reporting entity and is included in the state's financial report as a pension trust fund. Copies of the separately issued financial report may be obtained by writing to the SDRS PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution.

Note 4 – Notes Receivable

Notes Receivable consisted of the following at June 30, 2024 and 2023:

	2024	2023
Student Loans Receivable (Current)	1,513,260	2,275,111
Student Loans Receivable (Non-Current)	7,606,004	7,858,421
Total Student Loan Receivable	$ 9,119,264	$ 10,133,532

Note 5 – State Appropriations

The State General Fund Appropriation for fiscal year 2024 was $87,022,890. In fiscal year 2023, it was $74,035,532.

Note 6 – Tuition and fees

On-Campus tuition and fees are collected and remitted to the BOR where interest is earned on participating funds. The University can withdraw 88.5% of the on-campus tuition for operations at its discretion throughout the year. The remaining 11.5% is deposited into the Higher Education Facilities Funds (HEFF, 11.5% of off-campus tuition is also deposited) to finance capital and repair/maintenance projects system wide. The public universities submit project requests to the BOR, and funds are allocated to campuses as projects are approved. Fees remitted to the BOR are for

the System Technology Fund and the Electronic University Consortium (EUC). On-Campus tuition and related fees collected and remitted to the SDBOR follows for the years ending June 30, 2024 and 2023.

	2024	2023
Total Tuition submitted to BOR	$ 54,820,537	$ 54,464,630
LESS:		
BOR Portion of Tuition		
Technology Fee	$ 232,259	$ 233,516
EUC	$ 511,038	$ 486,253
Remitted to Higher Education Facilities Fund		
Off Campus Tuition 11.5%	$ 2,832,674	$ 2,698,233
On-Campus Tuition 11.5%	$ 5,798,177	$ 5,785,382
USD Tuition Collected	$ 45,446,389	$ 45,261,246

The HEFF funds remitted consists of 11.5% of all on and off-campus tuition. $175,000 is excluded for Medical School tuition SDCL 13-53-15.3.

The University also reported $20,442,789 and $19,532,978 of Off-Campus tuition for fiscal years 2024 and 2023, respectively.

Note 7 – Student Fees

Student fees approved by the Board of Regents consist of General Activity Fees, Program Fees, Delivery Fees, Vehicle Registration Fees, Transcript Fees, International Fees and Exam Fees. These fees totaled $15,072,202 for fiscal year 2024. These fees are retained by the University to support various student activities and the programs with which the fees are associated.

Note 8 – Commitments

The University had outstanding commitments under construction contracts of approximately $12,168,792 at June 30, 2024.

Note 9 – Endowments and Similar Funds

The assets of the endowment and similar funds administered by the Department of School and Public Lands have not been included in the financial statements because the University does not actively participate in the administration of the funds.

Asset information for the Endowment and similar funds administered by the Department of School and Public lands as of June 30, 2024 was not available.

Note 10 – Related Parties

The financial statements of The University of South Dakota, which is a component unit of the State of South Dakota, do not include the assets, liabilities, or fund balances of affiliated organizations, whose financial statements are separately audited. The Foundation is the only related party of The University of South Dakota and their statements are listed behind the University of South Dakota's financial statements.

Note 11 – Student Deposits

Student Deposits consist of funds held for students for admissions deposits, housing deposits, and Student Alternative loan program. Student Deposits consist primarily of cash assets and total $511,275 for fiscal year 2024.

Note 12 – Fiduciary Financial Statements

For the fiscal year ended June 30, 2021, The University of South Dakota implemented GASB Statement 84, Fiduciary Activities. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activity is presented separately from the University's consolidated financial statements and is presented in financial statements for fiduciary activity. Fiduciary activity consists of custodial funds.

Note 13 – Construction in Progress

Schedule of Changes in Construction in Progress (CIP):

	Beginning Balance	Increases	Decreases	Ending Balance
Construction in Progress	$ 11,017,757	36,205,455	(13,140,998)	$ 34,082,214

Note 14 – Capital Assets

Capital Asset Activity for the Year Ended June 30, 2024:

	Beg Balance	Increases	Decreases	End Balance
Capital assets not being depreciated:				
Land	$ 3,605,265	$ -	$ -	$ 3,605,265
Works of Arts & Historical Treasures	420,585	-	-	420,585
Construction in Progress	11,017,757	36,205,455	(13,140,998)	34,082,214
Total capital assets not being depreciated:	$ 15,043,607	$ 36,205,455	$ (13,140,998)	$ 38,108,064
Capital assets being depreciated:				
Land Improvements	$ 23,834,650	$ 2,094,920	$ -	$ 25,929,570
Buildings	271,790,760	-	-	271,790,760
Building Improvements	195,197,841	8,795,875	-	203,993,716
Machinery and Equipment	45,126,689	2,492,546	(922,580)	46,696,655
Library	44,028,789	243,164	(600,842)	43,671,111
Infrastructure	39,591,660	2,250,204	-	41,841,864
Intangible Assets	1,223,560	121,804	-	1,345,364
Total capital assets being depreciated:	$ 620,793,949	$ 15,998,513	$ (1,523,422)	$ 635,269,040
Less accumulated depreciation/amortization for:				
Land Improvements	$ 12,094,458	$ 1,101,439	$ -	$ 13,195,897
Buildings	81,826,644	5,096,481	-	86,923,125
Building Improvements	101,657,964	8,279,113	-	109,937,077
Machinery and Equipment	33,756,061	2,434,015	(895,925)	35,294,151
Library	42,542,806	335,280	(600,842)	42,277,244
Infrastructure	17,985,933	1,679,617	-	19,665,550
Intangible Assets	413,810	245,948	-	659,758
Total accumulated depreciation:	$ 290,277,676	$ 19,171,893	$ (1,496,767)	$ 307,952,802
Total capital assets being depreciated, net:	$ 330,516,273	$ (3,173,380)	$ (26,655)	$ 327,316,238
Capital Assets, Net	$ 345,559,880	$33,032,075	$ (13,167,653)	$ 365,424,302

Note 15 – Invested in Capital, Net of Related Debt

Capital Investment	$ 365,424,300
Less: Related Debt	(68,364,475)
Invested in Capital, Net of Related Debt	$ 297,059,825

Note 16 – Restricted Net Position

The University restricted non-expendable assets for Loans consist primarily of Cash and Notes Receivable issued to students less estimated allowance less Federal Capital Contributions. Federal Capital Contributions represents the funds that would be owed to the federal government if the federal loan programs were eliminated. The Perkins and Nursing loan funds have been discontinued causing the overall liabilities in the loan funds to exceed the assets. This caused a negative restricted non-expendable asset in the amount of ($324,741). This amount was combined with the unrestricted net position.

The University had other restricted expendable assets of $5,347,830, which consist of assets restricted by bond covenants to be held for use in Renewals and Replacements of buildings covered by various bond covenants. The research expendable net position overall liabilities exceeded the assets. This caused a negative restricted research expendable asset in the amount of ($741,409). This amount was combined with the unrestricted net position.

Note 17 – Long-term Liabilities

Long-term liabilities include capital leases, bonds payable, compensated absences and the federal capital contributions to the federal loan programs.

	Interest Rate	Maturity Date	Balance 7/1/2023	Change In Fringe Benefit	Additions	Reductions	Balance 6/30/2024	Due within One Year
Revenue Bonds and Long-Term Lease Agreements								
Dakota Dome Roof Long-Term Lease, Series 2000	4.5-6.5%	2025	940,000	--	--	(455,000)	485,000	485,000
Housing and Auxiliary Facilities Revenue Bonds, Series 2013	2-4%	2028	4,820,000	--	--	(890,000)	3,930,000	925,000
Sports Complex Long-Term Lease, Series 2013B/C	1.9-4.4%	2033	13,179,071	--	--	(1,048,595)	12,130,476	1,100,049
Housing and Auxiliary Facilities Revenue Bonds, Series 2015	4-5%	2030	5,445,000	--	--	(670,000)	4,775,000	705,000
Wellness Center and Coyote Village Revenue Bonds, Series 2017	4-5%	2039	27,560,000	--	--	(1,385,000)	26,175,000	1,450,000
Dakota Dome Renovations, Long-Term Lease, Series 2018A	4-5%	2039	10,550,000	--	--	(455,000)	10,095,000	475,000
Wellness Center Revenue Bond Series 2023	5%	2038	--	--	3,580,000	--	3,580,000	185,000

Sub-Total	**62,494,071**	**-**	**3,580,000**	**(4,903,595)**	**61,170,476**	**5,325,049**

Continued to next page

Compensated Absences						
Sick Leave Liability	7,640,406	--	1,646,514	(1,086,035)	8,200,885	1,166,852
Annual Leave Liability	6,704,071	--	5,203,871	(4,983,133)	6,924,809	4,180,340
Sub-Total	**14,344,477**	**--**	**6,850,385**	**(6,069,168)**	**15,125,694**	**5,347,192**
Federal Portion of Loan Programs						
Federal Capital Contribution	**12,777,014**	--	**--**	**(1,168,805)**	**11,608,209**	--
TOTAL Long Term Liabilities	**89,615,562**	**--**	**10,430,385**	**(12,141,568)**	**87,904,379**	**10,672,241**

Revenue Bonds are authorized by the Board of Regents and were issued to finance the construction of residence halls and the student union. These bonds are not collateralized. Payments come from pledged net revenues from the operation of the residence halls and student union. The net pledged revenue of $4,719,519 consists of revenues from Auxiliary Services and is available as security for debt service.

In fiscal year 2019, the University entered into a long-term lease for the Dakota Dome Expansion. The lease agreement was for $12,925,000. The final payment is scheduled for fiscal year 2039.

In fiscal year 2018, the University issued $32,490,000 in Revenue Bonds Series 2017 to refund Series 2009 bonds. The net proceeds of the refunding were $36,900,902 after payment of $213,985 in underwriting fees and $52,720 of issuance costs plus $4,677,607 in bond premium.

In fiscal year 2024, the University issued $3,580,000 in Revenue Bonds Series 2023. The net proceeds were $3,900,000 after payment of $50,393 of issuance costs and interest of $1,221, plus $371,614 in bond premium.

Long-term lease agreements are issued with the South Dakota Building Authority for the replacement of the Dakota Dome roof, the construction of the new Sports Complex, and the Dakota Dome Expansion. The Dakota Dome roof payment comes from the net revenues from Athletics and student fees. The Old Main lease payments are from exam for credit fees, facilities rental income, grant overhead, and indirect revenue charged to revenue generating activities. The Sports Complex lease payments are from advertising revenue and facilities rental income. The Dakota Dome Expansion lease payments come from private donations.

The future amounts of principal and interest payments required by the debt agreements (excluding federal loans and compensated absences) are as follows:

Year Ending	**Revenue Bonds**		**Long-Term Leases**		
June 30,	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2025	3,265,000	1,764,950	2,060,049	1,125,096	8,215,095
2026	3,410,000	1,610,950	1,654,901	1,032,521	7,708,372
2027	3,570,000	1,450,100	1,738,172	949,776	7,708,048
2028	3,515,000	1,291,700	1,823,380	862,868	7,492,948
2029	2,815,000	1,126,150	1,917,049	771,699	6,629,898
2030-2034	12,290,000	3,738,600	9,401,925	2,322,891	27,753,416
2035-	9,375,000	1,160,300	4,115,000	621,250	15,271,550
Total	38,240,000	12,142,750	22,710,476	7,686,101	80,779,327

The Revenue Bonds Payable is reported on the Statement of Net Position, net of bond premiums and bond discounts, as shown below:

	Total Bonds Payable	Short-Term Portion	Long Term Portion
Revenue Bonds Payable	$ 38,460,000	$ 3,265,000	$ 35,195,000
Premium/Discount	4,410,852	421,390	3,989,462
Per Statement of Net Position	$ 42,870,852	$ 3,686,390	$ 39,184,462

Compensated Absences:

Annual leave is earned by State of South Dakota employees. Upon termination, employees are eligible to receive compensation for their accrued annual leave balance. At June 30, 2024 a liability existed for accumulated annual leave calculated at the employees' June 30, 2024 pay rates. The accrued annual leave liability for the University as of June 30, 2024 was $6,924,809. Employees who have been continuously employed by the State of South Dakota for at least seven years prior to the date of their retirement, voluntary resignation or death will receive payment for one fourth of their accumulated sick leave balance, such payment not to exceed the sum of twelve weeks of the employee's annual compensation. At June 30, 2024, a liability existed for accumulated sick leave calculated at the employees' June 30, 2024 pay rate in the amount of $8,200,885.

Federal Capital Contribution

The Federal Capital Contribution represents the funds that would be owed to the federal government if the federal loan programs were eliminated.

Note 18 – Lease Obligations

The University adopted GASB Statement N. 87, Leases, effective for the fiscal year ending June 30, 2022 with a retrospective application of the fiscal year ended June 30, 2021. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, it requires the University to classify leases that are 12 months or greater in length at the commencement of the lease term, including the evaluation of options to extend the lease, to the Statement of Net Position.

The University records a lease liability and an underlying right-to-use lease asset for the lessee arrangements. Over the course of the lease, inflows and outflows are recognized and recorded in the Statement of Revenues, Expenses and Changes in Net Position.

USD leases office space. Some of these arrangements meet the GASB 87 criteria for recognizing Right-to-use Lease Assets and the associated liability.

	Beg Balance	Increases	Decreases	End Balance
Building and Improvements	$ 1,187,724	$ 121,805	$ -	$ 1,309,529
Accumulated Amortization	(377,975)		(245,948)	(623,923)
Net:	$ 809,749	$ 121,805	$ (245,948)	$ 685,606

These leases are not included as lease liabilities or right to use lease assets on Statement of Net Position. The following is a schedule of future lease payments as of June 30, 2024.

Year Ending June 30,	
2025	47,520
2026	36,569
2027	13,005
TOTAL	$ 97,094

Note 19 – Scholarship Allowance and Student Aid

Allocating Scholarship Allowances

Institutional Resources Provided as Financial Aid		Percent	Scholarship Allowance Allocation	Expense Allowance
SEOG	494,400	1.96%	415,396	79,004
Pell Grants	7,159,863	28.32%	6,015,738	1,144,125
Other Fed Scholarships	3,772	0.01%	3,169	603
Institutional Scholarships	11,580,104	45.81%	9,729,638	1,850,466
Athletic Scholarships	5,015,232	19.84%	4,213,813	801,419
Non-Monetary Institutional Waivers				
Institutional	438,376	1.73%	368,324	70,051
Residential Life	589,288	2.33%	495,122	94,166
Total	$ 25,281,035		$ 21,241,200	$ 4,039,834

Allocation Ratio for Tuition Discount & Student Aid Expense:		Percent	Scholarship Allowance Allocation
Tuition & Fee Allocation	$ 80,481,074	81.60%	$ 17,333,517
Auxiliary Revenue	$ 18,143,725	18.40%	$ 3,907,684

Note 20 – Risk Management

The Office of Risk Management of the Bureau of Administration is the insurance, loss control and safety resource for all state agencies within South Dakota. The responsibilities of the Office of Risk Management include protecting the State's assets; providing a safe environment for State employees and for the general public who come in contact with State employees or property as services are provided; minimizing the possible interruptions of vital public services; safeguarding that exposures of financial loss are discovered and handled appropriately; reducing the costs and consequences of accidents, including insurance premiums, through effective safety management.

Tort liability coverage is provided to state employees under the Public Entity Pool for Liability (PEPL). State law provides that sovereign immunity is waived to the extent that coverage is provided either through the purchase of insurance or an arrangement such as the State has with PEPL. Therefore, the "Agreement" and "Memorandum of Coverage" between the State and PEPL carve out the instances where the State waives sovereignty immunity and agrees to cover damages for which an employee becomes liable. Coverage under PEPL includes general liability, law enforcement liability, public officials' errors and omissions liability, automotive liability and some medical mal-practice liability. The coverage limit under PEPL is $1,000,000 per occurrence.

Note 21 – Prior Period Adjustments

The University had prior period adjustments for FY24 which increased net position by $320,277.

Increases (decreases) to beginning Net Position were as follows:

	2024
Fix Assets	$ 313,745
Loan Fund	6,532

Note 22 – Functional Expenses

FUNCTIONAL CLASSIFICATION OF EXPENSES AND DEPRECIATION

	Personal Services	Travel	Contractual	Supplies & Materials	Grants & Subsides	Other	Depreciation	Total
Instruction	66,972,797	1,090,491	6,424,427	3,879,925	58,634	99,183	592,999	79,118,456
Research	7,238,075	350,884	1,060,628	1,646,172	3,526,483	-	873,202	14,695,444
Public Service	11,715,342	502,520	2,428,540	1,052,541	1,660,344	-	58,608	17,417,895
Academic Support	23,723,380	410,327	8,058,380	1,109,110	10,505	850	333,205	33,645,757
Student Services	16,359,719	3,674,929	3,427,677	2,818,225	6,236	1,190	84,854	26,372,830
Institutional Support	13,778,799	234,576	6,199,353	1,549,848	1,228	774,265	2,133,967	24,672,036
Operation and Maintenance of Plant	8,915,536	76,630	3,638,323	2,556,127	206	24,093	14,806,207	30,017,122
Scholarships and Fellowships	520,532	-	183	44,946	8,216,088	-	-	8,781,749
Auxiliary Enterprises	2,181,480	27,818	11,643,177	2,210,567	-	51,353	29,854	16,144,249
Depreciation	-	-	-	-	-	-	276,585	276,585
Total	151,405,660	6,368,175	42,880,688	16,867,461	13,479,724	950,934	19,189,481	251,142,123

Note 1 - Principal Activity and Significant Accounting Policies

Principles of Consolidation

The financial statements include the consolidated accounts of The University of South Dakota Foundation (the Foundation); USDF, LLC (LLC); and USDF2, LLC (LLC2) (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

Organization

The Foundation is an independent organization established for the purpose of obtaining contributions for the benefit of The University of South Dakota (USD) and managing related investments. During 2022, the Alumni Association of USD was unincorporated, and the net assets were transferred to the Foundation.

The LLC was established to hold and manage real estate. The Foundation is the sole member of the LLC. Members of the Foundation's Executive Committee serve as directors, and the LLC is under common management with the Foundation.

The LLC2 was established to hold an airplane hangar and a dual-engine, turbo prop, 6-passenger airplane. The LLC2 is leasing the airplane to USD under a five-year lease agreement that currently provides for annual lease payments that are based on the outstanding amount of the Foundation's initial investment in the airplane. The annual lease payment is reduced if the Foundation receives, from any source, a return of its initial investment. USD is responsible for all expenses related to the operations and maintenance of the airplane. The Foundation is the sole member of LLC2. Members of the Foundation's Executive Committee serve as directors, and the LLC2 is under common management with the Foundation.

Tax Exempt Status

The Internal Revenue Service (IRS) has ruled that the Organization is a publicly supported organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. In addition, the Organization is subject to tax filings required by various state tax authorities. LLC and LLC2 are single member LLC's, thus considered by the IRS to be disregarded entities that are not subject to separate filing requirements.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense, if such interest and penalties are incurred.

Estimates

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

Cash, Cash Equivalents, and Restricted Cash

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for investment nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures of the Organization, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Financial Instruments and Credit Risks

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed by management to be creditworthy. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Organization had approximately $6,241,154 and $12,344,044, respectively, in excess of FDIC-insured limits including uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give and notes receivable are considered to be limited due to high historical collection rates and outstanding balances are primarily from donors and others that are supportive of the Organization's mission. Investments are managed by professional investment managers whose performance is monitored by management and the Foundation's Investment Committee of the Board of Directors. Although the fair value of investments is subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of the donation. Thereafter, investments are recorded at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expenses.

To achieve diversification objectives, the Foundation has acquired interests in private equity investments and real estate limited partnerships that are not readily marketable (external investment pools). The fair values of these investments have been determined by management using the net asset value (NAV) provided by each fund. NAV is a measurement allowed under GAAP to determine the fair value of investments that do not have readily determinable fair value and to prepare financial statements consistent with the measurement principles of an investment company or consistent with the attributes of an investment company.

Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses are allocated to participants of the external investment pools based upon their pro-rata share of the investments. Distributions from, and liquidation of, these investments are restricted based on specific terms of the fund agreements. The estimated values may differ materially from the values that would have been used had readily available markets for the investments existed.

As part of the mutual fund prospectus, certain mutual funds held by the Foundation have the ability to invest in a variety of derivative instruments as part of their investment strategy. These derivatives include, but are not limited to, interest rate swaps, credit default swaps, options, government futures, and money market futures. While the Foundation does not have discretionary control over the asset guidelines of mutual funds, it believes these instruments allow the portfolio manager to take advantage of cyclical and secular forces in the market in order to achieve their return objectives over a full market cycle. This allows the Foundation to achieve its long-term risk and return objectives by opportunistically investing in a broad and diversified range of markets.

Promises to Give

Unconditional promises to give are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Contributions Receivable – Split-Interest Agreements

The Foundation has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Foundation has neither possession of, nor control over, the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

Operating Fixed Assets and Right-To-Use Assets

The Organization's operating fixed assets are recorded at cost or, if donated, at fair value on the date of donation and consist of an office building, furniture and equipment. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Fixed assets are presented in the accompanying consolidated financial statements net of accumulated depreciation of $1,342,336 and $1,271,836 at December 31, 2023 and 2022, respectively. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

Right-to-use leased assets are recognized at the lease commencement date and represent the Organization's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Operating right-to-use leased assets are amortized over the lease term using the straight-line method. The amortization periods vary from 3 to 10 years.

The Organization reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value may not be recoverable from the estimated future cash flows expected to result from use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Other Fixed Assets Held

The Organization's other fixed assets held consist of land, buildings and an airplane that are either currently being used by USD in operations or will eventually be used to support USD. Fixed assets that are being used by USD in operations are presented in the accompanying consolidated financial statements at cost or, if donated, at fair value as of the date of the donation, net of accumulated depreciation of $660,951 and $603,755 at December 31, 2023 and 2022, respectively. Depreciation expense, which is reflected in the consolidated statements of activities as a reduction to other revenue, support and gains, is provided using the straight-line method over the estimated useful lives of the assets, ranging from 10 to 30 years. Fixed assets held that are not currently being used by USD in operations are presented in the accompanying consolidated financial statements at cost or, if donated, at fair value as of the date of the donation and are periodically reviewed for impairment. For the years ended at December 31, 2023 and 2022, no impairment charge has been recorded.

Gift Annuity and Life Income Agreements

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions or a contribution with donor restrictions based on the donor's wishes. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income. The estimated present value of future annuity payments to beneficiaries is $429,904 and $376,858 as of December 31, 2023 and 2022, respectively.

The Foundation's life income agreements consist of various irrevocable charitable remainder unitrusts, a charitable remainder annuity trust, and a charitable lead annuity trust over which the Foundation acts as trustee. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to the Foundation, in whole or in part, for a specified period or upon the occurrence of a specific event.

The trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income. The present value of life income agreements total $3,785,115 and $3,474,061 as of December 31, 2023 and 2022, respectively. The present value of future investment income distributions to beneficiaries is $2,183,471 and $2,024,069 as of December 31, 2023 and 2022, respectively.

Beneficial Interest Trusts

The accompanying consolidated statements of activities include income from several irrevocable trusts administered by others. The assets of these trusts are not included in the consolidated statements of financial position because USD, an interrelated entity with the Foundation, is the stated beneficiary of these trusts rather than the Organization. The market value on these trusts as of December 31, 2023 and 2022, was $10,683,242 and $9,299,401, respectively. For the years ended December 31, 2023 and 2022, the Organization received income from these trusts of $373,233 and $381,688, respectively. Since the Foundation is financially interrelated to USD, contribution revenue from trust distributions is recognized by the Foundation in the consolidated financial statements.

Investments Held for Others

The Foundation's investments include funds accepted for deposit from certain other non-profit organizations. The organizations have the right to withdraw all or a portion of their funds, as adjusted for unexpended earnings and market appreciation (depreciation), upon giving 90-days written notice. Accordingly, their share of the asset-managed funds is recorded as a liability in the accompanying consolidated statements of financial position. Investments held for others include amounts due to USD totaling $1,422,697 and $1,325,380 as of December 31, 2023 and 2022, respectively.

The Alumni Association of USD was a separately incorporated 501(c)(3) organization with the Foundation Board of Directors acting as the fiscal agent and had fiduciary responsibility for the assets of the Alumni Association of USD and the performance and oversight of its operations. On October 21, 2022, the Foundation Board of Directors approved to unincorporate the Alumni Association of USD and transfer the net assets into the Organization. The amount transferred into the Organization is recognized as a contribution on the consolidated statement of activities in 2022.

University Support

The Organization funds various construction projects and provides operational support for the benefit of USD. Contracts for construction projects are between USD and the contractors, and liabilities for expenditures incurred by departments are the responsibility of USD. The Organization records expense for payment of projects and operational support expenditures when such payments are made, in accordance with accounting guidance for financially interrelated entities. Scholarships are deemed to be support to the individuals receiving the scholarship; accordingly, scholarships are recognized as expense when the commitment to provide such support becomes unconditional.

Net Assets

Net assets, revenue, support, and gains are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Organization recognizes gifts when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. See Note 4.

Gifts received are recorded as without donor restriction support or with donor restriction support depending on the existence or absence of donor restrictions. When a restriction expires, donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Donated Services and Assets

Volunteers contribute significant amounts of time to the activities of the Organization; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Donated property, marketable securities and other non-cash donations are recorded as contributions at their respective fair value at the date of the donation. Such donations are reported as with donor restrictions support or without donor restrictions support, depending on the existence or absence of donor restrictions. When a restriction expires, donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to program services activities or supporting services activities. Note 11 present the natural classification detail of expenses by function. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include (a) occupancy, depreciation, and office equipment and supplies, which are allocated on an average full-time equivalency by function basis; and (b) staff, engagement, travel, computer and technology, and others which are allocated on a mixed basis of staff function, average full-time equivalency by function basis, and actual costs incurred by function. See Note 11.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported change in net assets or net assets.

Subsequent Events

The Organization has evaluated subsequent events as of October 11, 2024, the date which these financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Operating investments	$ 1,187,818	$ 1,169,889
Contributions receivable - split-interest agreements	104,729	98,027
Appropriation of expenditures on unrestricted board-designated funds	178,000	152,000
Endowment spending-rate distributions and appropriations	208,000	211,000
Anticipated endowment administrative fees	3,881,000	3,909,000
	$ 5,559,547	$ 5,539,916

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Foundation assesses an annual administrative fee of 1.5% on each endowment fund. The proceeds from the fee are a significant component of the Foundation's operating budget. Anticipated fees to be assessed one year from the financial position date are presented as a source of liquidity above.

A board-designated endowment of $3,401,013 and $2,922,172 as of December 31, 2023 and 2022, respectively, is subject to an annual spending rate of approximately 4.0 percent as described in Note 7. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board of Directors' annual budget approval and appropriation), these amounts could be made available, if necessary. The University of South Dakota also provides annual support to the Foundation. Annual support expected to be received from The University of South Dakota during 2024 and 2023 is $806,000 and $940,000, respectively.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit and money market funds. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve. The market value of this reserve was $1,597,241 and $1,524,597 as of December 31, 2023 and 2022, respectively.

Note 3 - Fair Value of Assets and Liabilities

Fair Value Measurements

Certain assets and liabilities are reported at fair value in the accompanying consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset and liability, and market-corroborated inputs.

Level 3 – Unobservable inputs related to the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

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

A significant portion of the Foundation's investments are classified within Level 1 because they are composed of investments with readily determinable fair values based on daily redemption values. The government bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions; the certificates of deposit are valued by the custodians of the securities using stated interest rates and market rate assumptions; and the investments held for others liability is determined by reference to the value of the underlying assets that are directly or indirectly observable in the marketplace. These are classified within Level 2. Fair values of promises to give and contributions receivable - split-interest agreements are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of alternatives, private equity investments and real estate limited partnership investments, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share are not classified in the fair value hierarchy.

The following tables present assets and liabilities measured at fair value on a recurring basis, except those measured by using NAV per share as identified:

	2023				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Assets					
Money market funds	$ 45,404	$ 45,404	$ -	$ -	$ -
Certificates of deposit	462,881	-	462,881	-	-
	$ 508,285	$ 45,404	$ 462,881	$ -	$ -
Equity securities					
Domestic equity					
Large cap	$ 2,776,467	$ 2,776,467	$ -	$ -	$ -
Mid cap	60,249	60,249	-	-	-
Small cap	3,826	3,826	-	-	-
	$ 2,840,542	$ 2,840,542	$ -	$ -	$ -
Equity mutual funds					
Large cap equity	$ 17,648,699	$ 17,648,699	$ -	$ -	$ -
Mid cap equity	18,864,472	18,864,472	-	-	-
Small cap equity	5,104,321	5,104,321	-	-	-
International equity	81,694,824	81,694,824	-	-	-
	$ 123,312,316	$ 123,312,316	$ -	$ -	$ -
Fixed income mutual funds					
Corporate	$ 37,017,229	$ 37,017,229	$ -	$ -	$ -
Structured product	27,072,131	27,072,131	-	-	-
Government	21,002,313	21,002,313	-	-	-
International	4,321,794	4,321,794	-	-	-
Alternatives	16,195,728	16,195,728	-	-	-
Money market funds	46,579,458	46,579,458	-	-	-
	$ 152,188,653	$ 152,188,653	$ -	$ -	$ -
Equity co-mingled funds					
Private equity	$ 30,163,372	$ -	$ -	$ -	$ 30,163,372
Government bonds	$ 760,539	$ -	$ 760,539	$ -	$ -
All asset funds					
Money market funds	$ 68,490	$ 68,490	$ -	$ -	$ -
Alternatives	2,579,871	-	-	-	2,579,871
	$ 2,648,361	$ 68,490	$ -	$ -	$ 2,579,871
Real estate limited partnerships	$ 8,172,295	$ -	$ -	$ -	$ 8,172,295
Promises to give	$ 11,657,190	$ -	$ -	$ 11,657,190	$ -
Contributions receivable - split-interest agreements	7,017,364	-	-	7,017,364	-
	$ 18,674,554	$ -	$ -	$ 18,674,554	$ -
Liabilities					
Investments held for others	$ 8,270,259	$ -	$ 8,270,259	$ -	$ -

	2022				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Assets					
Money market funds	$ 35,317	$ 35,317	$ -	$ -	$ -
Equity securities					
Domestic equity					
Large cap	$ 1,553,900	$ 1,553,900	$ -	$ -	$ -
Mid cap	132,749	132,749	-	-	-
Small cap	20,815	20,815	-	-	-
International equity	27,008	27,008	-	-	-
	$ 1,734,472	$ 1,734,472	$ -	$ -	$ -
Equity mutual funds					
Large cap equity	$ 12,115,153	$ 12,115,153	$ -	$ -	$ -
Mid cap equity	16,686,061	16,686,061	-	-	-
Small cap equity	6,408,368	6,408,368	-	-	-
International equity	71,514,839	71,514,839	-	-	-
	$ 106,724,421	$ 106,724,421	$ -	$ -	$ -
Fixed income mutual funds					
Corporate	$ 46,028,421	$ 46,028,421	$ -	$ -	$ -
Structured product	27,268,941	27,268,941	-	-	-
Government	23,239,684	23,239,684	-	-	-
International	2,254,593	2,254,593	-	-	-
Alternatives	678,580	678,580	-	-	-
Money market funds	51,590,787	51,590,787	-	-	-
	$ 151,061,006	$ 151,061,006	$ -	$ -	$ -
Equity co-mingled funds					
Private equity	$ 23,266,703	$ -	$ -	$ -	$ 23,266,703
Government bonds	$ 848,402	$ -	$ 848,402	$ -	$ -
All asset funds					
Money market funds	$ 65,870	$ 65,870	$ -	$ -	$ -
Alternatives	3,045,430	-	-	-	3,045,430
	$ 3,111,300	$ 65,870	$ -	$ -	$ 3,045,430
Real estate limited partnerships	$ 7,802,486	$ -	$ -	$ -	$ 7,802,486
Promises to give	$ 11,267,738	$ -	$ -	$ 11,267,738	$ -
Contributions receivable - split-interest agreements	$ 6,644,871	$ -	$ -	$ 6,644,871	$ -
Liabilities					
Investments held for others	$ 8,756,301	$ -	$ 8,756,301	$ -	$ -

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023:

	Promises to Give	Contributions Receivable
Balance at December 31, 2022	$ 11,267,738	$ 6,644,871
Change in fair value	198,036	776,146
Contributions	3,644,580	-
Payments and distributions	(3,453,164)	(403,653)
Balance at December 31, 2023	$ 11,657,190	$ 7,017,364

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022:

	Promises to Give	Contributions Receivable
Balance at December 31, 2021	$ 10,441,718	$ 8,022,591
Change in fair value	(3,071,244)	(920,755)
Contributions	6,638,180	-
Payments and distributions	(2,740,916)	(456,965)
Balance at December 31, 2022	$ 11,267,738	$ 6,644,871

Investments in certain entities that are measured at fair value using NAV per share are as follows at December 31, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternatives	$ 2,579,871	$ 461,147	(2)	(2)
Private equity	30,163,372	-	Quarterly (1)	60 days
Real estate limited partnerships	8,172,295	3,091,758	(2)	(2)
	$ 40,915,538	$ 3,552,905		

Investments in certain entities that are measured at fair value using NAV per share as follows at December 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternatives	$ 3,045,430	$ 467,139	(2)	(2)
Private equity	23,266,703	-	Quarterly (1)	60 days
Real estate limited partnerships	7,802,486	4,039,112	(2)	(2)
	$ 34,114,619	$ 4,506,251		

(1) Requested withdrawals can be limited by the fund's general partner based on aggregate withdrawals requested. Additionally, certain withdrawal requests may exceed one year for complete divestiture.

(2) Partnership agreements contain certain provisions whereby current partners have the right of first offer prior to a secondary market offering.

Alternatives – Funds focus on growth in United States and global equities. These investments are not readily redeemable; however, a secondary market exists with sale offerings allowed after the expiration of a right of first offering period to the funds' current partners. Additionally, periodic distributions are received. Fair values have been estimated using the net asset value per share provided by the underlying fund manager or the general partner.

Private Equity – Funds focus on growth in equity of United States and global securities and derivatives. These investments are readily redeemable, subject to certain restrictions. Fair values have been estimated using information provided by the fund manager or the general partner.

Real Estate Limited Partnership – Funds focus on investments in United States and global real estate assets and may include notes receivable from the fund manager. These investments are not readily redeemable; however, a secondary market exists with sale offerings allowed after the expiration of a right of first offering period to the funds' current partners. Additionally, periodic distributions are received. Fair values have been estimated using the information provided by the underlying fund manager or the general partner.

Of the total unfunded commitments as of December 31, 2023, approximately $52,000 were paid subsequent to year-end.

Fair Value of Financial Instruments Not Required to be Reported at Fair Value

The carrying amounts of cash and cash equivalents, other receivables, cash surrender value of life insurance, and accounts payable and accrued expenses approximate fair value due to the short-term nature of the items and are considered to fall within Level 1 of the fair value hierarchy. The carrying amount of liabilities under gift annuity and life income agreements is based on the discounted net present value of expected future cash payments, approximates fair value, and is considered to fall within Level 2 of the fair value hierarchy.

Note 4 - Promises to Give

Promises to give represent unconditional promises restricted for various purposes and are estimated to be collected as follows:

	2023	2022
Receivable within one year	$ 2,302,953	$ 4,128,079
Receivable in one to five years	9,191,789	6,464,520
Receivable in periods beyond five years	11,085,120	11,795,847
Total promises to give	22,579,862	22,388,446
Adjustment to fair value	(10,922,672)	(11,120,708)
Net promises to give	$ 11,657,190	$ 11,267,738

Conditional promises to give as of December 31, 2023 and 2022, approximately $26,630,000 and $28,150,000, respectively, consist of promises to fund various USD projects and activities and are restricted by specific criteria designated by the donor, which includes board approval from the donor organization on an annual basis. However, these conditional promises do not meet the criteria for being recognized as contributions revenue under accounting principles general accepted in the United States of America and, accordingly, have not been recognized. Recognition will occur when donor conditions have been met.

As of December 31, 2023 and 2022, promises to give from Board members accounted for approximately 9% and 9%, respectively, of total promises to give, and contributions from Board members accounted for approximately 6% and 7% of total contributions, respectively.

Note 5 - Notes Receivable

The Foundation has recorded a note receivable in the amount from the South Dakota Science and Technology Authority which was issued to fund research by the borrower and is secured by the underlying Xenon gas purchased with the funds. During 2023, a payment of $959,603 was received and the term of the note was extended to mature on December 31, 2028. Interest remains payable quarterly at 2.5% over the remaining term of the note. Outstanding principal balance at December 31, 2023 and 2022, was $1,040,397 and $2,000,000, respectively.

Management determines the allowance for uncollectible notes receivable based on its assessment of potential bad debts, the specific circumstances of the underlying receivable, and historical experience. Management has determined that the notes receivable are fully collectible and has not established a related allowance.

Note 6 - Operating Leases

The Organization leases office space, vehicles and office equipment under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2033. The agreements generally require the Organization to pay real estate taxes, insurance and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease; or, if the implicit rate is not readily determinable from the lease, then the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization’s applicable borrowing rates and the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. No significant short-term lease activity was present during the years ended December 31, 2023 and 2022.

Total lease costs for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Operating lease cost	$ 88,198	$ 120,072

The following summarizes the supplemental cash flow information for the years ended December 31, 2023 and 2022:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 88,198	$ 120,072

The following summarizes the weighted-average remaining lease term and weight-average discount rate at December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term:		
Operating leases	9.20 Years	1.20 Years
Weighted-average discount rate:		
Operating leases	7.79%	4.83%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023.

2024	$ 99,108
2025	97,908
2026	100,088
2027	102,316
2028	102,810
Thereafter	456,543
Total lease payments	958,773
Less interest	(288,157)
Present value of lease liabilities	$ 670,616

Note 7 - Endowments

The Foundation's endowment consists of 1,456 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds that the Foundation must hold in perpetuity, or for a donor-specified period, as well as funds designated by the Board of Directors or the University of South Dakota to function as endowments (funds designated). Net assets associated with endowment funds, including funds designated, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated consist of non-endowed, donor-restricted gifts that the Board of Directors have agreed to treat as endowments.

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 retains in perpetuity (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard 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:

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Endowment Funds	$ 3,401,413	$ 7,108,386	$ 10,509,799
Donor-restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	226,691,064	226,691,064
Accumulated investment gains	-	80,437,161	80,437,161
	$ 3,401,413	$ 314,236,611	$ 317,638,024
Number of Funds	3	1,453	1,456

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Endowment Funds	$ 2,922,172	$ 4,430,902	$ 7,353,074
Donor-restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	217,732,026	217,732,026
Accumulated investment gains	-	64,205,650	64,205,650
	$ 2,922,172	$ 286,368,578	$ 289,290,750
Number of Funds	3	1,389	1,392

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation and Board of Directors has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023, funds with original gift values of $4,772,107, fair values of $4,450,132, and deficiencies of $321,975 were reported in net assets with donor restrictions. The fair values of the funds were equal to or less than the original gift values. At December 31, 2022, funds with original gift values of $23,800,689, fair values of $22,936,813, and deficiencies of $863,876 were reported in net assets with donor restrictions. The fair values of the funds were equal to or less than the original gift values.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that will be greater than the median return on a university or comparable foundation and endowment portfolios, and, in the long-term, meet or exceed the guideline of spending plus the Consumer Price Index. In addition, the risk-adjusted performance of each asset class should meet or exceed that of its respective benchmark.

To satisfy its long-term return objectives, the Foundation relies on a total return strategy in which investment results are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Foundation has a policy of calculating an annual distribution from its endowment fund based on the average fair value over the period of 36 months through the fiscal year-end proceeding the fiscal year in which the appropriation is made and distribution is planned. The distribution rate is subject to review by the Board of Directors annually. For the years ended December 31, 2023 and 2022, the rate was 4.0%. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets by fund type for the year ended December 31, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 2,922,172	$ 286,368,578	$ 289,290,750
Net Investment Return	479,241	26,294,225	26,773,466
Contributions	-	8,320,664	8,320,664
Appropriation of Endowment Assets for Expenditure	-	(9,766,812)	(9,766,812)
Other Changes			
Other gains	-	903,450	903,450
Transfer for donor restriction	-	2,116,506	2,116,506
Endowment Net Assets, End of Year	$ 3,401,413	$ 314,236,611	$ 317,638,024

Changes in endowment net assets by fund type for the year ended December 31, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 3,348,071	$ 323,473,933	$ 326,822,004
Net Investment Return	(508,082)	(32,811,513)	(33,319,595)
Contributions	-	5,371,064	5,371,064
Appropriation of Endowment Assets for Expenditure	-	(10,623,322)	(10,623,322)
Other Changes			
Other gains	96,140	(1,266,155)	(1,170,015)
Transfer for donor restriction	(13,957)	2,224,571	2,210,614
Endowment Net Assets, End of Year	$ 2,922,172	$ 286,368,578	$ 289,290,750

Note 8 - Deficit in Net Assets Without Donor Restrictions

Net assets without donor restrictions are summarized as follows:

	2023	2022 (Restated)
Undesignated	$ (18,807,884)	$ (19,278,570)
Board-designated		
For endowment	3,401,413	2,922,172
For Foundation support	3,052,876	3,160,421
	$ (12,353,595)	$ (13,195,977)

Support for two capital projects in excess of gifts, including promises to give, has resulted in deficiencies that are reported in net assets without donor restrictions. This cumulative deficiency totaled $11,874,483 and $10,800,387 as of December 31, 2023 and 2022, respectively. Currently the deficit is being increased as additional expenses are being paid on projects which do not have offsetting gifts. The Foundation has received communication of approximately $4,100,000 in revocable gifts designated to the two capital project funds that will be used to reduce this deficit along with any future gifts.

Support for two scholarship projects in excess of gifts, including promises to give, has resulted in deficiencies that are reported in net assets without donor restrictions. This cumulative deficiency totaled $4,200,264 and $4,520,400 as of December 31, 2023 and 2022, respectively. The Foundation has received communication of approximately $3,865,950 in revocable gifts designated to the two scholarship project funds that will be used to reduce this deficit along with any future gifts.

Note 9 - Net Assets With Donor Restrictions

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

	2023	2022 (Restated)
Subject to Expenditure for Specified Purpose		
Scholarships	$ 7,153,294	$ 10,743,721
Student support	1,171,479	1,188,520
USD faculty	4,114,835	4,477,851
USD academic programs	9,851,381	9,799,829
USD research	270,894	3,505
USD general support	4,609,426	5,812,850
USD buildings and equipment	7,537,464	11,727,813
	34,708,773	43,754,089
Endowments		
Subject to appropriation and expenditure for specified purpose and passage of time		
USD support	82,097,391	63,466,842
Foundation support	5,448,156	5,169,710
	87,545,547	68,636,552
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation		
Scholarships	149,079,007	140,942,513
Student support	7,965,417	7,863,355
USD faculty	29,310,656	28,941,052
USD academic programs	35,542,877	35,168,574
USD research	101,635	101,635
USD general support	2,919,812	2,929,670
USD buildings and equipment	131,583	131,583
Foundation operations	1,640,077	1,653,644
	226,691,064	217,732,026
Total endowments	314,236,611	286,368,578
	$ 348,945,384	$ 330,122,667

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

	2023	2022 (Restated)
Satisfaction of Purpose Restriction		
Current year expenditures		
Program services		
Scholarships paid	$ 11,412,799	$ 8,592,970
USD departmental expenses	5,997,462	3,574,066
USD building and equipment purchases/transfers	6,680,615	4,560,019
Support services		
USD fundraising	2,263	7,880
Foundation administrative fee retained (1.50% for the years ending December 31, 2023 and 2022)	4,228,451	4,456,069
Change in Donor Restriction	1,424,283	(1,225,451)
	$ 29,745,873	$ 19,965,553

Note 10 - Retirement Plan

The Foundation maintains a retirement plan covering all full-time employees. Upon employment, employees who have achieved the age of 18 can defer a portion of their compensation as limited by current tax regulations. Employees who have completed one year and at least 1,000 hours of service are eligible to participate in any discretionary amounts the Foundation contributes to the plan. Currently, the Foundation matches 100% of employee contributions up to 6% of the eligible employees' salaries. Employees are 100% vested immediately in all contributions to the plan. The Foundation made contributions of $138,839 and $136,111 to the plan for the years ended December 31, 2023 and 2022, respectively.

Note 11 - Functional Allocation of Expenses

The following tables present the natural classification detail of expenses by function for the years ending December 31, 2023 and 2022:

	2023			
	Program Services	Administrative and General	Fundraising	Total
Scholarships	$ 11,092,663	$ -	$ -	$ 11,092,663
USD departmental expenses	5,997,462	-	-	5,997,462
USD building and equipment	7,754,711	-	-	7,754,711
Staffing	-	1,905,093	2,059,617	3,964,710
Engagement	-	138,875	311,998	450,873
Fundraising programs	-	-	564,015	564,015
Travel	-	68,951	241,865	310,816
Research	-	5,992	-	5,992
Board and professional services	-	452,007	-	452,007
Computer and technology	-	185,370	-	185,370
Occupancy	-	112,712	133,664	246,376
Depreciation	-	61,094	62,467	123,561
Office equipment and supplies	-	56,964	7,081	64,045
USD fundraising	-	-	2,263	2,263
Property management	-	85,470	-	85,470
	$ 24,844,836	$ 3,072,528	$ 3,382,970	$ 31,300,334

	2022			
	Program Services	Administrative and General	Fundraising	Total
Scholarships	$ 10,765,318	$ -	$ -	$ 10,765,318
USD departmental expenses	3,636,566	-	-	3,636,566
USD building and equipment	4,560,019	-	-	4,560,019
Staffing	-	1,200,070	2,577,027	3,777,097
Engagement	-	299,438	212,784	512,222
Fundraising programs	-	-	349,952	349,952
Travel	-	33,344	235,701	269,045
Research	-	11,350	-	11,350
Board and professional services	-	349,819	-	349,819
Computer and technology	-	199,244	81,283	280,527
Occupancy	-	98,890	117,637	216,527
Depreciation	-	64,715	66,169	130,884
Office equipment and supplies	-	63,853	81,668	145,521
USD fundraising	-	-	7,880	7,880
Property management	-	70,188	-	70,188
	$ 18,961,903	$ 2,390,911	$ 3,730,101	$ 25,082,915

Note 12 - Commitments and Contingencies

Conditional Gift

In 2000, the Foundation entered into an agreement with a major health care system and USD under which the Foundation will receive a total of $10,180,000 over a period of thirty years. A gift of approximately $8,398,000 was recorded in a prior year based on the estimated net present value of the cash payments specified in the agreement. As of December 31, 2023, total payments of $10,120,000 have been received, with the remaining $60,000 outstanding due in annual payments of $10,000 through May 2029. The agreement requires that a pro-rata portion of the gift be paid back to the health care system should USD default on its obligation to allow the health care system to use its name. As of December 31, 2023, approximately $2,315,338 of the gift is subject to repayment. No liability has been recognized for this contingency because the Foundation and USD believe the likelihood of defaulting on the obligation is remote.

Pledged Collateral

On November 1, 2017, the Foundation agreed to pledge $2,000,000 in collateral, in a secondary position, for the planning, construction and financing of the National Music Museum's expansion project.

Commitments

During 2020, the Foundation revised the commitment for contract buyout guarantee for coaches with the USD Department of Athletics to a maximum amount of $1,375,000 to be funded from private sources. There were no changes to this amount in 2023; however, the contract commitment has been extended to June 30, 2026.

Line of Credit

An unsecured line of credit totaling $13,000,000 was established with a banking institution and has been renewed through November 2024. The line of credit has an interest rate of 7.81% until January 15, 2024, at which point the interest rate may become variable. During 2023, there was a $3,800,000 draw on the line of credit and a payment of $3,800,000 plus interest in the amount of $48,209. The outstanding balance on the line of credit at December 31, 2023, was $0. There were no draws on the line of credit during 2022. The line of credit is with a banking institution that is majority owned by the family of a member of the Board of Directors.

Note 13 - Acquisition of the Alumni Association of USD

The Foundation acquired the Alumni Association of USD (the Association) effective October 21, 2022. The Foundation previously held the investments for the Association as assets held for others. The Foundation assumed those investments of $1,456,189, which was the fair value of the investments as of the acquisition date. There was no consideration exchanged as part of the acquisition and an implicit contribution of $1,456,189 was recorded in the statement of activities for the year ended December 31, 2022.

Note 14 - Restatement for Correction of Error

During 2023, the Organization identified misstatements within the 2022 financial statements related to an error wherein a deficit in a scholarship project account was accounted for within the with donor restricted net assets account, when such deficit should, instead, be to be reported in the without donor restricted net assets account. The Organization restated its previously issued financial statements to appropriately reflect the correction of error on January 1, 2022.

The following is a summary of the effects of the restatement in the Foundation's December 31, 2022, consolidated statement of net position:

	As Previously Reported	Restatement for Correction of Error	As Restated
As of December 31, 2022			
Net Assets (Deficit)			
Without donor restrictions	$ (8,675,577)	$ (4,520,400)	$ (13,195,977)
With donor restrictions	325,602,267	4,520,400	330,122,667

The following is a summary of the effects of the restatement in the Foundation's December 31, 2022, consolidated statement of activities:

	As Previously Reported	Restatement for Correction of Error	As Restated
Year ended December 31, 2022			
Revenue, Support, and Gains			
Net assets released from restrictions			
Without donor restrictions	$ 22,137,603	$ (2,172,050)	$ 19,965,553
With donor restrictions	(22,137,603)	2,172,050	(19,965,553)
Total Revenue, Support and Gains			
Without donor restrictions	23,048,028	(2,172,050)	20,875,978
With donor restrictions	(35,647,817)	2,172,050	(33,475,767)
Change in Net Assets			
Without donor restrictions	(2,034,887)	(2,172,050)	(4,206,937)
With donor restrictions	(35,647,817)	2,172,050	(33,475,767)
Beginning Net Assets			
Without donor restrictions	(6,640,690)	(2,348,350)	(8,989,040)
With donor restrictions	361,250,084	2,348,350	363,598,434
Ending Net Assets			
Without donor restrictions	(8,675,577)	(4,520,400)	(13,195,977)
With donor restrictions	325,602,267	4,520,400	330,122,667