

UNIVERSITY OF DENVER

Financial Statements and Uniform Guidance Single Audit Reports

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

UNIVERSITY OF DENVER

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position, June 30, 2022 and 2021	4
Statement of Activities, Year ended June 30, 2022	5
Statement of Activities, Year ended June 30, 2021	6
Statements of Cash Flows, Years ended June 30, 2022 and 2021	7
Notes to Financial Statements	8
Supplementary Information – Financial Responsibility Composite Score	38
Single Audit Reports and Schedules	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	42
Schedule of Expenditures of Federal Awards	45
Notes to the Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49
Summary of Prior Audit Findings	52
Corrective Action Plan	53



INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of Denver
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University of Denver (the University), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University, as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

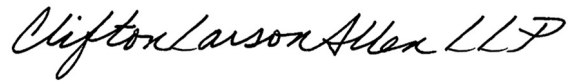
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The Financial Responsibility Composite Score and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Financial Responsibility Composite Score and the accompanying schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado

November 14, 2022, except for the Financial Responsibility Composite Score (Note 17 and Supplementary Information) and the Schedule of Expenditures of Federal Awards as to which the date is March 14, 2023

UNIVERSITY OF DENVER
Statement of Financial Position
At June 30, 2022 and 2021

Assets	2022	2021
Cash and cash equivalents	\$ 177,304,388	127,461,729
Short term investments	84,054,403	86,532,340
Accounts receivable, net	38,349,461	32,437,072
Pledges receivable, net	77,899,212	86,461,678
Inventories, prepaid expenses, and other assets	11,749,977	10,245,715
Long term investments	1,006,862,105	1,061,232,572
Loans to students, net	5,036,420	7,237,479
Deposits with bond trustees	1,289,052	4,815,609
Right to use asset under operating leases	3,235,299	—
Property, plant, and equipment, net of accumulated depreciation	773,702,182	771,577,310
Total assets	\$ 2,179,482,499	2,188,001,504
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 92,586,148	90,832,386
Deferred revenues	30,121,362	31,305,266
Other liabilities	3,863,804	4,018,341
Annuity obligations	7,745,813	8,798,350
Operating lease liabilities	3,235,299	—
Long-term debt	221,052,236	227,614,127
U.S. government grants refundable	6,688,983	8,346,901
Total liabilities	365,293,645	370,915,371
Net assets:		
Without donor restrictions:		
Undesignated	32,655,176	9,187,693
Board-designated endowments	290,996,219	319,579,102
Designated student loans	1,697,933	1,720,127
Other designated	85,493,608	81,909,583
Net investment in plant	541,866,742	537,027,832
Donor advised funds	—	2,151,387
Total without donor restrictions	952,709,678	951,575,724
With donor restrictions		
Gifts and distributed endowment income	96,359,228	64,514,434
Student loans	2,100,981	2,111,078
Annuity life income	11,468,341	14,585,962
Endowment subject to future appropriations	288,501,844	352,800,058
Perpetual endowment	463,048,782	431,498,877
Total with donor restrictions	861,479,176	865,510,409
Total net assets	1,814,188,854	1,817,086,133
Total liabilities and net assets	\$ 2,179,482,499	2,188,001,504

See accompanying notes to the financial statements

UNIVERSITY OF DENVER

Statement of Activities

Year ended June 30, 2022

	2022		
	Without donor restrictions	With donor restrictions	Total
Operating activity			
Operating revenues and other support:			
Tuition and fees, net	\$ 371,822,661	—	371,822,661
Private gifts	1,486,476	59,163,165	60,649,641
Grants and contracts	58,908,385	—	58,908,385
Endowment investment return appropriated for operations	11,332,898	29,626,231	40,959,129
Other investment income	1,279,743	174,207	1,453,950
Net realized and unrealized gains (losses) on other investment	(1,049,524)	(1,374,896)	(2,424,420)
Sales and services of educational activities	15,351,340	—	15,351,340
Sales and services of auxiliary enterprise	43,332,145	—	43,332,145
Other sources of operating revenue	24,581,164	—	24,581,164
Net assets released from restrictions	36,611,076	(36,611,076)	—
Total operating revenue	<u>563,656,364</u>	<u>50,977,631</u>	<u>614,633,995</u>
Operating expenses:			
Salaries and wages	272,754,069	—	272,754,069
Fringe benefits	59,296,864	—	59,296,864
Services and supplies	129,768,671	—	129,768,671
Utilities and maintenance	15,326,315	—	15,326,315
Depreciation	19,546,212	—	19,546,212
Interest on indebtedness	8,312,600	—	8,312,600
Other operating expenses	39,559,939	—	39,559,939
Total operating expenses	<u>544,564,670</u>	<u>—</u>	<u>544,564,670</u>
Increase (decrease) in net assets from operating activity	<u>19,091,694</u>	<u>50,977,631</u>	<u>70,069,325</u>
Non-operating activity			
Private gifts for endowment	—	27,615,938	27,615,938
Endowment investment return after amounts appropriated for operations	(27,750,408)	(67,765,989)	(95,516,397)
Donor advised fund grants	(2,144,350)	—	(2,144,350)
Change in value of split-interest agreements	—	(2,921,795)	(2,921,795)
Net assets released from restrictions	12,938,011	(12,938,011)	—
Reclassification of restricted net assets	(1,000,993)	1,000,993	—
Increase (decrease) in net assets from non-operating activity	<u>(17,957,740)</u>	<u>(55,008,864)</u>	<u>(72,966,604)</u>
Change in net assets	1,133,954	(4,031,233)	(2,897,279)
Net assets at beginning of year	951,575,724	865,510,409	1,817,086,133
Net assets at end of year	<u>\$ 952,709,678</u>	<u>861,479,176</u>	<u>1,814,188,854</u>

See accompanying notes to the financial statements

UNIVERSITY OF DENVER

Statement of Activities
Year ended June 30, 2021

	2021		
	Without donor restrictions	With donor restrictions	Total
Operating activity			
Operating revenues and other support:			
Tuition and fees, net	\$ 367,052,070	—	367,052,070
Private gifts	1,891,785	25,642,403	27,534,188
Grants and contracts	50,571,037	—	50,571,037
Endowment investment return appropriated for operations	10,417,806	26,505,246	36,923,053
Other investment income	989,356	200,156	1,189,512
Net realized and unrealized gains (losses) on other investment	(392,893)	4,434,358	4,041,465
Sales and services of educational activities	10,514,942	—	10,514,942
Sales and services of auxiliary enterprise	31,763,189	—	31,763,189
Other sources of operating revenue	12,624,091	—	12,624,091
Net assets released from restrictions	35,282,210	(35,282,210)	—
Total operating revenue	<u>520,713,593</u>	<u>21,499,953</u>	<u>542,213,547</u>
Operating expenses:			
Salaries and wages	257,091,922	—	257,091,922
Fringe benefits	56,073,557	—	56,073,557
Services and supplies	118,636,380	—	118,636,380
Utilities and maintenance	12,537,061	—	12,537,061
Depreciation	18,429,664	—	18,429,664
Interest on indebtedness	8,092,896	—	8,092,896
Other operating expenses	26,186,729	—	26,186,729
Total operating expenses	<u>497,048,209</u>	<u>—</u>	<u>497,048,209</u>
Increase (decrease) in net assets from operating activity	<u>23,665,384</u>	<u>21,499,953</u>	<u>45,165,338</u>
Non-operating activity			
Private gifts for endowment	—	51,805,581	51,805,581
Endowment investment return after amounts appropriated for operations	74,425,259	176,188,715	250,613,973
Donor advised fund grants	(1,165,000)	—	(1,165,000)
Change in value of split-interest agreements	—	3,445,718	3,445,718
Net assets released from restrictions	1,929,591	(1,929,591)	—
Reclassification of restricted net assets	(467,687)	467,687	—
Increase (decrease) in net assets from non-operating activity	<u>74,722,163</u>	<u>229,978,110</u>	<u>304,700,272</u>
Change in net assets	98,387,547	251,478,063	349,865,610
Net assets at beginning of year	853,188,177	614,032,346	1,467,220,523
Net assets at end of year	<u>\$ 951,575,724</u>	<u>865,510,409</u>	<u>1,817,086,133</u>

See accompanying notes to the financial statements

UNIVERSITY OF DENVER
 Statements of Cash Flows
 Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (2,897,279)	349,865,610
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of property, plant, and equipment	19,546,212	18,429,664
Disposal of property, plant, and equipment	97,147	29,869
Amortization of premium and cost of issuance	(771,891)	(770,770)
(Increase) decrease in accounts receivable	(5,912,389)	1,843,622
(Increase) decrease in pledges receivable	8,562,466	(45,626,551)
Pledge receivable satisfied with other financial assets	(8,883,116)	—
(Increase) in inventories, prepaid expenses, and other assets	(1,504,262)	(188,337)
Increase in accounts payable and accrued liabilities	1,337,859	1,830,925
(Decrease) in deferred revenues	(1,183,904)	(2,288,132)
(Decrease) increase in other liabilities	(154,537)	2,849,259
Actuarial adjustment for annuity obligation	(1,032,744)	830,598
Contributions restricted for long term investment	(27,975,900)	(14,348,882)
Net realized and unrealized (gains) losses on investments	59,151,306	(289,551,752)
Net cash provided (used) by operating activities	38,378,967	22,905,123
Cash flows from investing activities:		
Proceeds from sale of investments	543,184,649	537,893,364
Purchases of investments	(536,624,228)	(522,444,844)
Purchases of property, plant, and equipment	(21,352,328)	(31,638,362)
Repayment of Perkins and University loans to students	2,201,059	1,978,968
Decrease in deposits with bond trustees	3,526,557	36,997,375
Net cash provided (used) in investing activities	(9,064,290)	22,786,501
Cash flows from financing activities:		
Proceeds from contributions restricted for long term investment	27,975,900	14,348,882
Payments of bonds payable	(5,790,000)	(7,040,000)
(Decrease) in refundable government loan funds, net	(1,657,918)	(2,249,879)
Net cash provided (used) in financing activities	20,527,982	5,059,003
Net increase (decrease) in cash and cash equivalents	49,842,659	50,750,627
Cash and cash equivalents at beginning of year	127,461,729	76,711,102
Cash and cash equivalents at end of year	\$ 177,304,388	127,461,729

See accompanying notes to the financial statements

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Nature of the Entity

The University of Denver is an accredited, independent, coeducational institution located in Denver, Colorado. The University was founded as Colorado Seminary in 1864. In 1880, following the reorganization of the Colorado Seminary, the University was established as the degree-granting body. In 2020, the University and the Colorado Seminary merged, forming the surviving entity, the University of Denver. An amended charter and articles of incorporation are in place with the State of Colorado. The University offers both undergraduate and graduate programs. Enrollment currently stands at approximately 14,100 students, of which approximately 5,900 are undergraduates. The University is primarily supported by tuition and fees, private gifts, and grants and contracts.

(b) Basis of Presentation

The financial statements of the University have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Certain portions of net assets without donor restrictions are designated for specific purposes by the University. Uses of certain net assets without donor restrictions are committed as matching funds under student loan programs of the federal government.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either action of the University and/or the passage of time, or for which the original contribution is to be maintained in perpetuity with resulting investment earnings available for use for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Measure of operations – The statements of activities separately report changes in net assets from operating and non-operating activity. Operating activity consists primarily of revenues and expenses related to ongoing educational and research programs, including contributions for current use and endowment return appropriated by the University to support these programs. Non-operating activity consists primarily of contributions for long-term purposes, net appreciation, or depreciation for long-term investments in excess of amounts appropriated for operations, net assets released from donor restrictions for property placed in service, and other activities not in direct support of annual operations.

(c) Change in Accounting Principle

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The standard clarifies the presentation and disclosure of contributed nonfinancial assets by requiring disclosure of the type of nonfinancial assets received and how nonfinancial assets are used by exempt organizations. The standard does not change accounting for or recognition of contributions of nonfinancial assets.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The University adopted ASU 2020-07 in fiscal year 2022 with no significant impact to the financial statements or note disclosures.

(d) Cash and Cash Equivalents

The University controls cash for all activities through one operating account.

The University considers all liquid investments with original maturities of three months or less, except those relating to endowments, deposits with trustees, or annuities; to be cash equivalents.

(e) Accounts Receivable

Accounts receivable consist primarily of amounts due from students for tuition, room, board, and fees, and amounts due to the University under federal, state, and private sponsored program grants and contracts. An allowance for uncollectability is provided based on specific review of outstanding balances.

The following table shows the University's accounts receivable balances and allowances for uncollectible accounts as of June 30, 2022 and June 30, 2021:

	2022	2021
Student accounts receivable	\$ 27,294,275	\$ 24,973,619
Allowance for uncollectible accounts	(2,995,362)	(2,529,190)
Student accounts receivable, net	24,298,913	22,444,429
Sponsored programs accounts receivable	8,161,311	7,001,047
Allowance for uncollectible accounts	(226,705)	(241,847)
Sponsored programs accounts receivable, net	7,934,606	6,759,200
Financial aid accounts receivables	2,316,790	589,546
Other accounts receivable	3,799,152	2,643,897
Total accounts receivable, net	\$ 38,349,461	\$ 32,437,072

Student accounts that are 120 days delinquent are reviewed to determine if they should be assigned to an outside collection agency. If a student has assets or income, has not made a payment, and has not entered into a repayment agreement with the University, accounts may be assigned to preselected collection agencies.

In June of each year, student tuition accounts with delinquent balances over 365 days and no payment activity for the prior 12 months, which are deemed uncollectible, are written off to bad debt reserve. Holds are placed on written-off student accounts which prevent future registration and the release of official transcripts and diplomas.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(f) Investments

Investments received by gift, including investments in real estate, are recorded at estimated fair value at the date of the gift and are subsequently adjusted for changes in fair value thereafter. Purchased investments are carried at fair value. Realized and unrealized gains and losses are reported in the appropriate net asset classification. The University holds shares or units in alternative investment funds involving hedge, private equity, and real estate strategies. For financial statement presentation purposes, an investment may be considered alternative if the investment does not meet the following four criteria: (1) it is registered with the Securities Exchange Commission (SEC), (2) it makes semiannual filings with the SEC, (3) it calculates a net asset value daily, and (4) purchase and redemption of shares may be done daily. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values.

The University evaluates the fair value of its investments in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements and Disclosures*, updated by Accounting Standards Update (ASU) No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. This standard establishes a framework for measuring fair value, clarifies the definition of fair value for financial reporting, and expands disclosures about fair value measurements. See further discussion at note 4.

In conjunction with the provisions of FASB ASC Topic 820-10, the University evaluates the fair value of its investments in accordance with the provisions of ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, for certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends FASB ASC Topic 820-10 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to other provisions of FASB ASC Topic 820-10.

(g) Pledges Receivable and Contribution Revenue

Unconditional promises to give are recorded when pledges are made by the respective donors at the estimated present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement is received. An allowance for uncollectibility is provided based on review of individually significant pledges and an estimated rate of uncollectibility. All contributions are available for unrestricted use unless specifically restricted by the donor.

Donor-restricted contributions, other than grants and contracts with governments and similar agencies, whose restrictions are met in the same reporting period are initially reported as revenue with donor restrictions, which increases net assets with donor restrictions, then reclassified (or released from restrictions), simultaneously increasing net assets without donor restrictions and decreasing net assets with donor restrictions. Grants and contracts with governments and similar agencies, whose conditions and restrictions have been met in the same reporting period, are initially reported as revenue without donor restrictions which increases net assets without donor restrictions. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Net assets released from restrictions are reported in the statements of activities when the University has met the donor restrictions. Assets released from restrictions in the current year are for scholarships, plant acquisitions, and departmental operations.

(h) Inventories

Inventories, which consist mainly of athletic and golf course merchandise and operating supplies, are valued at the lower of cost or fair value using the first-in, first-out (FIFO) method.

(i) Deposits with Bond Trustees

Deposits with bond trustees represents unspent funds from the Series 2017A and Series 2017B proceeds held in cash and U.S. government securities.

(j) Property, Plant, and Equipment

Property, plant, and equipment exceeding a capitalization threshold of \$5,000 are carried at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation on property, plant, and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years for equipment and historically 10 to 80 years for buildings and improvements, although the facilities funded with series 2017 A&B bonds are depreciated at a reduced useful life of 50 years.

Property, plant, and equipment includes the accumulated construction costs of buildings currently being constructed that are not placed in service as of the reporting date, as shown in Note 7. To the extent that buildings are constructed with contributions from donors restricted to the cost of construction, interest capitalization is not included in the cost of construction.

The University reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated works of art are considered collections under the University's policy. Collections held for public exhibition and education in furtherance of public service rather than financial gain are not recorded in the statements of financial position.

(k) Revenue Recognition

Tuition and Fee Revenue, Scholarships, and Deferred Tuition and Fee Revenue

The University recognizes revenue from student tuition and fees ratably over the academic term in which the related courses and programs are delivered. Registered students are generally billed on the first day of the month preceding the month in which classes begin and payment is due during the third week of that month. During terms for which classes begin late in the month, registered students are billed on the first of the month in which classes begin and payment is due during the third week of that month.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Institutional scholarships and non-institutional scholarships represent the difference between the stated charge for tuition and fees and the amount that is billed to the student. Institutional scholarships are the unfunded discount from the University's stated tuition and fee charges which is applied to the accounts of qualifying students. Non-institutional scholarships are those scholarships which are funded by gifts, endowment distribution, and research funds.

The following table shows the University's tuition and fee revenue and scholarship support for the years ended June 30, 2022 and 2021:

	2022	2021
Undergraduate tuition	\$ 301,614,643	\$ 290,293,216
Graduate tuition	274,270,451	265,631,690
Other tuition	12,340,174	11,067,546
Student fees	4,770,296	4,660,600
Tuition and fees	<u>592,995,564</u>	<u>571,653,052</u>
Less: institutional scholarships	<u>(195,786,238)</u>	<u>(180,830,787)</u>
Less: noninstitutional scholarships	<u>(25,386,665)</u>	<u>(23,770,195)</u>
Net tuition and fees	<u>\$ 371,822,661</u>	<u>\$ 367,052,070</u>

Summer session tuition and fee revenue that is not earned as of year-end is deferred and reported as Deferred Revenues on the Statement of Financial Position. Deferred tuition and fee revenue is recognized as revenue in the following fiscal year.

The following tables include a roll forward of Deferred Tuition and Fee Revenue balances for the years ended June 30, 2022 and 2021:

Balance at June 30, 2021	\$ 31,305,266
Tuition and fee revenue recognized	(31,305,266)
Revenue deferred for future performance obligations	<u>30,121,362</u>
Balance at June 30, 2022	<u>\$ 30,121,362</u>

Balance at June 30, 2020	\$ 33,593,398
Tuition and fee revenue recognized	(33,593,398)
Revenue deferred for future performance obligations	<u>31,305,266</u>
Balance at June 30, 2021	<u>\$ 31,305,266</u>

(I) Grants and Contracts Revenue

The University receives grants and contracts from governmental and private sources. The University considers the majority of its grants and contracts funding to be nonreciprocal transactions in which resources are provided for the benefit of the University, the funding organization's mission, or the public at large. The University considers its grants and contracts to be conditional contributions. The University recognizes revenues associated with these sponsored programs as the related costs are incurred in accordance with the terms of the grant agreements. Grant-type conditional contributions, whose conditions and restrictions have been met in the same reporting period they are initially reported, are reported as grants and contract revenue without donor restrictions.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The following table shows the University's grants and contracts revenue from governmental and non-governmental sources for the fiscal years ended June 30, 2022 and June 30, 2021:

	2022	2021
Governmental sources of grants and contracts		
Federal sponsored programs	\$ 28,555,641	\$ 23,806,608
Other governmental sponsored programs	4,305,198	4,261,854
Federal and state student financial assistance	5,379,654	5,895,684
Higher Education Emergency Relief Fund	12,232,909	7,105,908
Total governmental sources of grants and contracts	50,473,402	41,070,054
Non-governmental sponsored programs	8,434,983	9,500,983
Total grants and contracts	\$ 58,908,385	\$ 50,571,037

Facilities and administrative costs recovered on federally sponsored programs are generally based on predetermined reimbursement rates, which are stated as a percentage and distributed based on the modified total direct costs incurred. The University negotiates its federal facilities and administrative costs rate with the Office of Naval Research. Facilities and administrative costs recovered included in federal sponsored programs in the chart above were approximately \$6,719,000 and \$5,581,000 during fiscal years ended June 30, 2022 and 2021, respectively. Facilities and administrative costs recovered on all other grants and contracts are based on rates negotiated with respective sponsors. Facilities and administrative costs recovered from other governmental sponsored programs and non-governmental sponsored programs were approximately \$3,497,000 and \$2,993,000 during fiscal years ended June 30, 2022 and 2021, respectively.

During 2022, the University received \$12,232,909 in funding from the American Rescue Plan Act (ARPA). Of this amount, \$6,129,883 was made directly available for students as emergency aid grants. The remaining amount, or \$6,103,026, was used to offset costs incurred by the University to manage the ongoing impact of the coronavirus on campus. All funding received from the ARPA was fully utilized by the University by June 30, 2022.

During 2021, the University received \$7,105,908 in funding from the Federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). As required by law, an amount equal to fifty percent of the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act award, or \$2,313,135, was made directly available for students under the Emergency Financial Aid Grants to Students. The remaining amount, or \$4,792,773, was used to offset the reimbursement of room and board and fee refunds to students in the Spring quarter of the 2020 fiscal year. All funding received from the CRRSAA was fully utilized by the University by June 30, 2021.

Contracts and grant revenue from the American Rescue Plan Act (ARPA) and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) are shown in the table above as Higher Education Emergency Relief Fund (HEERF).

(m) Sales and Services of Auxiliary Enterprise

Sales and services of auxiliary enterprise revenue consist primarily of revenue received from students for housing and meal plan charges, health and counseling center fees, conferencing events, and performing arts center events. Revenues for housing and meal plan charges are recognized ratably over the academic term in which the housing and board plans are provided. Students are billed on the first day of the month following registration and payment is due during the third week of that month.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The following table shows the University's sales and services of auxiliary enterprise revenue disaggregated by source:

	2022	2021
Housing	\$ 22,212,573	\$ 16,761,447
Meal plans	13,702,545	9,341,725
Health and counseling services	5,415,220	5,379,666
Conferencing and events	241,398	2,070
Performing arts events	1,405,624	21,292
Other sales and services of auxiliary enterprises	354,785	256,989
Total sales and services of auxiliary enterprises	<u>\$ 43,332,145</u>	<u>\$ 31,763,189</u>

During fiscal year 2021, auxiliary facilities including housing and dining operated throughout the year contributing to an increase in auxiliary revenues over the previous year. However, de-densification measures necessitated by the continuing pandemic did not allow for a return to full operations and effected fiscal year 2021 auxiliary revenues. The operations of Conferencing and Events and the Newman Performing Arts Center were essentially paused for the entire fiscal year ended June 30, 2021. During fiscal year 2022, housing and dining facilities returned to full operations. Conferencing and Events and the Newman Performing Arts Center continued to operate at less than full operations during the year ended June 30, 2022.

(n) Compensated Absences

Eligible University employees earn paid vacation each month based upon their years of service with the University. Vacation time accrues and vests proportionately between July 1 and June 30 of the current year and employees can carry a maximum of 22 days to the next fiscal year. An accrual has been made for earned vacation time in the amount of \$5,075,000 and \$5,524,000 as of June 30, 2022 and 2021, respectively, and is included in accounts payable and accrued liabilities in the accompanying statements of financial position.

The University has a sick leave plan covering substantially all employees. The University provides employees approximately eight hours of paid sick leave per month depending on employment status. The University employees accumulated unused sick leave is carried over to the next year and is cumulative. Unused sick pay is forfeited by employees when they cease to be employed by the University. Therefore, no amount is accrued for sick leave.

(o) Annuity Obligations

Annuity obligations represent the actuarially determined present value of future payments due to beneficiaries under split-interest agreements, primarily charitable remainder trusts, based on the beneficiaries' life expectancies from actuarial tables published by the Internal Revenue Service, using the prevailing interest rate as of the date of each agreement. The University's agreements are tied to interest rates that range from 4.9% to 9.9%. Annuity obligations are adjusted annually for these factors.

(p) Taxes

The University is recognized as an organization generally exempt from income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) and a public charity, and not as a private foundation, under Section 509(a)(1). However, income generated from activities unrelated to the University's exempt purpose is subject to tax under Section 511 of the Code. The University had no material amounts of unrelated business income for the years ended June 30, 2022 and 2021.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The University evaluates its tax position in accordance with the provisions of FASB ASC Topic 740-10, *Income Taxes*. FASB ASC Topic 740-10 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FASB ASC Topic 740-10 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. A tax position is measured at the largest amount of benefit that is greater than 50% likely being realized upon settlement. The University has no uncertain income tax positions as of June 30, 2022 and 2021.

(q) Net Asset Reclassifications

In 2011, the University initiated a matching program to increase endowed scholarships for undergraduates, graduates, and performing arts students. The board of trustees has designated \$66 million of the University's strategic reserves to match commitments to new and existing scholarship endowments. For the years ended June 30, 2022 and 2021, the University matched commitments to the matching program in the amount of approximately \$1,001,000 and \$492,000, respectively. Remaining funds available for use of the various gift matching programs totaled approximately \$2,323,000 of which \$1,817,000 is committed to the receipt of future pledge payments as of June 30, 2022, and approximately \$3,209,000 of which \$1,395,000 was committed to the receipt of future pledge payments as of June 30, 2021.

(r) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

(s) Endowment Funds

The University presents its endowment funds in accordance with the provisions of FASB ASC Topic 958-205, *Presentation of Financial Statements*, which provides guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (the Act) and expands disclosures about endowment funds. See further discussion at note 5.

(t) Subsequent Events

FASB ASC Topic 855-10, *Subsequent Events*, establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The University evaluated events subsequent to June 30, 2022 and through November 14, 2022

(u) Reclassifications

Certain 2021 amounts have been reclassified to conform to the current year presentation.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(2) Financial Assets for General Expenditure

The University's financial assets and liquidity resources available within one year of the date of the statement of financial position for general expenditure were as follows at June 30:

	2022	2021
Financial Assets:		
Cash and cash equivalents - operating	\$ 165,604,539	\$ 114,752,941
Short-term investments - operating	83,709,403	86,187,340
Long-term investment - operating	210,101	236,612
Working capital	249,524,043	201,176,893
Accounts receivable, net	38,349,461	32,437,072
Pledges receivable-operating due within one year	17,619,973	8,244,335
Board-designated endowments	290,996,219	319,579,102
Financial assets available at year end	596,489,696	561,437,402
Liquidity resources		
Estimated endowment distribution in the following year	40,463,000	36,528,000
	\$ 636,952,696	\$ 597,965,402

In addition to the financial assets on the table above, the University has available a line of credit of \$50 million with a financial institution. See Note 14 for further discussion.

Resources available to the University to fund general expenditures, such as operating expenses, interest and principal payments on debt, and internally funded capital construction, have seasonal variations related to the timing of tuition billings, receipt of gifts and pledge payments, and appropriations from the endowment. The University actively manages its resources, utilizing a combination of short-term and long-term investment strategies to align its cash inflows with anticipated cash outflows.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(3) Short- and Long-Term Investments

Investments at June 30 consist of the following:

	2022		
	Cost	Unrealized gain (loss)	Market value
Short-term investments:			
U.S. government securities	\$ 72,892,187	(582,975)	72,309,212
Mutual funds	9,401,948	1,760,491	11,162,439
Real estate	475,000	(130,000)	345,000
Other	237,752	—	237,752
	<u>83,006,887</u>	<u>1,047,516</u>	<u>84,054,403</u>
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	3,100,078	—	3,100,078
U.S. Government Securities	71,998,110	(5,195,157)	66,802,953
Alternative Investments	172,992,973	101,179,647	274,172,620
Global Equities	119,989,846	89,822,330	209,812,176
Mutual Funds	28,354,093	677,548	29,031,641
Real Estate	23,913,281	43,781,065	67,694,346
Private Equities	219,331,109	126,609,794	345,940,903
Beneficial Trust Interest	8,686,919	1,480,365	10,167,284
Other	140,104	—	140,104
	<u>648,506,513</u>	<u>358,355,592</u>	<u>1,006,862,105</u>
Total all funds	<u>\$ 731,513,400</u>	<u>359,403,108</u>	<u>1,090,916,508</u>
2021			
	Cost	Unrealized gain (loss)	Market value
Short-term investments:			
U.S. government securities	\$ 72,724,225	47,738	72,771,963
Mutual funds	9,703,451	3,474,174	13,177,625
Real estate	475,000	(130,000)	345,000
Other	237,752	—	237,752
	<u>83,140,428</u>	<u>3,391,912</u>	<u>86,532,340</u>
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	7,463,622	—	7,463,622
U.S. Government Securities	70,235,277	(953,437)	69,281,840
Alternative Investments	186,054,567	160,723,224	346,777,791
Global Equities	166,865,387	150,594,501	317,459,888
Mutual Funds	26,267,624	4,561,561	30,829,185
Real Estate	22,248,936	43,781,065	66,030,001
Private Equities	142,138,504	68,893,914	211,032,418
Beneficial Trust Interest	8,370,680	3,770,535	12,141,215
Other	216,612	—	216,612
	<u>629,861,209</u>	<u>431,371,363</u>	<u>1,061,232,572</u>
Total all funds	<u>\$ 713,001,637</u>	<u>434,763,275</u>	<u>1,147,764,912</u>

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

All endowments established by various donors over the years are accounted for separately in the accounting records of the University to ensure that the purposes for which the endowments were initially created are carried out in perpetuity. For investment purposes, to maximize total investment return and administrative efficiency, the University commingles certain assets in an investment pool.

Individual endowments own shares in the pool, the value per share being determined by the pool's aggregate fair value, and the number of shares outstanding at the time contributions are made. The pool is valued on a quarterly basis for this purpose. At June 30, 2022, the pool had 143,133,025 shares outstanding, with a fair value of approximately \$930,809,843. The University has adopted a spending policy whereby the board of trustees has authorized a stipulated percentage of the fair value of endowments participating in the investment pool to be spent for the purposes of the donors. The distribution for spending in 2022 was \$0.26 per share, which represented spending of realized and unrealized gains. At June 30, 2021, the pool had 137,829,677 shares outstanding, with a fair value of approximately \$982,678,406. The distribution for spending in 2021 was \$0.25 per share, which represented spending of realized and unrealized gains.

The investment pool consisted of 1,400 and 1,357 individual endowments at June 30, 2022 and 2021, respectively.

The University has the following split-interest agreements, which are included in long-term investments and are classified as net assets with donor restrictions at June 30, 2022 and 2021:

	2022	
	Number of agreements	Market Value
Perpetual trusts held by third party	2	\$ 7,924,817
Charitable Remainder Trusts:		
University named trustee	16	13,780,348
Third-party named trustee	4	2,242,466
Charitable Annuity Agreements	45	3,347,030
	<u>67</u>	<u>\$ 27,294,661</u>
	2021	
	Number of agreements	Market Value
Perpetual trusts held by third party	2	\$ 9,636,420
Charitable Remainder Trusts:		
University named trustee	17	16,870,036
Third-party named trustee	4	2,504,794
Charitable Annuity Agreements	47	4,196,350
	<u>70</u>	<u>\$ 33,207,600</u>

The University is the beneficiary of certain perpetual trusts held by others. The present values of the estimated future cash receipts from the trusts are recognized as assets and contribution revenue at the date the trusts are established. Distributions from the trusts are recorded as investment income, and the carrying value of the assets is adjusted for changes in the estimates of future receipts as gains and losses on the endowment investments.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The Charitable Remainder Trusts and Charitable Annuity Agreements are split-interest agreements that are held and administered either by the University or by others. In the period when the agreement is established, the University recognizes an asset at fair value, a liability to the beneficiary for the estimated future benefits to be distributed, and contribution revenue for the difference. The annuity obligation is primarily based on the person's age at the time of the gift, their life expectancy, and the prevailing interest rate as of the date of the agreement. Annual adjustments are made to the liability for the estimated future benefits to be distributed due to changes in the actuarial assumptions and the discount rate, where applicable, over the term of the agreement.

Contribution revenue recognized for new split-interest agreements in 2022 and 2021 was approximately \$66,000 and \$9,000, respectively.

(4) FASB ASC Topic 820-10, Fair Value Measurements and Disclosures

FASB ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820-10 are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the University. The University considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

(a) Investments

Investments whose values are based on quoted market prices in active markets, and are, therefore, classified within Level 1, include actively listed global equities, certain U.S. government and sovereign obligations, and certain money market securities.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain U.S. government and sovereign obligations, certain government agency securities, investment grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal, and provincial obligations, most physical commodities, and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or nontransferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, investments in other funds, and less liquid mortgage securities (backed by either commercial or residential real estate).

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(b) Fair Value Hierarchy Table

The following tables summarize the University's short- and long-term investments in the fair value hierarchy as of June 30, 2022 and 2021, as well as the liquidity of the investments. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the short-term investments and long-term investments amounts presented in the statement of position.

Deposits with bond trustees represent unspent funds from the Series 2017A and Series 2017B proceeds held in cash and U.S. government securities as discussed in Note 1(i). Fair value of U.S. government securities held as Deposits with bond trustees is the unadjusted quoted market price of the securities. Deposits with bond trustees are categorized as Level 1 investments. However, they are not included in the fair value hierarchy table.

Private equity investments in the fair value tables below as of June 30, 2022 and 2021 are liquidated in accordance with the respective fund legal documents. The timing of the liquidation of these funds as of June 30, 2022 and 2021 is unknown.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Investment/liquidity	June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
U.S. government securities:					
Daily	\$ 138,882,164	—	—	—	138,882,164
Monthly	—	230,000	—	—	230,000
Total	138,882,164	230,000	—	—	139,112,164
Alternative investments:					
Quarterly	—	—	—	212,725,164	212,725,164
Illiquid	—	—	—	61,447,457	61,447,457
Total	—	—	—	274,172,621	274,172,621
Mutual funds:					
Daily	40,194,080	—	—	—	40,194,080
Total	40,194,080	—	—	—	40,194,080
Global equities:					
Daily	2,417,055	—	—	—	2,417,055
Monthly	—	—	—	206,839,953	206,839,953
Quarterly	555,168	—	—	—	555,168
Total	2,972,223	—	—	206,839,953	209,812,176
Trustee cash and cash equivalents:					
Daily	3,100,078	—	—	—	3,100,078
Total	3,100,078	—	—	—	3,100,078
Real estate:					
Semiannually	—	68,039,347	—	—	68,039,347
Total	—	68,039,347	—	—	68,039,347
Private equities:					
Illiquid	—	—	7,107,116	338,833,787	345,940,903
Total	—	—	7,107,116	338,833,787	345,940,903
Beneficial trust interest:					
Locked-up 1	—	10,167,284	—	—	10,167,284
Total	—	10,167,284	—	—	10,167,284
Other:					
Daily	240,103	—	—	—	240,103
Illiquid	137,752	—	—	—	137,752
Total	377,855	—	—	—	377,855
Grand total	\$ 185,526,400	78,436,631	7,107,116	819,846,361	1,090,916,508

Locked-up 1: Beneficial Trusts Interests, funds held in perpetuity, or released at trust maturity

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Investment/liquidity	June 30, 2021				
	Level 1	Level 2	Level 3	NAV	Total
U.S. government securities:					
Daily	\$ 141,823,803	—	—	—	141,823,803
Monthly	—	230,000	—	—	230,000
Total	141,823,803	230,000	—	—	142,053,803
Alternative investments:					
Quarterly	—	—	—	259,933,017	259,933,017
Illiquid	—	—	—	86,844,774	86,844,774
Total	—	—	—	346,777,791	346,777,791
Mutual funds:					
Daily	44,006,810	—	—	—	44,006,810
Total	44,006,810	—	—	—	44,006,810
Global equities:					
Daily	3,819,522	—	—	—	3,819,522
Monthly	—	—	—	313,025,350	313,025,350
Quarterly	615,016	—	—	—	615,016
Total	4,434,538	—	—	313,025,350	317,459,888
Trustee cash and cash equivalents:					
Daily	7,463,622	—	—	—	7,463,622
Total	7,463,622	—	—	—	7,463,622
Real estate:					
Semiannually	—	66,375,001	—	—	66,375,001
Total	—	66,375,001	—	—	66,375,001
Private equities:					
Illiquid	—	—	—	211,032,418	211,032,418
Total	—	—	—	211,032,418	211,032,418
Beneficial trust interest:					
Locked-up 1	—	12,141,215	—	—	12,141,215
Total	—	12,141,215	—	—	12,141,215
Other:					
Daily	316,612	—	—	—	316,612
Illiquid	137,752	—	—	—	137,752
Total	454,364	—	—	—	454,364
Grand total	\$ 198,183,137	78,746,216	—	870,835,559	1,147,764,912

Locked-up 1: Beneficial Trusts Interests, funds held in perpetuity, or released at trust maturity

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The following table sets forth a summary of certain changes in the fair value of University's Level 3 assets for the year ended June 30:

	2022	2021
Donated	\$ 7,107,116	—
Purchases	—	—
Sales	—	—
Transfers In	—	—
Transfers Out	—	—

The following table represents the University's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs used for the valuation as of June 30:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Donated equity in closely held corporation	\$ 7,107,116	—	Subject company transaction method	Recent equity transaction

(5) Endowments

As discussed in note 1(q), FASB ASC Topic 958-205 provides guidance about the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Act and expands disclosures about endowment funds. The Act was effective September 1, 2008 and provides for statutory guidance for the management, investment, and expenditure of endowment funds held by not-for-profit organizations. Amongst other provisions, the Act eliminates the "historical dollar value" rule for endowment funds in favor of guidelines regarding what constitutes prudent spending.

The University's endowments consist of 1,400 and 1,357 individual funds as of June 30, 2022 and 2021, respectively. The endowments were established for a variety of purposes, including both donor-restricted endowment funds (true endowment) and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The board of trustees of the University has interpreted the version of the Act enacted by the State of Colorado as not requiring an institution subject to the Act to implement a reclassification within its financial statements to reflect the effect of price inflation on the historic dollar value of endowment funds, bringing the current purchasing power of such funds to their original purchasing power and denominating the result as perpetual endowment.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The remaining portion of the donor-restricted fund that is not classified as perpetual endowment net assets is classified as endowment subject to future appropriations until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the University considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

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

Net assets comprising true endowments funds and funds designated by the board of trustees to function as endowments were as follows at June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2022:			
Donor-restricted			
Perpetual endowment \$	—	463,048,782	463,048,782
Subject to future appropriations	—	288,501,844	288,501,844
Board-designated endowment funds	<u>290,996,219</u>	<u>—</u>	<u>290,996,219</u>
	<u>\$ 290,996,219</u>	<u>751,550,626</u>	<u>1,042,546,845</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2021:			
Donor-restricted			
Perpetual endowment \$	—	431,498,877	431,498,877
Subject to future appropriations	—	352,800,058	352,800,058
Board-designated endowment funds	<u>319,579,102</u>	<u>—</u>	<u>319,579,102</u>
	<u>\$ 319,579,102</u>	<u>784,298,935</u>	<u>1,103,878,037</u>

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 319,579,102	784,298,935	1,103,878,037
Investment return:			
Investment income	320,080	1,849,538	2,169,618
Net realized and unrealized gains	<u>(16,737,590)</u>	<u>(39,989,296)</u>	<u>(56,726,886)</u>
Total investment return	(16,417,510)	(38,139,758)	(54,557,268)
Private gifts	10,772	27,541,031	27,551,803
Appropriation of endowment assets for expenditures	(11,332,898)	(29,626,231)	(40,959,129)
Present value adjustment	—	10,806	10,806
Reinvested income	157,746	1,861,600	2,019,346
Transfer to restricted endowments	—	4,603,250	4,603,250
Reclassification of restricted net assets	(1,000,993)	1,000,993	—
Changes	<u>(28,582,883)</u>	<u>(32,748,309)</u>	<u>(61,331,192)</u>
Endowment net assets, June 30, 2022	<u>\$ 290,996,219</u>	<u>751,550,626</u>	<u>1,042,546,845</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 245,218,576	553,079,906	798,298,482
Investment return:			
Investment income	306,040	1,720,699	2,026,739
Net realized and unrealized gains	<u>84,542,644</u>	<u>200,967,643</u>	<u>285,510,287</u>
Total investment return	84,848,684	202,688,342	287,537,026
Private gifts	100,293	51,835,135	51,935,428
Appropriation of endowment assets for expenditures	(10,417,806)	(26,505,246)	(36,923,052)
Present value adjustment	—	(5,433)	(5,433)
Reinvested income	321,030	2,136,499	2,457,529
Transfer to restricted endowments	—	578,057	578,057
Reclassification of restricted net assets	<u>(491,675)</u>	<u>491,675</u>	<u>—</u>
Changes	<u>74,360,526</u>	<u>231,219,029</u>	<u>305,579,555</u>
Endowment net assets, June 30, 2021	<u>\$ 319,579,102</u>	<u>784,298,935</u>	<u>1,103,878,037</u>

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level of the book value (underwater). The University had 55 funds considered underwater with a deficiency of approximately \$2,128,000 at June 30, 2022. There were no underwater endowment funds at June 30, 2021. The deficiency is recorded as net unrealized losses on endowment in the change in net assets with donor restrictions within the statement of activities.

(c) Return Objectives and Risk Parameters

The primary objective of the investment for the endowment, quasi-endowment, and similar funds is the concept of preservation of purchasing power of the funds with an emphasis on long-term growth of the funds and with a risk profile that would be deemed to be prudent by institutional fiduciaries generally. Consistent with this objective, a reasonable return is expected.

(d) Strategies Employed for Achieving Objectives

The University has entered into an agreement with Investure, LLC for investment advisory and management services. The scope of the agreement pertains to management of a portion of the University's Consolidated Endowment Fund. The University has authorized Investure, LLC to act as the University's attorney-in-fact to enter into, make, execute and perform agreements or other undertakings on behalf of the University in connection with each investment. The University, through Investure, LLC's management, targets a diversified asset allocation. Investure, LLC's long-term investment allocation guidelines include the following targets and maximum allocations by investment: global equity target of 30% and maximum allocation of 60%, alternative equity target of 30% and maximum allocation of 40%, private equity target of 30% and maximum allocation of 40%, fixed income target of 10% with no maximum allocation.

In addition to investments managed by Investure, the University holds an alternative investment and real estate investments in the Consolidated Endowment Fund which are not managed by Investure. The overall asset allocation of the Consolidated Endowment Fund is considered when investment allocation guidelines and targets are assessed. In addition to the investments held in the Consolidated Endowment Fund, the University holds investments in separate endowment funds. The investment objectives of the individual separate endowment funds may differ from the objectives of the Consolidated Endowment Fund and have asset allocation guidelines and targets specific to those funds.

(e) Spending Policy

The University has adopted a spending policy whereby the board of trustees has authorized a stipulated percentage of the fair value of endowments participating in the investment pool to be spent for the purposes of the donors. As of June 30, 2022, and 2021, the approved percentage was 4.5% of a moving 12-quarter average of the market value of such funds.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(6) Pledges Receivable

Pledges receivable are summarized as follows at June 30:

	<u>2022</u>	<u>2021</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 50,393,435	\$ 54,750,654
One to five years	22,766,992	24,178,054
Greater than five years	28,491,200	34,188,744
	<u>101,651,627</u>	<u>113,117,452</u>
Less allowance for uncollectible pledges	(7,794,708)	(7,702,603)
Less present value discount (4.75% - 6.50%)	<u>(15,957,707)</u>	<u>(18,953,171)</u>
Net pledges receivable	<u>\$ 77,899,212</u>	<u>\$ 86,461,678</u>

Included in pledges receivable is the present value of approximately \$31,264,000 and \$46,538,000 as of June 30, 2022 and 2021, respectively, in pledges from current and former members of the board of trustees. For the years ended June 30, 2022 and 2021, the University did not conduct any additional transactions with members of the board of trustees that were not negotiated at arm's length.

(7) Property, Plant, and Equipment

Property, plant, and equipment at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 12,490,316	9,174,417
Land improvements	35,523,499	35,523,354
Buildings and improvements	911,162,226	897,877,763
Equipment	64,307,280	65,047,564
Library books	9,469,924	9,414,020
Construction in progress	<u>6,126,918</u>	<u>3,410,853</u>
	1,039,080,163	1,020,447,971
Less accumulated depreciation	<u>(265,377,981)</u>	<u>(248,870,661)</u>
	<u>\$ 773,702,182</u>	<u>771,577,310</u>

The University had approximately \$19,546,000 and \$18,430,000 of depreciation expense for the years ended June 30, 2022 and 2021, respectively. During the year ended June 30, 2022 and 2021, the University capitalized interest incurred to the cost of buildings and improvements of approximately \$0 and \$702,000, respectively.

The University monitors asset retirement obligations in accordance with the provisions of FASB ASC Topic 410-20, *Asset Retirement and Environmental Obligations*. Under FASB ASC Topic 410-20, costs related to the legal obligation to perform certain activities in connection with the retirement, disposal, or abandonment of assets are required to be accrued. The University has identified asbestos abatement as a conditional retirement obligation. For the years ended June 30, 2022 and 2021, respectively, an asset retirement obligation of approximately \$9,052,000 and \$8,686,000 is included in accounts payable and accrued liabilities.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(8) Long-Term Debt

Bonds payable at June 30 consist of the following:

	2022	2021
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2021	\$ 13,550,000	15,985,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2017A	119,480,000	119,480,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2017B	21,310,000	22,980,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2013	14,460,000	16,145,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2007	39,920,000	39,920,000
	208,720,000	214,510,000
Unamortized bond premium	13,326,512	14,155,787
Unamortized bond cost of issuance	(994,276)	(1,051,660)
Total long-term debt	221,052,236	227,614,127
Less current installments	11,615,000	5,790,000
Long-term debt, excluding current installment \$	209,437,236	221,824,127

The University had approximately \$8,313,000 and \$8,093,000 of interest expense net of amortization of bond premium and deferred cost of issuance for the years ended June 30, 2022 and 2021, respectively. Amortization of bond premium and deferred cost of issuance was approximately \$772,000 and \$771,000 for the years ended June 30, 2022 and 2021, respectively. During the year ended June 30, 2022 and 2021, the University capitalized interest incurred to the cost of buildings and improvements of approximately \$0 and \$702,000, respectively. The interest of approximately \$9,130,000 and \$9,542,000 was paid in cash during the years ended June 30, 2022 and 2021, respectively.

(a) Issuance of Series 2021 Bonds

In February 2021, the Colorado Educational and Cultural Facilities Authority (the Authority) issued \$18,500,000 of University of Denver Revenue Bonds, Series 2021. The proceeds from the sale of the 2021 bonds were used to (1) refund \$11,310,000 aggregate principal amount of the Authority's Revenue Bonds Series 2014A, (2) refund \$7,040,000 aggregate principal amount of the Authority's Revenue Bonds Series 2014b, and (3) pay certain costs associated with the issuance of the 2021 Bonds.

The bond agreement provides for principal payments of \$2,515,000 in 2021, decreasing to \$1,710,000 in 2031. Interest is payable semiannually at a fixed rate of 1.420%.

(b) Issuance of Series 2017 Bonds

In June 2017, the Colorado Educational and Cultural Facilities Authority (the Authority) issued \$144,015,000 of University of Denver Revenue Bonds, Tax-Exempt Series 2017A \$119,480,000 and Taxable Series 2017B \$24,535,000. The proceeds from the sale of 2017 bonds will be used to (1) finance a portion of the construction, improvement, renovation, and equipping of certain campus improvements including a freshman residential dormitory, the campus career center, a substantial demolition, renovation and expansion of the student center to become a community commons, and other campus improvements; (2) pay certain capitalized interest on the Bonds; and (3) pay certain costs associated with the issuance of the Bonds.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The bond agreement provides for principal payments of \$1,555,000 in 2021, increasing to \$9,810,000 in 2047. Interest is payable semiannually at rates ranging from 2.244% to 5.000%.

(c) Issuance of Series 2013 Bonds

In February 2013, the Authority issued \$22,780,000 of University of Denver Revenue Bonds, Series 2013. The proceeds from the sale of the 2013 bonds were used to (1) refund \$21,240,000 aggregate principal amount of the Authority's Revenue Bonds Series 2005B and (2) pay certain costs associated with the issuance of the 2013 Bonds.

The bond agreement provides for principal payments of \$140,000 in 2014, increasing to \$2,255,000 in 2030. Interest is payable semiannually at rates ranging from 2.00% to 4.00%.

(d) Issuance of Series 2007 Bonds

In December 2006, the Authority issued \$39,920,000 of University of Denver Refunding Revenue Bonds, Series 2007. The proceeds from the sale of the 2007 bonds were used to (1) (i) refund all of the Authority's Revenue Bonds (University of Denver Project) Series 2001A Bonds outstanding in the aggregate principal amount of \$27,000,000 and (ii) refund \$14,905,000 of aggregate principal amount of the Authority's Revenue Bonds (University of Denver Project) Series 2005B Bonds; (2) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2007 Bonds; and (3) pay certain costs associated with the issuance of the 2007 Bonds.

The bond agreement provides for principal payments of \$1,650,000 in 2023, \$5,825,000 in 2024, \$6,135,000 in 2025, \$6,455,000 in 2026, \$6,790,000 in 2027, and ranging from \$2,365,000 in 2031 to \$2,870,000 in 2035. Interest is payable semiannually at the rate of 5.25%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(e) Aggregate Annual Maturities of Bonds Payable

At June 30, 2022, the aggregate annual maturities of bonds payable for the five succeeding years and thereafter are as follows:

2023	5,995,000
2024	11,030,000
2025	11,795,000
2026	11,180,000
2027	11,615,000
Thereafter	<u>157,105,000</u>
	<u>\$ 208,720,000</u>

(f) Restrictive Bond Covenants

The University is required by bond covenants to maintain expendable resources (as defined by the Loan Agreements) of at least 75% of the outstanding principal of its long-term debt. The Loan Agreements require the calculation of a debt service coverage ratio (as defined by the Loan Agreements) annually. A debt service coverage ratio of less than 1.15 may limit the ability of the University to borrow additional amounts. The University is also required to comply with various other covenants while the bonds are outstanding. Management believes the University is in compliance with the bond covenants.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(g) Security for the Bonds

Under all the University's bond loan agreements, the University is obligated to pay amounts sufficient to provide payment of the principal and interest on the bonds. The obligation of the University to make such payments under the loan agreements is secured by a security interest in the gross revenues of the University, as defined.

(9) Leases

The University leases facilities, equipment, and vehicles under operating lease agreements. The present value of the future minimum lease payments is reported on the Statement of Financial Position as a Right to Use (ROU) asset under operating leases and as an Operating lease liability.

Minimum annual lease payments are shown in the table below as of June 30, 2022:

2023	1,157,595
2024	1,082,853
2025	1,113,444
2026	52,893
2027	27,251
Thereafter	—
Total minimum lease payments	3,434,036
Present Value Discount (2.98%)	(198,737)
	\$ 3,235,299

During the year ended June 30, 2022, payments related to the lease agreements were approximately \$1,087,000 and are reported in services and supplies on the statement of activities. The weighted-average remaining lease term as of June 30, 2022 was 2.6 years. The University elected to use a risk-free rate of return for the calculation of the operating lease liability for all leases. The University recognizes lease expense for short-term leases on a straight-line basis over the lease term. There was no lease short-term lease expense for the year-ended June 30, 2022 and no amount for short-term leases is included in right-to-use asset under operating leases or operating lease liability.

(10) Retirement Plan

The University of Denver Retirement Plan (the Plan) covers all employees of the University except nonresident aliens and students. The Plan is a contributory tax-deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code (the Code). Participating employees may elect to defer up to 90% of their base pay, limited by the Code to \$20,500 per employee per year. The Code allows participants who have attained age 50 before the end of the Plan year to make catch-up contributions up to an additional \$6,500. Administrators, faculty members, and staff-appointed employees are eligible to participate in employer-provided contribution matching after one year of service. Prior to July 1, 2020, eligible employees who contributed at least 4% of their base pay received an employer-matching contribution of 8%. Effective July 1, 2020, the Plan was amended to add a provision for a fully discretionary matching contribution. Eligible employees who contributed at least 4% of their base pay received a matching contribution of 4% for the period July 1, 2020 through March 31, 2021. Eligible employees who contributed at least 4% of their base pay received a matching contribution of 8% for periods after April 1, 2021. Participants have a fully vested interest in the total contributions immediately. Accounts of each employee are invested at the employee's discretion. Under the Retirement Plan, the University contributed approximately \$14,244,000 and \$9,425,000 for the years ended June 30, 2022 and 2021, respectively, which were charged to operations expenses.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(11) Postretirement Benefits Other than Pensions

The University records postretirement benefits in accordance with the provisions of FASB ASC Topic 715-20, *Compensations – Retirement Benefits*. FASB ASC Topic 715-20 requires balance sheet recognition of the net asset or liability for the overfunded or underfunded status of defined-benefit pension and other postretirement benefit plans and recognition of changes in the funded status in the year in which the changes occur.

The University sponsors a defined-benefit healthcare plan (the Healthcare Plan) that provides postretirement medical benefits to full-time employees who have worked 10 years and attained age 55 while in service with the University if hired prior to January 1, 1992, or full-time employees who have worked 20 years and attained age 55 while in service with the University if hired after December 31, 1991. Participants receive \$60 per month toward the cost of their postretirement medical costs. At June 30, 2022, the Healthcare Plan covered 238 retirees with an additional 2,561 active employees potentially eligible for coverage. At June 30, 2021, the Healthcare Plan covered 230 retirees with an additional 2,422 active employees potentially eligible for coverage. The Healthcare Plan is noncontributory.

The changes in benefit obligations (all unfunded) were as follows:

	<u>2022</u>	<u>2021</u>
Accrued postretirement benefit obligation (APBO), beginning of year	\$ 2,935,218	3,153,830
Service cost	80,934	83,074
Interest cost	71,079	69,404
Actuarial loss (gain)	(383,118)	(209,090)
Benefits paid	<u>(167,760)</u>	<u>(162,000)</u>
APBO (all unfunded), end of year	<u>\$ 2,536,353</u>	<u>2,935,218</u>

At June 30, net periodic postretirement benefit cost included the following components:

	<u>2022</u>	<u>2021</u>
Service cost	\$ 80,934	83,074
Interest cost	71,079	69,404
Amortization of prior service cost	11,125	11,125
Recognized net actuarial gain	<u>(4,321)</u>	<u>—</u>
Net periodic postretirement benefit cost	<u>\$ 158,817</u>	<u>178,130</u>

An accrual has been made for the APBO and is included in accounts payable and accrued liabilities in the accompanying statements of financial position. The weighted average discount rate used in determining the APBO was 4.33% and 2.49% for June 30, 2022 and 2021, respectively. It is the University's policy to fund the benefit cost with current cash balances. Under the Healthcare Plan, the University paid benefits of approximately \$167,760 and \$162,000 for the years ended June 30, 2022 and 2021, respectively, which were charged to operating expenses.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The estimated benefits expected to be paid in following years are as follows:

2023		\$	181,000
2024			188,000
2025			187,000
2026			184,000
2027			180,000
2028-2032			<u>840,000</u>
Total		\$	<u><u>1,760,000</u></u>

For the years ended June 30, 2022 and 2021, all medical premiums were greater than the amount subsidized by the University. Therefore, a healthcare trend was not used as all retirees receiving the subsidy received the full \$60.

The measurement date for the Healthcare Plan was June 30, 2022.

(12) Loans to Students

Student loans made through Perkins constitute substantially all of the student loans outstanding at June 30, 2022 and 2021. Prior to 2005, contributions to the Perkins programs were funded 75% by the federal government with the University providing the remaining 25%; yet for fiscal years 2022 and 2021, no additional contributions were funded. Perkins provides for cancellation of a note at rates of 10% to 30% per year up to a maximum of 100% if the debtor complies with certain provisions of Perkins. The federal government reimburses the loan funds of the University at rates of 10% to 30% for canceled indebtedness due to certain teaching service and various types of services for the U.S. government and 100% for loans declared not collectible due to death, permanent disability, or a declaration of bankruptcy.

Academic year 2017-18 was the last year in which new Perkins loans were allowed to be disbursed to students, as Congress did not renew the program. No new loans were allowed after June 30, 2018. Institutions have been given the option of assigning existing Perkins loans back to the federal government or continuing to collect on these loans while returning the Federal Capital Contributions (FCC) portion as loans are repaid. The University has elected to continue to collect on Perkins loans and return the FCC portion as the loans are collected. As payments are made back to the U.S. government, the U.S. government grants refundable will be reduced.

At June 30, 2022 and 2021, the allowance for possible loan losses of Perkins approximated \$750,000; however, due to federal regulations, no loans of Perkins have been written off since the inception of Perkins.

The University has other loan funds obtained primarily through gifts and grants from individuals, corporations, and foundations. At June 30, 2022 and 2021, the allowance for possible loan losses of these funds was \$153,000.

(13) Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the tables below. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among programs include expenses associated with the following: facilities management and planning, the depreciation and disposal expense of property, plant, and equipment, and the interest expense on long-term debt. Costs of facilities management and planning and depreciation and the disposal of property, plant, and equipment are allocated to the programs based upon square footage. Interest expense on long-term debt is allocated to the programs that benefit from the long-term financing of the University.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

The table below shows the composition of the expenses of the University for the year ended June 30, 2022 by functional category and natural class:

	<u>Instruction</u>	<u>Research</u>	<u>Public</u> <u>service</u>	<u>Academic</u> <u>support</u>	<u>Student</u> <u>services</u>	<u>Institutional</u> <u>support</u>	<u>Auxiliary</u> <u>enterprises</u>	<u>Total</u>
Salaries and wages	126,762,206	12,709,141	9,201,078	49,596,511	26,866,400	37,850,192	9,768,541	272,754,069
Fringe benefits	28,364,379	2,282,257	1,879,117	11,377,788	6,159,130	6,734,231	2,499,962	59,296,864
Services, supplies, and other	45,628,228	10,435,953	12,293,193	37,504,042	22,921,647	21,868,240	18,677,307	169,328,610
Utilities and maintenance	2,758,198	537,692	70,524	2,337,185	2,173,620	1,109,605	6,339,491	15,326,315
Depreciation	7,557,430	160,038	1,457	174,848	2,380,237	1,975,184	7,297,018	19,546,212
Interest on indebtedness	489,497	–	–	351,078	653,141	26,820	6,792,064	8,312,600
Total	211,559,938	26,125,081	23,445,369	101,341,452	61,154,175	69,564,272	51,374,383	544,564,670

The table below shows the composition of the expenses of the University for the year ended June 30, 2021 by functional category and natural class:

	<u>Instruction</u>	<u>Research</u>	<u>Public</u> <u>service</u>	<u>Academic</u> <u>support</u>	<u>Student</u> <u>services</u>	<u>Institutional</u> <u>support</u>	<u>Auxiliary</u> <u>enterprises</u>	<u>Total</u>
Salaries and wages	122,728,442	11,387,343	8,137,633	48,047,352	23,432,072	34,416,184	8,942,896	257,091,922
Fringe benefits	26,326,329	1,990,617	1,592,619	10,534,302	5,261,508	8,223,642	2,144,540	56,073,557
Services, supplies, and other	38,448,921	9,972,157	16,005,631	31,453,181	14,965,849	15,221,723	18,755,647	144,823,109
Utilities and maintenance	2,316,413	443,160	59,226	1,962,257	1,875,574	670,713	5,209,718	12,537,061
Depreciation	7,163,100	350,550	801	526,504	3,129,476	2,017,643	5,241,590	18,429,664
Interest on indebtedness	493,364	–	–	353,852	637,983	27,032	6,580,665	8,092,896
Total	197,476,569	24,143,827	25,795,910	92,877,448	49,302,462	60,576,937	46,875,056	497,048,209

The University had fundraising expenses of approximately \$17,588,000 and \$15,380,000 in 2022 and 2021, respectively, which were recognized in institutional support in the accompanying statements of activities.

(14) Line of Credit

The University of Denver has a revolving line of credit agreement with a financial institution for its operational needs in the amount of \$50 million, amended and restated as of March 30, 2022. There were no outstanding balances on the line of credit as of June 30, 2022 and June 30, 2021.

(15) Commitments and Contingencies

At June 30, 2022 and 2021, the University had outstanding commitments totaling approximately \$2,273,000 and \$2,295,000, respectively, for contracts related to various construction projects on campus.

During the 2022 fiscal year, the University invested approximately \$80,858,000 in 24 long-term partnerships, 22 of which were formed prior to the 2022 fiscal year, bringing its cumulative contributions to the partnerships to approximately \$366,316,000. Under the terms of the partnership agreements, the University and other investors are committed to funding additional investments. As of June 30, 2022, the University's remaining commitments to 20 partnerships total approximately \$196,653,000. Commitments to investment partnerships are generally applicable until an event of dissolution, as determined by the general partner.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

During the 2021 fiscal year, the University invested approximately \$59,396,000 in 21 long-term partnerships, 21 of which were formed prior to the 2021 fiscal year, bringing its cumulative contributions to the partnerships to approximately \$288,212,000. Under the terms of the partnership agreements, the University and other investors are committed to funding additional investments. As of June 30, 2021, the University's remaining commitments to 19 partnerships total approximately \$268,655,000. Commitments to investment partnerships are generally applicable until an event of dissolution, as determined by the general partner.

(16) Risks and Uncertainties

The University participates in a number of federal programs, which are subject to financial and compliance audits. The amount of expenses that may be disallowed by the granting agencies cannot be determined at this time although the University does not expect these amounts, if any, to be material to the financial statements.

The University is a party to a number of matters of litigation. It is the opinion of management, based on the advice of counsel, that the University's liability insurance is sufficient to cover the potential judgments and that the outcome of the suits will not have a material adverse effect on the financial position or operations of the University.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(17) Financial Responsibility Composite Score

The composite score is prepared pursuant to Appendix B of 34 CFR Part 668 - Subpart L, Ratio Methodology for Private Non-profit Institutions. Private non profit institutions must demonstrate financial health to participate in Title IV funding. The University prepared the required calculations based on audited financial statements for the year-ended June 30, 2022. The composite score reflects the overall relative financial health of institutions along a scale from negative 1.0 to positive 3.0.

The calculation of the composite score for the year-ended June 30, 2022 is as follows:

Primary Reserve Ratio:

Expendable net assets	\$	756,202,157	
Total expenses and losses	\$	564,176,054	1.34

Equity Ratio:

Modified Net Assets	\$	1,782,924,854	
Modified Assets	\$	2,148,218,499	0.83

Net Income Ratio:

Change in net assets without donor restrictions	\$	1,133,954	
Total revenues without donor restrictions	\$	565,310,008	0.00

	Ratios	Strength Factors	Weight	Composite Score
Primary Reserve Ratio	1.34	3.000	40%	1.20
Equity Ratio	0.83	3.000	40%	1.20
Net Income Ratio	0.00	1.000	20%	0.20
Composite score				2.6

Section 498(c)(1) of the Higher Education Act authorizes the Secretary for the U.S. Department of Education, "ED", to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 establishes a methodology based on three ratios - primary reserve, equity, and net income - that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several computational steps are required to combine an institution's ratio results into a composite score:

- 1 Determine the value of each ratio;
- 2 Calculate a strength factor for each ratio using the appropriate algorithm;
- 3 Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- 4 Add the weighted scores to arrive at the composite score

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in the Title IV programs under provisional certifications for three years. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to the ED of ten percent or more if its previous year's Title IV funding, as determined by the ED.

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

(17) Financial Responsibility Composite Score (continued)

Composite Score Components Disclosure

The Department of Education issued regulations on February 23, 2019, which become effective for filings July 1, 2020, regarding additional disclosures deemed necessary to calculate ratios for determining sufficient financial responsibility under Title IV.

Net assets

1	Net assets with donor restrictions: restricted in perpetuity	\$ 472,438,105
2	Other net assets with donor restrictions (not restricted in perpetuity):	
a.	Annuities with donor restrictions	850,205
b.	Term Endowments	-
c.	Life income funds (trusts)	3,329,794
d.	Total annuities, term endowments, and life income funds with donor restrictions	<u>\$ 4,179,999</u>

Property, plant, and equipment, net

3	Pre-implementation property, plant, and equipment, net	
a.	Ending balance of last financial statements submitted to and accepted by the Department of Education (June 30, 2019 financial statements)	\$ 671,025,728
b.	Reclassify capital lease assets previously included in PPE, net, prior to the implementation of ASU 2016-02 lease standard	-
c.	Less subsequent depreciation and disposals (net of accumulated depreciation)	<u>(46,181,846)</u>
d.	Balance pre-implementation property, plant, and equipment, net	624,843,882
4	Debt-financed post-implementation property, plant, and equipment, net	
a.	Equipment	-
b.	Land improvements	-
c.	Buildings	-
d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months	<u>-</u>
5	Construction in progress - acquired subsequent to June 30, 2019	6,126,918
6	Post-implementation property, plant, and equipment, net, acquired without debt:	
a.	Long-lived assets acquired without use of debt subsequent to June 30, 2019	<u>142,731,382</u>
7	Total Property, Plant, and Equipment, net - June 30, 2022	<u>\$ 773,702,182</u>

Debt to be excluded from expendable net assets

8	Pre-implementation debt:	
a.	Ending balance of last financial statements submitted to and accepted by the Department of Education (June 30, 2019 financial statements)	\$ 244,024,186
b.	Reclassify capital lease assets previously included in long-term debt, prior to the implementation of ASU 2016-02 lease standard	-
c.	Less subsequent debt repayments	(20,655,000)
d.	Less amortization of bond premium and cost of issuance costs	<u>(2,316,950)</u>
e.	Balance Pre-implementation Debt	221,052,236
9	Allowable post-implementation debt used for capital long-lived assets	
a.	Equipment - all capitalized	-
b.	Land improvements	-
c.	Buildings	-
d.	Balance post-implementation debt	<u>-</u>
10	Construction-in-progress financed with debt or line of credit subsequent to June 30, 2019	-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than asset value	-
12	Total debt to be excluded from expendable net assets	<u>\$ 221,052,236</u>

Unsecured related-party receivables

13	Secured related-party receivables	\$ -
14	Unsecured related-party receivables	
a.	Unconditional contributions receivable from related-parties	31,264,000
15	Total secured and unsecured related-party receivables	<u>\$ 31,264,000</u>

Other Items

16	Sale of fixed assets, gains (losses)	-
17	Intangible Assets	-

Supplementary Information – Financial Responsibility Composite Score

UNIVERSITY OF DENVER
Notes to Financial Statements
June 30, 2022 and 2021

Supplemental Schedule - Composite Score Components

Primary Reserve Ratio:

		Expendable net assets:	
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 952,709,678
2	SFP	Net assets with donor restrictions	861,479,176
3	Financial Statement Note (FSN) 17	Net assets with donor restrictions: restricted in perpetuity	(472,438,105)
4	FSN 6	Unsecured related-party receivables	(31,264,000)
5	FSN 17	Donor restricted annuities, term endowments, and life income funds	(4,179,999)
6	FSN 17	Property, plant, and equipment, net, pre-implementation	(624,834,882)
7	FSN 17	Property, plant, and equipment, net, post-implementation with outstanding debt for original purchase	-
8	FSN 17	Construction-in-progress purchased with long-term debt	-
9	FSN 17	Property, plant, and equipment, net, post-implementation without debt	(148,858,300)
10	SFP	Lease right-of-use asset, post-implementation	(3,235,299)
11	Not applicable	Intangible assets	-
12	FSN 11	Post-employment and pension liabilities	2,536,353
13	FSN 17	Long-term debt for long-term purposes, pre-implementation	221,052,236
14	FSN 17	Long-term debt for long-term purposes, post-implementation	-
15	FSN 17	Debt or line of credit for construction-in-progress	-
16	Not applicable	Pre-implementation right-of-use asset liability	-
17	SFP	Post-implementation right-of-use asset liability	(3)
		Total expendable net assets:	<u>\$ 756,202,157</u>
		Expenses and losses:	
18	Statement of Activities (SOA)	Total operating expenses without donor restrictions	\$ 544,564,670
19	SOA	Donor advised fund grants (non-operating)	2,144,350
20	SOA	Endowment investment return appropriated for operations-without donor restrictions	(11,332,898) (1)
21	SOA	Endowment investment return after amounts appropriated for operations-without donor restrictions	27,750,408 (1)
22	SOA	Net realized and unrealized (gains) losses on other investment in operating - without donor restrictions	1,049,524 (1)
23	Not applicable	Non-service component of post-employment and pension (non-operating) cost (if loss)	-
24	Not applicable	Change in value of interest rate swap agreements (if loss)	-
		Total expenses and losses:	<u>\$ 564,176,054</u>

Equity Ratio:

		Modified net assets:	
25	SFP	Net assets without donor restrictions	\$ 952,709,678
26	SFP	Net assets with donor restrictions	861,479,176
27	Not applicable	Intangible assets	-
28	FSN 6	Unsecured related-party receivables	(31,264,000)
		Total modified net assets:	<u>\$ 1,782,924,854</u>
		Modified assets:	
29	SFP	Total Assets	\$ 2,179,482,499
30	SFP	Lease right-of-use asset, pre-implementation	-
31	Not applicable	Intangible assets	-
32	FSN 6	Unsecured related-party receivables	(31,264,000)
		Total modified assets:	<u>\$ 2,148,218,499</u>

Net Income Ratio:

33	SOA	Change in net assets without donor restrictions	<u>\$ 1,133,954</u>
		Revenues and gains:	
34	SOA	Tuition and fees, net	\$ 371,822,661
35	SOA	Private gifts - without donor restrictions	1,486,476
36	SOA	Grants and contracts	58,908,385
37	SOA	Sales and services of educational activities	15,351,340
38	SOA	Sales and services of auxiliary enterprise	43,332,145
39	SOA	Other sources of operating revenue	24,581,164
40	SOA	Net assets released from restrictions in operations	36,611,076 (2)
41	SOA	Net assets released from restrictions in non-operating	12,938,011 (2)
42	SOA	Reclassification of restricted net assets from gift matching	(1,000,993) (2)
43	SOA	Other investment income in operating - without donor restrictions	1,279,743
44	Not applicable	Non-service component of post-employment and pension (non-operating) cost, (if loss)	-
45	Not applicable	Pension-related changes other than net periodic pension costs (if gain)	-
46	Not applicable	Change in value of annuity agreement	-
47	Not applicable	Change in value of interest rate swap agreements (if gain)	-
48	Not applicable	Sale of fixed assets (if gain)	-
		Total revenues and gains:	<u>\$ 565,310,008</u>

(1) Total unrestricted investment realized and unrealized gains are negative for the fiscal year. Some components of the total unrestricted investment gains are positive. The separate components are shown in order to provide agreement to amounts shown on the Statement of Activities.

(2) The University reclassifies funds that are used to match restricted gifts from donors on net assets without donor restrictions to net assets with donor restrictions. The reclassified matching funds reduce net assets released from restrictions. The matching funds are shown in order to provide agreement to amounts shown on the Statement of Activities.

(3) The University did not elect to grandfather pre-implementation right-to-use assets or liabilities.

Single Audit



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

Board of Trustees
University of Denver
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University of Denver, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

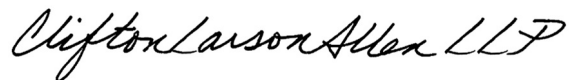
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Denver, Colorado
November 14, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
University of Denver
Denver, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited University of Denver's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University of Denver's major federal programs for the year ended June 30, 2022. The University of Denver's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, University of Denver complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University of Denver and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of University of Denver's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to University of Denver's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on University of Denver's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about University of Denver's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding University of Denver's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of University of Denver's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of University of Denver's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on University of Denver's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. University of Denver's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
March 14, 2023

UNIVERSITY OF DENVER
Schedule of Expenditures of Federal Awards
June 30, 2022

Cluster	Federal Granting Agency	Program Title	Assistance Listing Number	Pass-Through Entity	Contract/Grantor Number	Passed Through to Subrecipients	Expenditures	
NON-CLUSTERED PROGRAMS:								
	Dept of the Treasury <i>Total Department of the Treasury</i>	Low-Income Taxpayer Clinic	21.008				\$ 102,603 102,603	
	National Endowment of the Arts <i>Total National Endowment for the Arts & Humanities</i>	Dance GAP Grant	45.024				15,000 15,000	
	Dept of Education Dept of Education <i>Total Department of Education</i>	COVID-19 - Education Stabilization Fund - Student Portion COVID-19 - Education Stabilization Fund - Institutional Portion	84.425E 84.425F				6,129,883 6,103,026 12,232,909	
	Total Non-Clustered Programs						\$ -	\$ 12,350,512
RESEARCH AND DEVELOPMENT CLUSTER:								
	Dept of Commerce <i>Total Department of Commerce</i>	Sea Grant Support	11.417	New Jersey Sea Grant Consortium	#1325; PROJECT ID: 826002; PO1		196 196	
	Dept of Defense Dept of Defense Dept of Defense <i>Total Department of Defense</i>	Military Medical Research and Development Basic Scientific Research Air Force Defense Research Sciences Program	12.420 12.431 12.800	University of Pennsylvania	547035/ PO 4324511		162,009 4,340 29,115 195,464	
	Dept of Housing and Urban Development <i>Total Dept of Housing and Urban Development</i>	Research and Evaluations, Demonstrations, and Data Analysis and Utilization	14.536	Center for Policy Research	Sub on grant H-21695CA		150,322 150,322	
	Dept of the Interior Dept of the Interior Dept of the Interior <i>Total Department of the Interior</i>	Preservation of Japanese American Confinement Sites Cooperative Research and Training Programs – Resources of the National Park System Cultural Resources Management	15.933 15.945 15.946				40,046 24,878 57,768 122,692	
	Dept of Justice Dept of Justice Dept of Justice Dept of Justice Dept of Justice Dept of Justice Dept of Justice <i>Total Department of Justice</i>	Services for Trafficking Victims Services for Trafficking Victims Justice Research, Development and Evaluation Justice Research, Development and Evaluation Second Chance Act Reentry Initiative Smart Prosecution Initiative Girls in the Juvenile Justice System	16.320 16.320 16.560 16.560 16.812 16.825 16.830	Denver District Attorney's Office Asian Pacific Development Center RAND Corporation Research Triangle Institute Jefferson County Denver District Attorney's Office	2018-VT-BX-K076 2018-VT-BX-K064 2018-75-CX-K0006;SCON-00000181 SUBAWARD1-312-0216682-65638L TM20-0484 2019-YX-BX-0012	8,475	9,154 5,879 151,316 38,462 3,426 30,055 122,957 361,249	
	Dept of Transportation Dept of Transportation <i>Total Department of Transportation</i>	Highway Training and Education University Transportation Centers Program	20.215 20.701	North Dakota State University	FAR0028868		3,506 194,432 197,938	
	National Aeronautics and Space Admin (NASA) National Aeronautics and Space Admin (NASA) <i>Total National Aeronautics and Space Administration (NASA)</i>	Aerospace Education Services Program Aerospace Education Services Program	43.001 43.001	Smithsonian	GO1-22017X	292	22,964 36,528 59,492	
	National Endowment for the Arts & Humanities National Endowment for the Arts & Humanities National Endowment for the Arts & Humanities National Endowment for the Arts & Humanities National Endowment for the Arts & Humanities National Endowment for the Arts & Humanities <i>Total National Endowment for the Arts & Humanities</i>	Promotion of the Arts Grants to Organizations and Individuals Promotion of the Humanities Federal/State Partnership Promotion of the Humanities Research Promotion of the Humanities Professional Development National Leadership Grants Laura Bush 21st Century Librarian Program	45.024 45.129 45.161 45.163 45.312 45.313	Idaho Humanities Council University of Tennessee	2020018 A20-0218-S001		39,579 1,100 125,759 63,478 4,295 37,405 271,616	
	National Science Foundation National Science Foundation National Science Foundation National Science Foundation	Engineering Grants Engineering Grants Mathematical and Physical Sciences Geosciences	47.041 47.041 47.049 47.050	University of Michigan Cornell University	SUBK00012024, PO: 3005921912 85407-11230		205,635 56,150 974,478 30,391	

UNIVERSITY OF DENVER
Schedule of Expenditures of Federal Awards
June 30, 2022

Cluster	Federal Granting Agency	Program Title	Assistance Listing Number	Pass-Through Entity	Contract/Grantor Number	Passed Through to Subrecipients	Expenditures	
	National Science Foundation	Computer and Information Science and Engineering	47.070				154,701	
	National Science Foundation	Biological Sciences	47.074			2,976	1,050,797	
	National Science Foundation	Biological Sciences	47.074	University of Colorado/Boulder	SUBAWARD 1001272789		47,837	
	National Science Foundation	Social	47.075			43,547	445,084	
	National Science Foundation	Social	47.075	University of Arizona	613503		5,012	
	National Science Foundation	Education and Human Resources	47.076			177,363	690,362	
	National Science Foundation	Education and Human Resources	47.076	Colorado State University	G-46373-14		38,131	
	National Science Foundation	Education and Human Resources	47.076	Vanderbilt University	UNIV62257 / P22002987		11,626	
	National Science Foundation	Office of International Science and Engineering	47.079				38,113	
	<i>Total National Science Foundation</i>						<u>223,886</u>	<u>3,748,317</u>
	Dept of Energy	Office of Science Financial Assistance Program	81.049	Handix Scientific LLC	2102-1		52,213	
	Dept of Energy	Renewable Energy Research and Development	81.087	Commonwealth Edison Company	CON 01219429		30,207	
	<i>Total Department of Energy</i>						<u>-</u>	<u>82,420</u>
	Dept of Education	Undergraduate International Studies and Foreign Language Programs	84.016				21,874	
	Dept of Education	Javits Gifted and Talented Students Education	84.206			16,250	509,553	
	Dept of Education	Education Research, Development and Dissemination	84.305			154,570	303,045	
	Dept of Education	Education Research, Development and Dissemination	84.305	University of North Texas	GF20010-01 / NT752-0000243323		152,347	
	Dept of Education	Research in Special Education	84.324			27,916	425,235	
	Dept of Education	Special Education Technical Assistance and Dissemination	84.326	University of South Florida	5830-1526-00-C, P000001491		242,806	
	Dept of Education	Special Education Technical Assistance and Dissemination	84.326	University of North Carolina	5111594-H326P170001		308,592	
	Dept of Education	Special Education Educational Technology Media, and Materials for Individuals with Disabilities	84.327	University of North Carolina	SUBAWARD 5112267		300,234	
	<i>Total Department of Education</i>						<u>198,736</u>	<u>2,263,686</u>
	United States Institute of Peace	Priority Grant Competition	91.005				11,053	
							<u>-</u>	<u>11,053</u>
	Dept of Health and Human Services	Sexual Risk Avoidance Education	93.060				355,816	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086			125,622	781,974	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Center for Relationship Education	NO. 3960238 R2R-7669		262,227	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Colorado Department of Human Services	HHS-2020-ACF-OFA-ZJ-1846		284,459	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	University of Miami	OS00000795 SPC-001992		85,315	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Mathematica Policy Research, Inc.	50898X07312		120,103	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Washington Park Research & Evaluation, LI	WPRE Agape Subcontract		22,768	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Washington Park Research & Evaluation, LI	WPRE RTR Subcontract		42,142	
	Dept of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Washington Park Research & Evaluation, LI	DU Subcontract		138,722	
	Dept of Health and Human Services	Graduate Psychology Education	93.191				349,556	
	Dept of Health and Human Services	Graduate Psychology Education	93.191	Denver Health and Hopsital	A19-0079-S001	(16,706)	462	
	Dept of Health and Human Services	Mental Health Research Grants	93.242			332,209	1,319,469	
	Dept of Health and Human Services	Mental Health Research Grants	93.242	Michigan State University	RC112665H		37,752	
	Dept of Health and Human Services	Mental Health Research Grants	93.242	Regents of University of California Irvine	2019-3739		99,428	
	Dept of Health and Human Services	Substance Abuse and Mental Health Services_Proj	93.243	Mile High Council on Alcoholism and Drug A	TI-19-008		90,972	
	Dept of Health and Human Services	Substance Abuse and Mental Health Services_Proj	93.243	Casa Esperanza	1H79SM080754-01	198,651	299,024	
	Dept of Health and Human Services	Substance Abuse and Mental Health Services_Proj	93.243					
	Dept of Health and Human Services	Drug Abuse and Addiction Research Programs	93.279			4,465	17,772	
	Dept of Health and Human Services	Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	Cleveland Clinic Educational Foundation	1408-SUB 5R01EB024573-04		52,926	
	Dept of Health and Human Services	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Public Health	CONTRACT NO: 2023*1007		16,128	
	Dept of Health and Human Services	Cancer Detection and Diagnosis Research	93.394				327,554	
	Dept of Health and Human Services	Every Student Succeeds Act/Preschool Development Grants	93.434	Colorado Department of Human Services	21 IHIA 163335	23,640	66,782	
	Dept of Health and Human Services	Every Student Succeeds Act/Preschool Development Grants	93.434	Colorado Department of Human Services	21 IHIA 166665		76,657	
	Dept of Health and Human Services	Head Start	93.600				31,353	
	Dept of Health and Human Services	Head Start	93.600	Johns Hopkins University	2005361574		41,174	
	Dept of Health and Human Services	Head Start	93.600	Zero to Three	2018090431		169	
	Dept of Health and Human Services	Assistance for Torture Victims	93.604	International Rescue Committee Denver	90ZT0204		167,560	
	Dept of Health and Human Services	Child Welfare Services Training Grants	93.648	State University of New York - Albany	4-89268 YR3		1,461,898	
	Dept of Health and Human Services	Foster Care Title IV-E	93.658			2,741,359	4,237,380	
	Dept of Health and Human Services	Foster Care Title IV-E	93.658	Colorado Department of Human Services	20 IHFA 129097		122	
	Dept of Health and Human Services	Mental and Behavioral Health Education and Training Grants	93.732				855,826	
	Dept of Health and Human Services	Cardiovascular Diseases Research	93.837			124,024	1,042,847	

UNIVERSITY OF DENVER
Schedule of Expenditures of Federal Awards
June 30, 2022

Cluster	Federal Granting Agency	Program Title	Assistance Listing Number	Pass-Through Entity	Contract/Grantor Number	Passed Through to Subrecipients	Expenditures	
	Dept of Health and Human Services	Lung Diseases Research	93.838	University of Colorado-Denver	FY21.1110.001/ PO#1001552517		68,459	
	Dept of Health and Human Services	Arthritis, Musculoskeletal and Skin Diseases Research	93.846			51,448	602,704	
	Dept of Health and Human Services	Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853				355,102	
	Dept of Health and Human Services	Allergy and Infectious Diseases Research	93.855				471,688	
	Dept of Health and Human Services	Allergy and Infectious Diseases Research	93.855				21,241	
	Dept of Health and Human Services	Biomedical Research and Research Training	93.859			54,000	1,782,413	
	Dept of Health and Human Services	Biomedical Research and Research Training	93.859	University of Nebraska	24-0509-0179-002		31,631	
	Dept of Health and Human Services	Child Health and Human Development Extramural Research	93.865			102,926	665,592	
	Dept of Health and Human Services	Child Health and Human Development Extramural Research	93.865	Boston University	SUB NO. 4500003524	2,226	280,134	
	Dept of Health and Human Services	Child Health and Human Development Extramural Research	93.865	Univ of California - Davis	5R01HD076189-07/3R01HD076189		91,982	
	Dept of Health and Human Services	Child Health and Human Development Extramural Research	93.865	University of Colorado/Boulder	SUB 1561315 / PO 1001569078		157,191	
	Dept of Health and Human Services	Aging Research	93.866			134,875	532,849	
	Dept of Health and Human Services	Aging Research	93.866				71,170	
	Dept of Health and Human Services	Aging Research	93.866	DreamFace Technologies, LLC	R44AG059483		23,109	
	Dept of Health and Human Services	Aging Research	93.866	Rutgers University	SUBAWARD#9005 / PO#25032097		211,503	
	Dept of Health and Human Services	Aging Research	93.866	Silver Bills	UDEN4126		53,553	
	Dept of Health and Human Services	Aging Research	93.866	University of Colorado-Denver	FY22.1170.004		253,856	
	Dept of Health and Human Services	Aging Research	93.866	University of Colorado-Denver	PO 1001662738 FY22.1170.003		27,809	
	Dept of Health and Human Services	Medical Library Assistance	93.879				17,009	
	Dept of Health and Human Services	Special Projects of National Significance	93.928	Washington University-St. Louis	WU-21-290 / ST00000419		51,987	
	Dept of Health and Human Services	Block Grants for Mental Health Services	93.958	Casa Esperanza	H79SM085767	28,981	46,248	
	Dept of Health and Human Services	Block Grants for Mental Health Services	93.958	Summit Stone Health Partner	SM-21-014		25,021	
	Dept of Health and Human Services	Geriatrics Workforce Enhancements Program	93.969	STRIDE Community Health Center	HRSA-19-008		18,528,588	
	<i>Total Department of Health and Human Services</i>					<u>3,907,720</u>	<u>18,528,588</u>	
	Corporation for National and Community Service	National Service and Civic Engagement Research Competition	94.026			15,511	83,047	
	<i>Total Corporation for National and Community Service</i>					<u>15,511</u>	<u>83,047</u>	
	Department of Homeland Security	Financial Assistance for Targeted Violence and Terrorism Prevention	97.132				218,861	
	<i>Department of Homeland Security</i>					-	<u>218,861</u>	
	Total Research and Development Cluster						\$ 4,354,620	\$ 26,294,941
STUDENT FINANCIAL ASSISTANCE CLUSTER:								
	Dept of Education	Federal Supplemental Education Opportunity Grant Program	84.007				1,254,767	
	Dept of Education	Federal Work Study Program	84.033				1,960,546	
	Dept of Education	Federal Perkins Loan Program	84.038				5,340,912	
	Dept of Education	Federal Pell Grant Program	84.063				4,336,424	
	Dept of Education	Federal Direct Student Loan Program	84.268				174,210,714	
	Dept of Education	Teacher Education Assistance for College and Higher Education (TEACH) Grants	87.379				90,528	
	<i>Total Department of Education</i>					-	<u>187,193,891</u>	
	Total Student Financial Assistance Cluster						\$ -	\$ 187,193,891
	Total Federal Awards						\$ 4,354,620	\$ 225,839,344

UNIVERSITY OF DENVER

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the University of Denver (Colorado Seminary) (the University) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 FEDERAL STUDENT LOAN PROGRAMS

The federal student loan program listed subsequently is administered directly by the University, and balances and transactions relating to this program is included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2022 consists of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Federal Perkins Loans	84.038	\$ 5,326,681

UNIVERSITY OF DENVER
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2022

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on Compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.003, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster
Various	Research and Development
84.425E, 84.425F	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

UNIVERSITY OF DENVER
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Awards

2022-001

Federal agency: Various

Federal Program: Research and Development Cluster

Assistance Listing Numbers: 93.658, 47.076, 93.855, 93.242, 93.859

Award Period: July 1, 2021 – June 30, 2022

Type of Finding Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirements: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. When a non-Federal entity enters a covered transaction with an entity, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This can be accomplished through reviewing SAM.gov, obtaining a certification from the vendor, or through a clause or condition within the signed contract prior to entering into the transaction.

Condition: We noted that five out of eight vendors selected for testing were not verified that they have not been suspended or debarred prior to entering into the transaction. Internal controls did not detect these instances of noncompliance. The University confirmed that these vendors were not currently suspended or debarred through verification during audit fieldwork, but that was subsequent to the transaction date.

Questioned costs: None.

Context: The University was not following a policy and procedure to verify a vendor's suspension and debarment status. The University was not able to provide evidence that verification of the suspension and debarment status occurred prior to the transaction.

Cause: The University did not have a policy in place to verify a vendor's suspension and debarment status prior to entering into a covered transaction. As a result, the University did not review SAM.gov, obtain a certification from the vendor, or obtain a clause or condition within the signed contract prior that the vendor was not suspended or debarred prior to entering into the transaction.

Effect: The University is not in compliance with suspension and debarment requirements for its federal programs. In addition, it could inadvertently pay a vendor who is suspended and debarred from federal programs.

Repeat Finding: No.



**COLORADO SEMINARY – UNIVERSITY OF DENVER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

Office of Naval Research

The University of Denver respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: July 1, 2021 to June 30, 2022

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

No financial statement audit findings reported in the prior year audit.



**COLORADO SEMINARY – UNIVERSITY OF DENVER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021-001

Type of Finding:

- Significant Deficiency in Internal Control over Compliance; Compliance

Criteria or specific requirement: Institutions are required to report enrollment information under the Pell grant and the Direct loan programs via the National Student Loan Data System (NSLDS) (OMB No. 1845-0035) (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. There are two categories of enrollment information; “Campus Level” and “Program Level,” both of which need to be reported accurately and have separate record types. At a minimum, schools are required to certify enrollment data in NSLDS every 60 days. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Condition: During our testing of the Direct Loan and Pell Grant programs, we selected a sample of 40 students to test for timeliness and accurate reporting of student status changes to the National Student Loan Data System (NSLDS). 37 of 40 students tested had one instance of noncompliance. All instances of noncompliance were due to the institution not certifying student enrollment every 60 days throughout the year. We found no errors in the information reported within NSLDS.

Solution: Corrected. The University followed the NSLDS Enrollment Reporting Process.

If the Office of Naval Research has questions regarding this schedule, please call Andrew Cullen, Associate Vice-Chancellor, Finance, at 303-871-3740.



**UNIVERSITY OF DENVER
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

Office of Naval Research

University of Denver respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021 - June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement audit findings to be communicated for the fiscal year 2022 audit.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2021-001: Suspension and Debarment Verification

Recommendation: We recommend that the University ensure a suspension and debarment policy is being followed for all procurement transactions.

Explanation of disagreement with audit finding: Management agrees with the audit finding and recommendation.

Action taken in response to finding: In accordance with University of Denver policy FINA 3.20.070 Code of Business Conduct, the University will transact its business in compliance with the laws and regulations of the jurisdictions in which it does business including Uniform Guidance 2 CFR 200.214 which prohibits contracting to expend federal funds with an entity that has been debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. In order to ensure federal grant-related purchases are not made from an entity that has been suspended or debarred by the federal government, University Financial Services will require submitted requests for purchase orders of \$25,000 or more using a federal grant fund to be accompanied by a screenshot submitted by the department submitting the purchase order which shows the vendor was not included on the Excluded Parties Listing System (EPLS) maintained by the U.S. General Services Administration (GSA). Purchase order requests that meet the above criteria that do not include documentation of the EPLS search will not be approved. The documentation showing the EPLS search will be maintained by University Financial Services along with the purchase order records.

Name of the contact persons responsible for corrective action: Gerald Mauck, Executive Director-Research Administration

Planned completion date for corrective action plan: Effective immediately.

If the Office of Naval Research has questions regarding this schedule, please call Andrew Cullen, Associate Vice-Chancellor, Finance, at 303-871-3740.