

**UNIVERSITY OF DENVER**

Financial Statements and Uniform Guidance Single Audit Reports

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

# UNIVERSITY OF DENVER

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## 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, 2023 and 2022, 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, 2023 and 2022, 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 February 12, 2024, 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 21, 2023, except for the Financial Responsibility Composite Score (Note 18 and Supplementary Information) and the Schedule of Expenditures of Federal Awards as to which the date is February 12, 2024

**UNIVERSITY OF DENVER**

Statement of Financial Position

At June 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 153,243,190	177,304,388
Short term investments	87,389,590	84,054,403
Accounts receivable, net	46,735,994	38,349,461
Pledges receivable, net	51,318,284	77,899,212
Inventories, prepaid expenses, and other assets	14,633,816	11,749,977
Notes receivable	9,352,975	—
Long term investments	1,027,748,396	1,006,862,105
Loans to students, net	3,556,960	5,036,420
Deposits with bond trustees	703,918	1,289,052
Right to use asset under operating leases	2,657,372	3,235,299
Property, plant, and equipment, net of accumulated depreciation	776,015,042	773,702,182
Total assets	\$ 2,173,355,537	2,179,482,499
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 79,865,706	92,586,148
Deferred revenues	32,829,992	30,121,362
Other liabilities	1,363,469	3,863,804
Annuity obligations	5,978,820	7,745,813
Operating lease liabilities	2,657,372	3,235,299
Long-term debt	214,279,225	221,052,236
U.S. government grants refundable	4,890,955	6,688,983
Total liabilities	341,865,539	365,293,645
Net assets:		
Without donor restrictions:		
Undesignated	23,022,211	32,655,176
Board-designated endowments	291,788,886	290,996,219
Designated student loans	1,675,921	1,697,933
Other designated	96,479,065	85,493,608
Net investment in plant	550,414,885	541,866,742
Total without donor restrictions	963,380,968	952,709,678
With donor restrictions		
Gifts and distributed endowment income	89,304,561	96,359,228
Student loans	2,135,761	2,100,981
Annuity life income	11,062,210	11,468,341
Endowment subject to future appropriations	279,884,283	288,501,844
Perpetual endowment	485,722,215	463,048,782
Total with donor restrictions	868,109,030	861,479,176
Total net assets	1,831,489,998	1,814,188,854
Total liabilities and net assets	\$ 2,173,355,537	2,179,482,499

See accompanying notes to the financial statements

**UNIVERSITY OF DENVER**

Statement of Activities

Year ended June 30, 2023

	<b>2023</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Operating activity</b>			
Operating revenues and other support:			
Tuition and fees, net	\$ 363,430,652	—	363,430,652
Private gifts of cash and financial assets	2,106,991	18,884,666	20,991,657
Contributed nonfinancial assets	—	51,500	51,500
Grants and contracts	53,433,939	—	53,433,939
Endowment investment return appropriated for operations	11,997,233	32,430,264	44,427,497
Other investment income	9,178,936	265,816	9,444,752
Net realized and unrealized gains (losses) on other investment	(558,109)	1,225,274	667,165
Sales and services of educational activities	18,213,521	—	18,213,521
Sales and services of auxiliary enterprise	52,275,468	—	52,275,468
Other sources of operating revenue	29,061,186	—	29,061,186
Net assets released from restrictions	43,706,223	(43,706,223)	—
Total operating revenue	<u>582,846,040</u>	<u>9,151,297</u>	<u>591,997,337</u>
Operating expenses:			
Salaries and wages	283,532,301	—	283,532,301
Fringe benefits	66,250,769	—	66,250,769
Services and supplies	145,979,764	—	145,979,764
Utilities and maintenance	17,189,370	—	17,189,370
Depreciation	19,064,846	—	19,064,846
Interest on indebtedness	8,158,871	—	8,158,871
Other operating expenses	40,296,207	—	40,296,207
Total operating expenses	<u>580,472,128</u>	<u>—</u>	<u>580,472,128</u>
Increase (decrease) in net assets from operating activity	<u>2,373,912</u>	<u>9,151,297</u>	<u>11,525,209</u>
<b>Non-operating activity</b>			
Private gifts cash and financial assets for endowment	—	8,975,119	8,975,119
Contributed nonfinancial assets for endowment	—	6,459,813	6,459,813
Endowment investment return after amounts appropriated for operations	464,051	(11,985,314)	(11,521,263)
Change in value of split-interest agreements	—	1,862,266	1,862,266
Net assets released from restrictions	8,375,585	(8,375,585)	—
Reclassification of restricted net assets	(542,258)	542,258	—
Increase (decrease) in net assets from non-operating activity	<u>8,297,378</u>	<u>(2,521,443)</u>	<u>5,775,935</u>
Change in net assets	10,671,290	6,629,854	17,301,144
Net assets at beginning of year	952,709,678	861,479,176	1,814,188,854
Net assets at end of year	\$ <u>963,380,968</u>	<u>868,109,030</u>	<u>1,831,489,998</u>

See accompanying notes to the financial statements

**UNIVERSITY OF DENVER**

Statement of Activities

Year ended June 30, 2022

	<b>2022</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Operating activity			
Operating revenues and other support:			
Tuition and fees, net	\$ 371,822,661	—	371,822,661
Private gifts of cash and financial assets	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 of cash and financial assets 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**  
**Statements of Cash Flows**  
**Years ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Change in net assets	\$ 17,301,144	(2,897,279)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of property, plant, and equipment	18,721,727	19,546,212
Disposal of property, plant, and equipment	343,119	97,147
Amortization of premium and cost of issuance	(778,011)	(771,891)
(Increase) in accounts receivable	(8,386,533)	(5,912,389)
Decrease in pledges receivable	26,580,928	8,562,466
Pledge receivable satisfied with other financial assets	—	(8,883,116)
(Increase) in inventories, prepaid expenses, and other assets	(2,883,839)	(1,504,262)
(Increase) in notes receivable	(9,352,975)	—
Increase (decrease) in accounts payable and accrued liabilities	(11,935,509)	1,337,859
Increase (decrease) in deferred revenues	2,708,630	(1,183,904)
(Decrease) in other liabilities	(2,500,335)	(154,537)
Actuarial adjustment for annuity obligation	(665,733)	(1,032,744)
Contributions of real property and personal property	(6,511,313)	—
Contributions restricted for long term investment	(9,338,420)	(27,975,900)
Net realized and unrealized (gains) losses on investments	(29,081,285)	59,151,306
Net cash provided (used) by operating activities	(15,778,405)	38,378,967
Cash flows from investing activities:		
Proceeds from sale of investments	446,275,755	543,184,649
Purchases of investments	(442,517,208)	(536,624,228)
Purchases of property, plant, and equipment	(22,111,139)	(21,352,328)
Repayments of Perkins and University loans from students	1,479,460	2,201,059
Decrease in deposits with bond trustees	585,134	3,526,557
Net cash provided (used) in investing activities	(16,287,998)	(9,064,290)
Cash flows from financing activities:		
Proceeds from contributions restricted for long term investment	15,798,233	27,975,900
Payments of bonds payable	(5,995,000)	(5,790,000)
(Decrease) in refundable government loan funds, net	(1,798,028)	(1,657,918)
Net cash provided (used) in financing activities	8,005,205	20,527,982
Net increase (decrease) in cash and cash equivalents	(24,061,198)	49,842,659
Cash and cash equivalents at beginning of year	177,304,388	127,461,729
Cash and cash equivalents at end of year	\$ 153,243,190	177,304,388

See accompanying notes to the financial statements

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

**(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 13,700 students, of which approximately 6,200 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) 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.

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

**(d) 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, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Student accounts receivable	\$ 34,808,205	27,294,275
Allowance for uncollectible accounts	<u>(3,797,473)</u>	<u>(2,995,362)</u>
Student accounts receivable, net	31,010,732	24,298,913
Sponsored programs accounts receivable	<u>9,828,559</u>	<u>8,161,311</u>
Allowance for uncollectible accounts	<u>(120,150)</u>	<u>(226,705)</u>
Sponsored programs accounts receivable, net	9,708,409	7,934,606
Financial aid accounts receivables	652,078	2,316,790
Other accounts receivable	<u>5,364,775</u>	<u>3,799,152</u>
Total accounts receivable, net	<u>\$ 46,735,994</u>	<u>38,349,461</u>

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, account 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.

**(e) 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.

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

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.

**(f) 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 uncollectability. All contributions are available for unrestricted use unless specifically restricted by the donor.

Donor-restricted contributions 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), increasing net assets without donor restrictions and decreasing net assets with donor restrictions. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met.

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.

See note 1(l) for discussion of grants and contracts with governments and similar agencies.

**(g) 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.

**(h) Notes receivable**

Notes receivable consist of one note receivable which was assigned to the University during the year ended June 30, 2023 as part of the distribution of the assets of an estate gift and a second note receivable which was made payable to the University during the year ended June 30, 2023 by a debtor to a second estate of which the University was a beneficiary. Both notes receivable are valued at the present value of the future expected cash payments.

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

**(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.

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, 2023 and 2022:

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

	2023	2022
Undergraduate tuition	\$ 324,576,826	301,614,643
Graduate tuition	253,968,121	274,270,451
Other tuition	12,903,923	12,340,174
Student fees	4,809,368	4,770,296
Tuition and fees	596,258,238	592,995,564
Less: institutional scholarships	(203,255,910)	(195,786,238)
Less: noninstitutional scholarships	(29,571,676)	(25,386,665)
Net tuition and fees	\$ 363,430,652	371,822,661

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, 2023 and 2022:

Balance at June 30, 2022	\$ 30,121,362
Tuition and fee revenue recognized	(30,121,362)
Revenue deferred for future performance obligations	32,829,992
Balance at June 30, 2023	\$ 32,829,992

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

**(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.

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The following table shows the University's grants and contracts revenue from governmental and non-governmental sources for the fiscal years ended June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Governmental sources of grants and contracts		
Federal sponsored programs	\$ 33,199,709	28,555,641
Other governmental sponsored programs	6,063,504	4,305,198
Federal and state student financial assistance	6,036,486	5,379,654
Higher Education Emergency Relief Fund	-	12,232,909
Total governmental sources of grants and contracts	<u>45,299,699</u>	<u>50,473,402</u>
Non-governmental sponsored programs	8,134,240	8,434,983
Total grants and contracts	<u>\$ 53,433,939</u>	<u>58,908,385</u>

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 \$6,193,000 and \$5,621,000 during fiscal years ended June 30, 2023 and 2022, 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 \$1,756,000 and \$1,589,000 during fiscal years ended June 30, 2023 and 2022, 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. Contracts and grant revenue from the American Rescue Plan Act (ARPA) is 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.

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

	<u>2023</u>	<u>2022</u>
Housing	\$ 26,523,483	22,212,573
Meal plans	15,631,349	13,702,545
Health and counseling services	6,061,867	5,415,220
Conferencing and events	1,830,609	241,398
Performing arts events	1,952,715	1,405,624
Other sales and services of auxiliary enterprises	<u>275,445</u>	<u>354,785</u>
Total sales and services of auxiliary enterprises	<u>\$ 52,275,468</u>	<u>43,332,145</u>

**(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 \$5,452,000 and \$5,075,000 as of June 30, 2023 and 2022, 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, 2023 and 2022.

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



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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, 2023 and 2022.

**(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, 2023 and 2022, the University matched commitments to the matching program in the amount of approximately \$542,000 and \$1,001,000, respectively. Remaining funds available for use of the various gift matching programs totaled approximately \$2,733,000 of which \$1,578,000 is committed to the receipt of future pledge payments, as of June 2023, and approximately \$2,323,000 of which \$1,817,000 was committed to the receipt of future pledge payments, as of June 2022.

**(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, 2023 and through November 21, 2023.

**(u) Reclassifications**

Certain 2022 amounts have been reclassified to conform to the current year presentation.

**(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:

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	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents - operating	\$ 144,340,379	165,604,539
Short-term investments - operating	87,044,590	83,709,403
Long-term investment - operating	197,123	210,101
Working capital	<u>231,582,092</u>	<u>249,524,043</u>
Accounts receivable, net	46,735,994	38,349,461
Pledges receivable-operating due within one year	9,705,242	17,619,973
Board-designated endowments	<u>291,788,886</u>	<u>290,996,219</u>
Financial assets available at year end	579,812,214	596,489,696
Liquidity resources		
Estimated endowment distribution in the following year	43,933,000	40,463,000
	<u>\$ 623,745,214</u>	<u>636,952,696</u>

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 15 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.

**(3) Short- and Long-Term Investments**

Investments at June 30 consist of the following:

	<u>2023</u>		
	<u>Cost</u>	<u>Unrealized gain (loss)</u>	<u>Market value</u>
Short-term investments:			
U.S. government securities	\$ 74,098,644	(65,076)	74,033,568
Mutual funds	10,042,176	2,501,095	12,543,271
Real estate	475,000	(130,000)	345,000
Other	<u>237,751</u>	<u>—</u>	<u>237,751</u>
	<u>84,853,571</u>	<u>2,306,019</u>	<u>87,159,590</u>
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	4,108,372	—	4,108,372
U.S. Government Securities	71,178,402	(2,305,375)	68,873,027
Alternative Investments	161,323,213	124,566,724	285,889,937
Global Equities	87,682,048	110,912,867	198,594,915
Mutual Funds	26,839,338	785,662	27,625,000
Real Estate	24,024,936	43,781,065	67,806,001
Private Equities	262,783,515	101,820,076	364,603,591
Beneficial Trust Interest	8,472,081	1,903,373	10,375,454
Other	<u>102,099</u>	<u>—</u>	<u>102,099</u>
	<u>646,514,004</u>	<u>381,464,392</u>	<u>1,027,978,396</u>
Total all funds	<u>\$ 731,367,575</u>	<u>383,770,411</u>	<u>1,115,137,986</u>

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	2022		
	Cost	Unrealized gain (loss)	Market value
Short-term investments:			
U.S. government securities	\$ 72,662,187	(582,975)	72,079,212
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>82,776,887</u>	<u>1,047,516</u>	<u>83,824,403</u>
Long-term investment:			
Trustee cash and cash equivalents for endowments and annuities	3,100,078	—	3,100,078
U.S. Government Securities	72,228,110	(5,195,157)	67,032,953
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>648,736,513</u>	<u>358,355,592</u>	<u>1,007,092,105</u>
Total all funds	<u>\$ 731,513,400</u>	<u>359,403,108</u>	<u>1,090,916,508</u>

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, 2023, the pool had 147,778,307 shares outstanding, with a fair value of approximately \$958,188,974. 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 2023 was \$0.28 per share, which represented spending of realized and unrealized gains. At June 30, 2022, the pool had 143,133,025 shares outstanding, with a fair value of approximately \$930,809,843. The distribution for spending in 2022 was \$0.26 per share, which represented spending of realized and unrealized gains.

The investment pool consisted of 1,439 and 1,400 individual endowments at June 30, 2023 and 2022, respectively.

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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, 2023 and 2022:

	2023	
	Number of agreements	Market Value
Perpetual trusts held by third party	2	\$ 8,110,706
Charitable Remainder Trusts:		
University named trustee	15	11,884,791
Third-party named trustee	4	2,264,747
Charitable Annuity Agreements	41	3,045,811
	62	\$ 25,306,055

	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
	67	\$ 27,294,661

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.

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 2023 and 2022 was approximately \$33,000 and \$66,000, 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

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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.

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.

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**(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, 2023 and 2022, 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, 2023 and 2022 are liquidated in accordance with the respective fund legal documents. The timing of the liquidation of these funds as of June 30, 2023 and 2022 is unknown.

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Investment/liquidity	June 30, 2023				
	Level 1	Level 2	Level 3	NAV	Total
U.S. government securities:					
Daily	\$ 142,676,593	—	—	—	142,676,593
Total	142,676,593	—	—	—	142,676,593
Alternative investments:					
Quarterly	—	—	—	223,776,178	223,776,178
Illiquid	—	—	—	62,113,759	62,113,759
Total	—	—	—	285,889,937	285,889,937
Mutual funds:					
Daily	40,168,271	—	—	—	40,168,271
Total	40,168,271	—	—	—	40,168,271
Global equities:					
Daily	3,429,101	—	—	—	3,429,101
Monthly	—	—	—	194,600,924	194,600,924
Quarterly	564,890	—	—	—	564,890
Total	3,993,991	—	—	194,600,924	198,594,915
Trustee cash and cash equivalents:					
Daily	4,108,372	—	—	—	4,108,372
Total	4,108,372	—	—	—	4,108,372
Real estate:					
Semiannually	—	68,151,001	—	—	68,151,001
Total	—	68,151,001	—	—	68,151,001
Private equities:					
Illiquid	—	—	100,000	364,503,592	364,603,592
Total	—	—	100,000	364,503,592	364,603,592
Beneficial trust interest:					
Locked-up 1	—	10,375,454	—	—	10,375,454
Total	—	10,375,454	—	—	10,375,454
Other:					
Daily	202,097	—	—	—	202,097
Monthly	—	230,000	—	—	230,000
Illiquid	137,754	—	—	—	137,754
Total	339,851	230,000	—	—	569,851
Grand total	\$ 191,287,078	78,756,455	100,000	844,994,453	1,115,137,986

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

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Investment/liquidity	June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
U.S. government securities:					
Daily	\$ 138,882,164	—	—	—	138,882,164
Total	138,882,164	—	—	—	138,882,164
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
Monthly	—	230,000	—	—	230,000
Illiquid	137,752	—	—	—	137,752
Total	377,855	230,000	—	—	607,855
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



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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:

	2023	2022
Beginning	\$ 7,107,116	—
Donated	—	7,107,116
Unrealized	(7,007,116)	—
Purchases	—	—
Sales	—	—
Transfers In	—	—
Transfers Out	—	—
Ending	\$ 100,000	7,107,116

**(5) Endowments**

As discussed in note 1(s), 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 1,439 and 1,400 individual funds as of June 30, 2023 and 2022, 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.

The 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

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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:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023:			
Donor-restricted			
Perpetual endowment	\$ —	485,722,215	485,722,215
Subject to future appropriations	—	279,884,283	279,884,283
Board-designated endowment funds	<u>291,788,886</u>	<u>—</u>	<u>291,788,886</u>
	<u>\$ 291,788,886</u>	<u>765,606,498</u>	<u>1,057,395,384</u>
	Without Donor Restrictions	With Donor Restrictions	Total
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>

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The changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 290,996,219	751,550,626	1,042,546,845
Investment return:			
Investment income	1,117,610	3,382,207	4,499,817
Net realized and unrealized gains	<u>11,365,980</u>	<u>17,040,437</u>	<u>28,406,417</u>
Total investment return	12,483,590	20,422,644	32,906,234
Private gifts	6,151	15,395,049	15,401,200
Appropriation of endowment assets for expenditures	(11,997,233)	(32,430,264)	(44,427,497)
Reinvested income	277,416	1,692,840	1,970,256
Transfer to restricted endowments	565,000	8,433,346	8,998,346
Reclassification of restricted net assets	(542,258)	542,258	—
Changes	<u>792,666</u>	<u>14,055,873</u>	<u>14,848,539</u>
Endowment net assets, June 30, 2023	<u>\$ 291,788,885</u>	<u>765,606,499</u>	<u>1,057,395,384</u>

	Without Donor Restrictions	With Donor Restrictions	Total
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>

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**(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 66 funds considered underwater with a deficiency of approximately \$2,158,000 at June 30, 2023. There were 55 funds considered underwater with a deficiency of approximately \$2,128,000 at June 30, 2022. 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, 2023, and 2022, the approved percentage was 4.5% of a moving 12-quarter average of the market value of such funds.

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**(6) Pledges Receivable**

Pledges receivable are summarized as follows at June 30:

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	\$ 25,971,356	50,393,435
One to five years	19,269,435	22,766,992
Greater than five years	27,515,200	28,491,200
	72,755,991	101,651,627
Less allowance for uncollectible pledges	(6,632,821)	(7,794,708)
Less present value discount (4.75% - 6.50%)	(14,579,886)	(15,957,707)
Net pledges receivable	\$ 51,543,284	77,899,212

Included in pledges receivable is the present value of approximately \$12,516,000 and \$31,264,000 as of June 30, 2023 and 2022, respectively, in pledges from current and former members of the board of trustees. For the years ended June 30, 2023 and 2022, 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:

	2023	2022
Land	\$ 12,490,316	12,490,316
Land improvements	35,523,499	35,523,499
Buildings and improvements	924,592,664	911,162,226
Equipment	62,930,040	64,307,280
Library books	9,527,866	9,469,924
Construction in progress	9,357,649	6,126,918
	1,054,422,034	1,039,080,163
Less accumulated depreciation	(278,406,992)	(265,377,981)
	\$ 776,015,042	773,702,182

The University had approximately \$19,065,000 and \$19,546,000 of depreciation and disposal expense for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, the University did not capitalize any interest incurred. During the year ended June 30, 2022, the University capitalized interest incurred to the cost of buildings and improvements of approximately \$702,000.

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, 2023 and 2022, respectively, an asset retirement obligation of approximately \$9,063,000 and \$9,052,000 is included in accounts payable and accrued liabilities.

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**(8) Long-Term Debt**

Bonds payable at June 30 consist of the following:

	2023	2022
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2021	\$ 11,105,000	13,550,000
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	19,510,000	21,310,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2013	14,360,000	14,460,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2007	38,270,000	39,920,000
	202,725,000	208,720,000
Unamortized bond premium	12,491,172	13,326,512
Unamortized bond cost of issuance	(936,947)	(994,276)
Total long-term debt	214,279,225	221,052,236
Less current installments	11,030,000	11,615,000
Long-term debt, excluding current installments	\$ 203,249,225	209,437,236

The University had approximately \$8,159,000 and \$8,313,000 of interest expense net of amortization of bond premium and deferred cost of issuance for the years ended June 30, 2023 and 2022, respectively. Amortization of bond premium and deferred cost of issuance was approximately \$779,000 and \$772,000 for the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, the University did not capitalize any interest incurred. During the year ended June 30, 2022, the University capitalized interest incurred to the cost of buildings and improvements of approximately \$702,000. Interest of approximately \$8,994,000 and \$9,130,000 was paid in cash during the years ended June 30, 2023 and 2022, 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

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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.

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, 2023, the aggregate annual maturities of bonds payable for the five succeeding years and thereafter are as follows:

2024	\$	11,030,000
2025		11,795,000
2026		11,180,000
2027		11,615,000
2028		8,115,000
Thereafter		<u>148,990,000</u>
	\$	<u><u>202,725,000</u></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.

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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.

**(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, 2023:

2024	\$ 1,233,070
2025	1,263,661
2026	203,110
2027	<u>134,011</u>
Total minimum lease payments	<u>2,833,852</u>
Present value discount (3.81%)	<u>(176,480)</u>
	<u><u>\$ 2,657,372</u></u>

During the years ended June 30, 2023 and June 30, 2022, payments related to the lease agreements were approximately \$1,182,000 and \$1,087,000, respectively, and are reported in services and supplies on the statement of activities. The weighted-average remaining lease term as of June 30, 2023 and June 30, 2022 was 2.5 years and 2.6 years, respectively. 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 short-term lease expense for the year-ended June 30, 2023 or 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 \$22,500 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 \$7,500. Administrators, faculty members, and staff-appointed employees are eligible to participate in employer-provided contribution matching after one year of service. 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 8% for all periods after April 1, 2021. Participants have a fully vested interest in the total contributions immediately. Accounts of each employee are invested at the



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employee's discretion. Under the Retirement Plan, the University contributed approximately \$15,018,000 and \$14,244,000 for the years ended June 30, 2023 and 2022, respectively, which were charged to operations expenses.

**(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, 2023, the Healthcare Plan covered 242 retirees with an additional 2,670 active employees potentially eligible for coverage. At June 30, 2022, the Healthcare Plan covered 238 retirees with an additional 2,561 active employees potentially eligible for coverage. The Healthcare Plan is noncontributory.

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

	<u>2023</u>	<u>2022</u>
Acrued postretirement benefit obligation (APBO), beginning of year	\$ 2,536,353	2,935,218
Service cost	58,520	80,934
Interest cost	105,898	71,079
Actuarial loss (gain)	(152,103)	(383,118)
Benefits paid	<u>(169,920)</u>	<u>(167,760)</u>
APBO (all unfunded), end of year	<u>\$ 2,378,748</u>	<u>2,536,353</u>

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

	<u>2023</u>	<u>2022</u>
Service cost	\$ 58,520	80,934
Interest cost	105,898	71,079
Amortization of prior service cost	11,125	11,125
Recognized net actuarial gain	<u>(24,436)</u>	<u>(4,321)</u>
Net periodic postretirement benefit cost	<u>\$ 151,107</u>	<u>158,817</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 4.87% and 4.33% for June 30, 2023 and 2022, 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 \$169,920 and \$167,760 for the years ended June 30, 2023 and 2022, respectively, which were charged to operating expenses.

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

2024	\$	182,000
2025		187,000
2026		185,000
2027		182,000
2028		179,000
2029-2033		<u>832,000</u>
Total	\$	<u><u>1,747,000</u></u>

For the years ended June 30, 2023 and 2022, 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, 2023.

**(12) Contributed nonfinancial assets**

The University received the following contributions of nonfinancial assets for the year ended June 30:

		<u>2023</u>		<u>2022</u>
Real estate	\$	6,459,813		—
Equipment		<u>51,500</u>		—
Total	\$	<u><u>6,511,313</u></u>		<u>—</u>

Real estate contributed during the year ended June 30, 2023 consisted of two properties contributed by one donor. The fair market value of the properties was determined by independent appraisal. The two properties were sold during the year ended June 30, 2023 and the proceeds were added to an endowment previously established by the donor.

All equipment contributed during the year ended June 30, 2023 was utilized by University programs.

**(13) 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.

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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, 2023 and 2022, 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, 2023 and 2022, the allowance for possible loan losses of these funds was \$153,000.

**(14) 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.

The table below shows the composition of the expenses of the University for the year ended June 30, 2023 by functional category and natural class:

	<u>Instruction</u>	<u>Research</u>	<u>Public service</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary enterprises</u>	<u>Total</u>
Salaries and wages	\$ 128,513,895	12,909,461	9,925,451	52,716,525	28,222,301	39,662,645	11,582,023	283,532,301
Fringe benefits	29,197,988	2,252,552	2,191,036	12,413,900	6,581,983	10,799,636	2,813,674	66,250,769
Services, supplies, and other	52,406,533	7,193,998	6,940,808	44,350,527	26,710,515	26,522,315	22,151,275	186,275,971
Utilities and maintenance	3,023,267	578,405	77,301	2,570,617	2,399,906	1,461,277	7,078,597	17,189,370
Depreciation	7,554,159	383,135	1,225	374,085	2,357,369	1,668,285	6,726,588	19,064,846
Interest on indebtedness	499,774	-	-	358,449	641,117	27,383	6,632,148	8,158,871
<b>Total</b>	<b>\$ 221,195,616</b>	<b>23,317,551</b>	<b>19,135,821</b>	<b>112,784,103</b>	<b>66,913,191</b>	<b>80,141,541</b>	<b>56,984,305</b>	<b>580,472,128</b>

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 service</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary 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	26,935,155	2,138,963	1,775,376	10,818,595	5,856,218	9,382,735	2,389,822	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
<b>Total</b>	<b>\$ 210,130,714</b>	<b>25,981,787</b>	<b>23,341,628</b>	<b>100,782,259</b>	<b>60,851,263</b>	<b>72,212,776</b>	<b>51,264,243</b>	<b>544,564,670</b>

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The University had fundraising expenses of approximately \$18,308,000 and \$15,228,000 in 2023 and 2022, respectively, which were recognized in institutional support in the accompanying statements of activities.

**(15) 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, 2023. There were no outstanding balances on the line of credit as of June 30, 2023 and June 30, 2022.

**(16) Commitments and Contingencies**

At June 30, 2023 and 2022, the University had outstanding commitments totaling approximately \$985,000 and \$2,273,000, respectively, for contracts related to various construction projects on campus.

During the 2023 fiscal year, the University invested approximately \$54,217,000 in 26 long-term partnerships, 23 of which were formed prior to the 2023 fiscal year, bringing its cumulative contributions to the partnerships to approximately \$390,500,000. Under the terms of the partnership agreements, the University and other investors are committed to funding additional investments. As of June 30, 2023, the University's remaining commitments to 23 partnerships total approximately \$260,182,000. Commitments to investment partnerships are generally applicable until an event of dissolution, as determined by the general partner.

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.

The University has committed to invest funds in long-term partnerships which are included in the University's Consolidated Endowment Fund.

**(17) 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.

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**(18) 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, 2023. 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, 2023 is as follows:

<b>Primary Reserve Ratio:</b>			
Expendable net assets	\$	760,696,743	
Total expenses and losses	\$	580,472,128	1.31
<b>Equity Ratio:</b>			
Modified Net Assets	\$	1,818,973,998	
Modified Assets	\$	2,160,839,537	0.84
<b>Net Income Ratio:</b>			
Change in net assets without donor restrictions	\$	10,671,290	
Total revenues without donor restrictions	\$	591,143,418	0.02

	Ratios	Strength Factors	Weight	Composite Score
Primary Reserve Ratio	1.31	3.000	40%	1.20
Equity Ratio	0.84	3.000	40%	1.20
Net Income Ratio	0.02	1.905	20%	0.4
Composite score				2.8

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 of its previous year's Title IV funding, as determined by the ED.

**UNIVERSITY OF DENVER**  
Notes to Financial Statements  
June 30, 2023 and 2022

**(18) 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.

<b>Net assets</b>		
1	Net assets with donor restrictions: restricted in perpetuity	\$ 494,545,495
2	Other net assets with donor restrictions (not restricted in perpetuity):	
a.	Annuities with donor restrictions	759,979
b.	Term Endowments	-
c.	Life income funds (trusts)	3,614,712
d.	Total annuities, term endowments, and life income funds with donor restrictions	<u>\$ 4,374,691</u>
<b>Property, plant, and equipment, net</b>		
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)	(59,854,384)
d.	Balance pre-implementation property, plant, and equipment, net	<u>611,171,344</u>
4	Debt-financed post-implementation property, plant, and equipment, net	
	Long-lived assets acquired with debt subsequent to June 30, 2019	
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	9,357,649
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>155,486,049</u>
7	Total Property, Plant, and Equipment, net - June 30, 2023	<u>\$ 776,015,042</u>
<b>Debt to be excluded from expendable net assets</b>		
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	(26,650,000)
d.	Less amortization of bond premium and cost of issuance costs	(3,094,961)
e.	Balance Pre-implementation Debt	<u>214,279,225</u>
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>\$ 214,279,225</u>
<b>Unsecured related-party receivables</b>		
13	Secured related-party receivables	\$ -
14	Unsecured related-party receivables	
a.	Unconditional contributions receivable from related-parties	12,516,000
15	Total secured and unsecured related-party receivables	<u>\$ 12,516,000</u>
<b>Other Items</b>		
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, 2023 and 2022

**Supplemental Schedule - Composite Score Components**

**Primary Reserve Ratio:**

<b>Primary Reserve Ratio:</b>		<b>Expendable net assets:</b>		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$	963,380,968
2	SFP	Net assets with donor restrictions		868,109,030
3	Financial Statement Note (FSN) 18	Net assets with donor restrictions: restricted in perpetuity		(494,545,495)
4	FSN 6	Unsecured related-party receivables		(12,516,000)
5	FSN 18	Donor restricted annuities, term endowments, and life income funds		(4,374,691)
6	FSN 18	Property, plant, and equipment, net, pre-implementation		(611,171,344)
7	FSN 18	Property, plant, and equipment, net, post-implementation with outstanding debt for original purchase		-
8	FSN 18	Construction-in-progress purchased with long-term debt		-
9	FSN 18	Property, plant, and equipment, net, post-implementation without debt		(164,843,698)
10	SFP	Lease right-of-use asset, post-implementation		(2,657,372)
11	Not applicable	Intangible assets		-
12	FSN 11	Post-employment and pension liabilities		2,378,748
13	FSN 18	Long-term debt for long-term purposes, pre-implementation		214,279,225
14	FSN 18	Long-term debt for long-term purposes, post-implementation		-
15	FSN 18	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		2,657,372
		<b>Total expendable net assets:</b>	\$	<u>760,696,743</u>
<b>Expenses and losses:</b>				
18	Statement of Activities (SOA)	Total operating expenses without donor restrictions	\$	580,472,128
19	Not applicable	Non-service component of post-employment and pension (non-operating) cost (if loss)		-
20	Not applicable	Change in value of interest rate swap agreements (if loss)		-
		<b>Total expenses and losses:</b>	\$	<u>580,472,128</u>

**Equity Ratio:**

<b>Equity Ratio:</b>		<b>Modified net assets:</b>		
21	SFP	Net assets without donor restrictions	\$	963,380,968
22	SFP	Net assets with donor restrictions		868,109,030
23	Not applicable	Intangible assets		-
24	FSN 6	Unsecured related-party receivables		(12,516,000)
		<b>Total modified net assets:</b>	\$	<u>1,818,973,998</u>
<b>Modified assets:</b>				
25	SFP	Total Assets	\$	2,173,355,537
26	SFP	Lease right-of-use asset, pre-implementation		-
27	Not applicable	Intangible assets		-
28	FSN 6	Unsecured related-party receivables		(12,516,000)
		<b>Total modified assets:</b>	\$	<u>2,160,839,537</u>

**Net Income Ratio:**

29	SOA	<b>Change in net assets without donor restrictions</b>	\$	<u>10,671,290</u>
<b>Revenues and gains:</b>				
30	SOA	Tuition and fees, net	\$	363,430,652
31	SOA	Private gifts - without donor restrictions		2,106,991
32	SOA	Grants and contracts		53,433,939
33	SOA	Sales and services of educational activities		18,213,521
34	SOA	Sales and services of auxiliary enterprise		52,275,468
35	SOA	Other sources of operating revenue		29,061,186
36	SOA	Net assets released from restrictions in operations		43,706,223
37	SOA	Net assets released from restrictions in non-operating		8,375,585
38	SOA	Reclassification of restricted net assets from gift matching		(542,258) (2)
39	SOA	Endowment investment return appropriated for operations - without donor restrictions		11,997,233 (3)
40	SOA	Endowment investment return after amounts appropriated for operations - without donor restrictions		464,051 (3)
41	SOA	Other investment income in operating - without donor restrictions		9,178,936 (3)
42	SOA	Net realized and unrealized gains (losses) on other investments in operating - without donor restrictions		(558,109) (3)
43	Not applicable	Non-service component of post-employment and pension (non-operating) cost, (if loss)		-
44	Not applicable	Pension-related changes other than net periodic pension costs (if gain)		-
45	Not applicable	Change in value of annuity agreement		-
46	Not applicable	Change in value of interest rate swap agreements (if gain)		-
47	Not applicable	Sale of fixed assets (if gain)		-
		<b>Total revenues and gains:</b>	\$	<u>591,143,418</u>

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

(2) The University reclassifies funds that are used to match restricted gifts from donors from 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) Total unrestricted investment realized and unrealized gains are positive for the fiscal year. Some components of the total unrestricted investment gains are negative. The separate components are shown in order to provide agreement to amounts shown on the Statement of Activities.





**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, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2023.

***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.

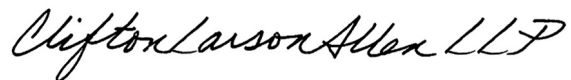
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***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 21, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
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, 2023. 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, 2023.

***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 instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-003. 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 responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## **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. Given these limitations, during our audit 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-003 to be significant deficiencies.

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 the University's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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  
February 12, 2024

**UNIVERSITY OF DENVER**  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Cluster	Federal Granting Agency	Program Title	Assistance Listing Number	Pass-Through Entity	Contract/ Grantor Number	Passed Through to Subrecipients	Expenditures	
<b>NON-CLUSTERED PROGRAMS:</b>								
	Department of the Interior	Cultural Resources Management	15.946				57,768	
		<i>Total Department of the Interior</i>				-	57,768	
	Department of the Treasury	Low Income Taxpayer Clinics	21.008				99,386	
	Department of the Treasury	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Colorado Dept of Higher Education	SLFRP0126		1,312,406	
		<i>Total Department of the Treasury</i>				-	1,411,792	
	National Endowment for the Arts	Promotion of the Arts Grants to Organizations and Individuals	45.024				45,001	
		<i>Total National Endowment for the Arts</i>				-	45,001	
	Institute of Museum and Library Services	National Leadership Grants	45.312				28,049	
		<i>Total Institute of Museum and Library Services</i>				-	28,049	
	Department of Education	Undergraduate International Studies and Foreign Language Programs	84.016				2,979	
		<i>Total Department of Education</i>				-	2,979	
	Department of Health and Human Services	Graduate Psychology Education	93.191			10,511	540,273	
	Department of Health and Human Services	Assistance for Torture Victims	93.604	International Rescue Committee Denver	90ZT0241		74,086	
	Department of Health and Human Services	Assistance for Torture Victims	93.604	International Rescue Committee Denver	90ZT0204		56,686	
	Department of Health and Human Services	Mental and Behavioral Health Education and Training Grants	93.732			35,866	694,403	
		<i>Total Department of Health and Human Services</i>				46,377	1,365,448	
	<b>Total Non-Clustered Programs</b>						<b>\$ 46,377</b>	<b>\$ 2,911,037</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER:</b>								
	Department of Agriculture	Agriculture and Food Research Initiative (AFRI)	10.310				23,505	
		<i>Total Department of Agriculture</i>				-	23,505	
	Department of Defense	Military Medical Research and Development	12.420	Pennsylvania State University	W81XWH-22-10985		25,165	
	Department of Defense	Military Medical Research and Development	12.420				399,784	
	Department of Defense	Basic Scientific Research	12.431				55,137	
	Department of Defense	Basic, Applied, and Advanced Research in Science and Engineering	12.630	Colorado School of Mines	W911NF-22-2-0038		83,820	
		<i>Total Department of Defense</i>				-	563,906	
	Department of Housing and Urban Development	Research and Evaluations, Demonstrations, and Data Analysis and Utilization	14.536	Center for Policy Research	H-21695CA		114,014	
		<i>Total Department of Housing and Urban Development</i>				-	114,014	
	Department of the Interior	Preservation of Japanese American Confinement Sites	15.933				5,416	
	Department of the Interior	Natural Resource Stewardship	15.944				36,653	
	Department of the Interior	Cooperative Research and Training Programs – Resources of the National Park System	15.945				13,855	
	Department of the Interior	National Park Service Conservation, Protection, Outreach, and Education	15.954				44,278	
		<i>Total Department of the Interior</i>				-	100,202	
	Department of Justice	Services for Trafficking Victims	16.320	Denver District Attorney's Office	2018-VT-BX-K076		4,525	
	Department of Justice	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	RAND Corporation	2018-75-CX-K006		194,950	
	Department of Justice	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Research Triangle Institute	2018-75-CX-K003		6,180	
	Department of Justice	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560				53,106	
	Department of Justice	Second Chance Act Reentry Initiative	16.812	Jefferson County	2018-RW-BX-0001		6,397	
	Department of Justice	Smart Prosecution Initiative	16.825	Denver District Attorney's Office	2019-YX-BX-0012		1,944	
	Department of Justice	Girls in the Juvenile Justice System	16.830				57,308	
		<i>Total Department of Justice</i>				-	324,410	
	Department of Transportation	University Transportation Centers Program	20.701	North Dakota State University	69A3551747108		222,842	
		<i>Total Department of Transportation</i>				-	222,842	
	Smithsonian Institution	Science	43.001				25,806	
		<i>Total Smithsonian Institution</i>				-	25,806	
	National Aeronautics and Space Administration	Science	43.001				14,717	
		<i>Total National Aeronautics and Space Administration</i>				-	14,717	
	National Endowment for the Humanities	Promotion of the Humanities Fellowships and Stipends	45.160				10,001	
	National Endowment for the Humanities	Promotion of the Humanities Research	45.161				46,155	
		<i>Total National Endowment for the Humanities</i>				-	56,156	

**UNIVERSITY OF DENVER**  
 Schedule of Expenditures of Federal Awards  
 June 30, 2023

Institute of Museum and Library Services	National Leadership Grants	45.312		28,144
Institute of Museum and Library Services	Laura Bush 21st Century Librarian Program	45.313		90,991
<i>Total Institute of Museum and Library Services</i>				119,135

Cluster	Federal Granting Agency	Program Title	Assistance Listing Number	Pass-Through Entity	Contract/ Grantor Number	Passed Through to Subrecipients	Expenditures	
	National Science Foundation	Engineering	47.041				428,449	
	National Science Foundation	Mathematical and Physical Sciences	47.049				924,558	
	National Science Foundation	Computer and Information Science and Engineering	47.070				101,477	
	National Science Foundation	Biological Sciences	47.074	University of Colorado Boulder	1919541		45,479	
	National Science Foundation	Biological Sciences	47.074			164,998	1,261,443	
	National Science Foundation	Social, Behavioral, and Economic Sciences	47.075	University of Arizona	2049657		10,690	
	National Science Foundation	Social, Behavioral, and Economic Sciences	47.075				497,488	
	National Science Foundation	STEM Education (formerly Education and Human Resources)	47.076	Colorado State University	1619673		11,181	
	National Science Foundation	STEM Education (formerly Education and Human Resources)	47.076	University of North Dakota	2000636		16,556	
	National Science Foundation	STEM Education (formerly Education and Human Resources)	47.076	Vanderbilt University	2100784		139,787	
	National Science Foundation	STEM Education (formerly Education and Human Resources)	47.076			153,294	878,416	
	National Science Foundation	Office of International Science and Engineering	47.079				26,210	
	<i>Total National Science Foundation</i>						318,292	4,341,734
	Department of Education	School Safely National Activities	84.184				734	
	Department of Education	Javits Gifted and Talented Students Education	84.206			81,250	582,790	
	Department of Education	Education Research, Development and Dissemination	84.305	University of North Texas	R305A200519		93,041	
	Department of Education	Education Research, Development and Dissemination	84.305	Yale University	R305A180293 - 22		184,275	
	Department of Education	Education Research, Development and Dissemination	84.305			31,358	635,714	
	Department of Education	Research in Special Education	84.324				132,815	
	Department of Education	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	University of North Carolina	H326P170001		129,581	
	Department of Education	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	University of South Florida	H326B170003		87,870	
	Department of Education	Special Education Educational Technology Media, and Materials for Individuals with Disabilities	84.327	University of North Carolina	H327G180006		414,160	
	<i>Total Department of Education</i>						112,608	2,260,980
	United States Institute of Peace	Priority Grant Competition	91.005				61,283	
	<i>Total United States Institute of Peace</i>						-	61,283
	Department of Health and Human Services	Sexual Risk Avoidance Education	93.060			42,502	557,690	
	Department of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Center for Relationship Education	90ZD0001		223,336	
	Department of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Colorado Department of Human Services	90ZJ0036		214,810	
	Department of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	University of Miami	90ZB0019		60,130	
	Department of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Washington Park Research & Evaluation, LLC	90ZB0016		133,509	
	Department of Health and Human Services	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086			341,181	915,196	
	Department of Health and Human Services	Environmental Health	93.113				19,095	
	Department of Health and Human Services	Injury Prevention and Control Research and State and Community Based Programs	93.136	University of Missouri	R01CE003456		14,749	
	Department of Health and Human Services	Human Genome Research	93.172				229	
	Department of Health and Human Services	Mental Health Research Grants	93.242	Michigan State University	R01MH123716		51,304	
	Department of Health and Human Services	Mental Health Research Grants	93.242	Regents of University of California Irvine	P50MH096889		69,138	
	Department of Health and Human Services	Mental Health Research Grants	93.242	San Diego State University Research Foundation	R56MH125159		10,302	
	Department of Health and Human Services	Mental Health Research Grants	93.242			135,384	871,432	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Casa Esperanza	H79SM080754		35,146	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Casa Esperanza	H79TI080903		82,290	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Casa Esperanza	H79TI080655		48,366	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Casa Esperanza	H79TI083701		28,679	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Casa Esperanza	H79TI084419		53,280	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Mile High Council on Alcoholism and Drug Abuse	H79TI082480		86,586	
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243				100,044	
	Department of Health and Human Services	Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	Cleveland Clinic Educational Foundation	R01EB024573		100,700	
	Department of Health and Human Services	Minority Health and Health Disparities Research	93.307				161,154	
	Department of Health and Human Services	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Public Health and Environment	NU50CK000552		204,069	
	Department of Health and Human Services	Cancer Detection and Diagnosis Research	93.394			67,821	454,721	
	Department of Health and Human Services	Child Care and Development Block Grant	93.575				19,216	
	Department of Health and Human Services	Head Start	93.600	Johns Hopkins University	90YR0130		17,904	
	Department of Health and Human Services	Head Start	93.600	University of Virginia	90YR0154		61,905	
	Department of Health and Human Services	Head Start	93.600				2,797	
	Department of Health and Human Services	Child Welfare Research Training or Demonstration	93.648	Research Foundation of State University of New York	90CT7008		2,040,992	
	Department of Health and Human Services	Foster Care Title IV-E	93.658			2,921,077	4,640,225	
	Department of Health and Human Services	Certified Community Behavioral Health Clinic Expansion Grants	93.696	Casa Esperanza	H79SM086841		30,945	
	Department of Health and Human Services	Cardiovascular Diseases Research	93.837			105,925	1,225,751	
	Department of Health and Human Services	Lung Diseases Research	93.838	University of Colorado Denver	R33HL157907		42,528	
	Department of Health and Human Services	Arthritis, Musculoskeletal and Skin Diseases Research	93.846			41,592	253,761	

**UNIVERSITY OF DENVER**  
 Schedule of Expenditures of Federal Awards  
 June 30, 2023

Department of Health and Human Services	Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853				324,711
Department of Health and Human Services	Allergy and Infectious Diseases Research	93.855	University of Texas Medical Branch	R01NR017837		4,260
Department of Health and Human Services	Allergy and Infectious Diseases Research	93.855				270,435
Department of Health and Human Services	Biomedical Research and Research Training	93.859				2,378,262
Department of Health and Human Services	Child Health and Human Development Extramural Research	93.865	Boston University	R01HD098167	5,311	238,781
Department of Health and Human Services	Child Health and Human Development Extramural Research	93.865	University of Colorado Boulder	P50HD027802		157,884
Department of Health and Human Services	Child Health and Human Development Extramural Research	93.865	University of Colorado Boulder	P50HD027802		10,024
Department of Health and Human Services	Child Health and Human Development Extramural Research	93.865			44,417	615,911
Department of Health and Human Services	Aging Research	93.866	DreamFace Technologies, LLC	R44AG059483		3,114
		<b>Assistance Listing Number</b>	<b>Pass-Through Entity</b>	<b>Contract/ Grantor Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
Department of Health and Human Services	Aging Research	93.866	Rutgers Asian Research Center for Minority Aging Research	P30AG059304		11,869
Department of Health and Human Services	Aging Research	93.866	SilverBills	R44AG074126		344,680
Department of Health and Human Services	Aging Research	93.866	SilverBills	R44AG080843		64,063
Department of Health and Human Services	Aging Research	93.866	University of Colorado Denver	R01AG071228		288,243
Department of Health and Human Services	Aging Research	93.866	University of Colorado Denver	RF1AG061566		222,862
Department of Health and Human Services	Aging Research	93.866				11,421
Department of Health and Human Services	Medical Library Assistance	93.879			14,308	129,009
Department of Health and Human Services	Block Grants for Community Mental Health Services	93.958	Casa Esperanza	H79SM085767	107,523	119,734
Department of Health and Human Services	Block Grants for Community Mental Health Services	93.958	SummitStone Health Partners	SM086677-01		121,186
Department of Health and Human Services	PPHF Geriatric Education Centers	93.969	STRIDE Community Health Center	U1QHP33072		24,959
	<i>Total Department of Health and Human Services</i>				4,105,747	18,292,975
Corporation for National and Community Service	AmeriCorps National Service and Civic Engagement Research Competition 94.026	94.026				69,244
	<i>Total Corporation for National and Community Service</i>				-	69,244
Department of Homeland Security	Financial Assistance for Targeted Violence and Terrorism Prevention	97.132				149,834
	<i>Total Department of Homeland Security</i>				-	149,834
	<b>Total Research and Development Cluster</b>				<b>\$ 4,536,648</b>	<b>\$ 26,740,743</b>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER:</b>						
Dept of Education	Federal Supplemental Education Opportunity Grant Program	84.007				1,238,481
Dept of Education	Federal Work Study Program	84.033				2,043,806
Dept of Education	Federal Perkins Loan Program	84.038				5,340,912
Dept of Education	Federal Pell Grant Program	84.063				4,542,023
Dept of Education	Federal Direct Student Loan Program	84.268				162,585,932
Dept of Education	Teacher Education Assistance for College and Higher Education (TEACH) Grants	87.379				38,979
	<i>Total Department of Education</i>				-	175,790,133
	<b>Total Student Financial Assistance Cluster</b>				<b>\$ -</b>	<b>\$ 175,790,133</b>
	<b>Total Federal Awards</b>				<b>\$ 4,583,024</b>	<b>\$ 205,441,913</b>



**UNIVERSITY OF DENVER**

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

**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, 2023. 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, 2023 consists of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Federal Perkins Loans	84.038	\$ 3,801,530

**UNIVERSITY OF DENVER**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2023

**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**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.007, 84.003, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

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, 2023

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**Section II – Financial Statement Findings**

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

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**Section III – Major Federal Programs**

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**2023-001**

Federal Agency: Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistance Listing Number: 84.268 – Federal Direct Loans

84.063 – Federal Pell Grant Program

84.007 – Federal Supplemental Educational Opportunity Grants

84.379 – Teacher Education Assistance for College and Higher Education Grants

Federal Award Identification Number and Year: 2022-2023

Award Period: July 1, 2022 to June 30, 2023

**Type of Finding:**-Significant Deficiency in Internal Control Over Compliance  
-Other Matters

**Criteria or specific requirement:** 2 CFR part 200 section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The Code of Federal Regulations, 34 CFR 688.164, requires any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued. If a check or an EFT is returned, the University may make additional attempts to deliver the funds, provided that those attempts are made no later than 45 days after the funds were returned or rejected. In case where the University does not make another attempt, the funds must be returned before the end of the initial 45-day period. The University must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. Under no circumstances may unclaimed Title IV FSA funds escheat to the state, or revert to the University, or any other third party.

**Condition:** During our testing of the 240-day requirement, we noted the University was not in compliance with the federal financial aid regulations requirement that any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued.

**Questioned costs:**\$158,443

**Context:** During our testing, it was noted 69 out of 400 outstanding checks over 240 days old were Title IV federal funds checks that were over the 240-day limit.

**UNIVERSITY OF DENVER**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**Cause:** The University did not have adequate processes in place to monitor outstanding Title IV disbursement checks throughout the year.

**Effect:** The University is not in compliance with Department of Education requirements.

**Repeat finding:** No

**Recommendation:** CLA recommends that the University review the requirement and implement a control to monitor the checks throughout the year. In addition, for the checks outstanding greater than 240 days, the University should return the funding to the U.S. Department of Education.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**2023-002**

Federal agency: Department of Education

Federal program title: Federal Perkins Loans

ASSISTANCE LISTING Numbers: 84.038

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 674.19(e) states that Institutions must retain original, true, and exact copies of promissory and master promissory notes (MPN), repayment records, and cancellation and deferment requests for each Perkins loan made. An original electronically signed MPN must be retained by the institutions for three years after all the loans made on the MPN are satisfied.

**Condition:** During our testing, we noted 2 of the Perkins files in which the MPN was not retained on file for loans with outstanding balances.

**Context:** We tested record retention for 40 student Perkins Loans. Of the 40, we identified 2 student's MPN were not maintained for loans with outstanding balances as required by the regulations.

**Questioned costs:** None.

**Cause:** The record was lost or misplaced.

**Effect:** The University was not in compliance with the Perkins recordkeeping regulations.

**Repeat Finding:** No.

**Recommendation:** We recommend that the University implement procedures to ensure all documentation is being maintained as required by federal regulations.

**Views of responsible officials and management's response:** The University agrees with the finding.

**UNIVERSITY OF DENVER**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**2023-003**

Federal agency: Department of the Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Number: 21.027

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Per the Department of the Treasury Office (the Department), state, territorial, metropolitan city, county, Tribal governments, and Non-Entitlement Units that receive funding from the State and Local Fiscal Recovery Funds Programs are required to meet compliance and reporting responsibilities. This supports transparency, responsibility, and equity in use of these vital resources. More specifically, the Department's Corona virus State and Local fiscal Recovery Funds Compliance and Reporting Guidance, Part I, Section C.3 states that generally, recipients must submit one initial Interim Report, quarterly or annual Project and Expenditure reports which include subaward reporting, and in some cases annual Recovery Plan reports.

Given the University received its SLFRF passed through the State of Colorado, the University was to follow reporting requirements passed to it by the State. Per the Grant Agreement with the State of Colorado, Section 6.A, the grantee shall submit, on a quarterly basis, a written report specifying progress made for each specified performance measure and standard in the agreement. Progress reports shall be submitted to the State no later than ten Business Days following the end of each calendar quarter or at such time as otherwise specified by the State.

**Condition:** During testing to determine if the required quarterly were both timely and accurate/supported by the University's books and records, we noted that quarterly reports were not being filed timely. Of the report ultimately submitted, confirmation of the submission was not maintained, and we could not test the accuracy of the submission.

**Context:** Based upon the timing of the disbursements of the award, we estimate one report should have been submitted ten business days after June 30, 2023. This report was not submitted until the State of Colorado contacted the University for the report in October 2023. The University then submitted the information; but the report was not retained for audit/testing.

**Questioned costs:** None.

**Cause:** The University did not have a process in place to implement a reporting process for these new monies.

**Effect:** The University was not in compliance with regulatory provisions as it pertains to the quarterly reporting requirement.

**Repeat Finding:** No

**UNIVERSITY OF DENVER**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**Recommendation:** When new grants and awards are received, the University should designate ownership of compliance, including reporting requirements. Processes and controls should be implemented to ensure accurate and timely reporting occurs as required by grant requirements. In addition, reports and supporting documentation should be retained for audit and review purposes.

**Views of responsible officials and management's response:** The University agrees with the finding.



## **CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2023**

### **Office of Naval Research**

The University of Denver respectfully submits the following corrective action plan and summary schedule of prior year audit findings for the year ended June 30, 2023.

Audit period: July 1, 2022 to June 30, 2023

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.

### **CORRECTIVE ACTION PLAN**

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the current year that require a corrective action plan.

#### **FINDINGS – FEDERAL AWARD PROGRAMS AUDIT**

##### **2023-001**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistance Listing Number: 84.268 – Federal Direct Loans

84.063 – Federal Pell Grant Program

84.007 – Federal Supplemental Educational Opportunity Grants

84.379 – Teacher Education Assistance for College and Higher Education Grants

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

**Condition:** During our testing of the 240-day requirement, we noted the University was not in compliance with the federal financial aid regulations requirement that any Title IV federal funds disbursed to a student or parent that are not received or negotiated must be returned to the appropriated federal financial aid program no later than 240 days after the check or electronic fund transfer (EFT) was issued.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.



## **CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2023**

**Action in Response to Finding:** As of January 2024, the University implemented a monthly process for the coordinated review of stale-dated checks. After the close of each month, the Accountant II and Business Analyst in the Controller's Office prepares a report of stale-dated checks and sends the report to the Assistant Director of Student Accounts and the Student Accounts Business Analyst in University Financial Services. These staff members identify federal funds to be returned to the Department of Education. The Office of Student Accounts works with the Office of Financial Aid to ensure funds are returned. This process has addressed any backlog of checks, and the monthly process keeps the University current in processing stale-dated checks and returning funds in a timely manner.

**Name of the contact person responsible for corrective action:** Andrew Cullen, Associate Vice Chancellor, Finance and Janet Burkhardt, Assistant Vice Chancellor, University Financial Services.

**Planned completion date for corrective action plan:** Effective immediately.

### **2023-002**

Federal agency: Department of Education

Federal program title: Federal Perkins Loans

Assistance Listing Number: 84.038

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

**Condition:** During our testing, we noted two of the Perkins files in which the MPN was not retained on file for loans with outstanding balances.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Action in Response to Finding:** The University determined there are a total of 39 Perkins loans with missing MPNs. Of these, 6 loans are with 3<sup>rd</sup> party collection agencies, 19 are paid in full and 14 are in repayment. For these 39 loans, the University determined that alternative documentation such as exit counseling and repayment records has been retained. The Perkins Assignment and Liquidation Guide (p.4), ED tells schools to collect alternative documentation, explain the reason the note is missing and affirm the school has searched all records for each loan missing documentation. Due to the discontinuance of the Perkins loan program, no new MPNs will be issued.

**Name of the contact person responsible for corrective action:** Andrew Cullen, Associate Vice Chancellor, Finance and Janet Burkhardt, Assistant Vice Chancellor, University Financial Services.

**Planned completion date for corrective action plan:** Corrective action plan completed in August 2023.





## **CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2023**

### **2023-003**

Federal agency: Department of the Treasury

Federal program title: Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

Assistance Listing Number: 21.027

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

**Condition:** During testing to determine if the required quarterly reports were both timely and accurate/supported by the University's books and records, we noted that quarterly reports were not being filed timely. Of the report ultimately submitted, confirmation of the submission was not maintained, and we could not test the accuracy of the submission.

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Action in Response to Finding:** When new grants and awards are received, the University should designate ownership of compliance, including reporting requirements. Processes and controls should be implemented to ensure accurate and timely reporting occurs as required by grant requirements. In addition, reports and supporting documentation should be retained for audit and review purposes. The Office of Research and Sponsored Programs (ORSP) has identified an employee in the Morgridge College of Education who will be responsible for preparing and submitting the quarterly reports due on January 5, 2024, April 5, 2024, and July 5, 2024, after which the program will be complete and subsequently, the July 5, 2024, quarterly report will be final. The department will be required to submit a copy of the quarterly reports to ORSP to be stored in our Electronic Research Administration system (InfoEd).

**Name of the contact person responsible for corrective action:** Julie Cunningham, Senior Director of Sponsored Programs Administration.

**Planned completion date for corrective action plan:** Effective immediately.



**COLORADO SEMINARY – UNIVERSITY OF DENVER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

Office of Naval Research

The University of Denver respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit period: July 1, 2022 to June 30, 2023

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.

**FINDINGS—MAJOR FEDERAL PROGRAMS**

**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.



**COLORADO SEMINARY – UNIVERSITY OF DENVER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2023**

**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. Considered resolved.