

Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

and

OMB Circular A-133 Reports

Year ended June 30, 2013

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Denver, CO 80202-5598

Independent Auditors' Report

The Board of Trustees University of Denver (Colorado Seminary):

We have audited the accompanying financial statements of the University of Denver (Colorado Seminary) (the University), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Denver (Colorado Seminary) as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

KPMG LLP

Denver, Colorado November 19, 2013

Statement of Financial Position

June 30, 2013

Assets	_	Operations	Plant	Long-term investment	Total
Cash and cash equivalents Short-term investments Accounts receivable, net Pledges receivable, net Inventories, prepaid expenses, and other assets Long-term investments Loans to students, net Property, plant, and equipment, net of accumulated depreciation	\$	1,058,632 172,667,588 22,018,447 7,145,499 4,513,851 150,000	29,832,866 71,684,799 3,881 7,716,696 50,000 — — 553,792,923	6,667,303 — 521,720 15,882,958 — 424,357,099 18,341,113	37,558,801 244,352,387 22,544,048 30,745,153 4,563,851 424,507,099 18,341,113 553,792,923
Total assets	\$ _	207,554,017	663,081,165	465,770,193	1,336,405,375
Liabilities and Net Assets					
Accounts payable and accrued liabilities Deferred revenues Other liabilities Annuity obligations Long-term debt U.S. government grants refundable	\$	43,014,406 26,025,805 — — — —	15,388,333 — 1,000,000 — 130,934,313 —	379,688 9,956,198 — 16,496,853	58,402,739 26,025,805 1,379,688 9,956,198 130,934,313 16,496,853
Total liabilities	-	69,040,211	147,322,646	26,832,739	243,195,596
Net assets: Unrestricted: Available for operations Designated student loans Designated gain sharing Board-designated endowments Designated plant	_	4,934,274 — 90,540,320 — —	48,611,417 — — — — 422,858,610	1,710,980 — 87,162,130 —	53,545,691 1,710,980 90,540,320 87,162,130 422,858,610
Total unrestricted net assets	-	95,474,594	471,470,027	88,873,110	655,817,731
Temporarily restricted: Gifts and distributed endowment income Plant Endowments Annuity life income	-	43,039,212 — — —	44,288,492 ————	86,711,515 5,010,492	43,039,212 44,288,492 86,711,515 5,010,492
Total temporarily restricted net assets	-	43,039,212	44,288,492	91,722,007	179,049,711
Permanently restricted: Endowments Annuity life income Student loans	-	_ 		245,475,883 10,779,980 2,086,474	245,475,883 10,779,980 2,086,474
Total permanently restricted net assets	-			258,342,337	258,342,337
Total net assets		138,513,806	515,758,519	438,937,454	1,093,209,779
Commitments and contingencies (notes 8, 9, and 12)	-				
Total liabilities and net assets	\$	207,554,017	663,081,165	465,770,193	1,336,405,375

Statement of Financial Position

June 30, 2012

Assets	_	Operations	Plant	Long-term investment	Total
Cash and cash equivalents Short-term investments Accounts receivable, net Pledges receivable, net Inventories, prepaid expenses, and other assets Long-term investments Loans to students, net Property, plant, and equipment, net of accumulated depreciation	\$	526,207 175,123,993 18,230,590 7,231,428 4,764,779 150,000	24,464,633 50,801,425 33,346 10,102,839 — — — 534,801,238	17,107,257 — 540,777 13,354,423 — 383,685,366 19,198,620	42,098,097 225,925,418 18,804,713 30,688,690 4,764,779 383,835,366 19,198,620 534,801,238
Total assets	\$	206,026,997	620,203,481	433,886,443	1,260,116,921
Liabilities and Net Assets					
Accounts payable and accrued liabilities Deferred revenues Other liabilities Annuity obligations Long-term debt U.S. government grants refundable	\$	41,410,126 24,044,983 — — — —	13,956,210 ————————————————————————————————————	405,235 9,960,053 — 16,678,892	55,366,336 24,044,983 405,235 9,960,053 133,899,290 16,678,892
Total liabilities	_	65,455,109	147,855,500	27,044,180	240,354,789
Net assets: Unrestricted: Available for operations Designated student loans Designated gain sharing Board-designated endowments Designated plant	_	4,377,794 — 90,339,911 — —	49,013,021 — — — — 400,901,948	1,731,626 — 75,314,356 —	53,390,815 1,731,626 90,339,911 75,314,356 400,901,948
Total unrestricted net assets	_	94,717,705	449,914,969	77,045,982	621,678,656
Temporarily restricted: Gifts and distributed endowment income Plant Endowments Annuity life income	_	45,854,183 — — —	22,433,012 ————————————————————————————————————	82,899,860 5,123,860	45,854,183 22,433,012 82,899,860 5,123,860
Total temporarily restricted net assets	_	45,854,183	22,433,012	88,023,720	156,310,915
Permanently restricted: Endowments Annuity life income Student loans	_	_ 		228,535,641 11,173,569 2,063,351	228,535,641 11,173,569 2,063,351
Total permanently restricted net assets	-			241,772,561	241,772,561
Total net assets		140,571,888	472,347,981	406,842,263	1,019,762,132
Commitments and contingencies (notes 8, 9, and 12)	-				
Total liabilities and net assets	\$	206,026,997	620,203,481	433,886,443	1,260,116,921

Statement of Activities

Year ended June 30, 2013

Revenues and gain looses): Third on aff ress Revenues and gain looses): Takes incintinonal scholarships 108,487,295		Operating	Designated unrestricted	Total operating	Plant	Long-term investment	Total
Persistant diseases 1968,	Change in unrestricted net assets:						
Page	Revenues and gains (losses):						
Less oministitutional scholarships			_		_	_	, ,
Net utifixin and fees	Less institutional scholarships						
Net tuition and fees		279,127,878	_	279,127,878	_	_	279,127,878
Private giffs	Less noninstitutional scholarships	10,468,735		10,468,735			10,468,735
Commes and contractes	Net tuition and fees	268,659,143	_	268,659,143	_	_	268,659,143
Endowment income			_		31,300	1,223,213	
Note rincestment income 1,111,605 1,			_		1 008	14.766	
Ner realized and unrealized gains (losses) on other endowners 342,326 14,355 356,681 1,670 12,283,339 12,642,190 Ner realized and unrealized gains (losses) on other investments of educational activities 21,240,231 387,847 12,890,785 .		,	_	,	,		
Note realized and unrealized gains (losses) on other investments 933,458 262 933,720 305,748 3098,564) 840,9078 Sales and services of auxiliary enterprise 26,19,592 2		-,,			,		-,,
Solies and services of ductional activities 12,301,231 387,847 12,889,078 305,748 398,541 12,689,078 Sales and services of ductional activities 12,301,231 37,847 12,889,078 30,019,259 20,		342,326	14,355	356,681	1,670	12,283,839	12,642,190
Sales and services of educational activities 12,301,231 387,847 12,689,078 — — 2,690,259,250 2,0,0,259,250 2,0,		933 458	262	933 720	305 748	(398 564)	840 904
Total curserricted revenues and gains (losses) 25,665,799 10,917,224 239,700 595,030 13,501,172 371,368,272 356,652,777 619,293 357,272,070 595,030 13,501,172 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,272 371,368,273 371,369,273 371,368,273					_		
Total unrestricted revenues and gains (losses) Net assets relaxed from restrictions 25.665.799 25.665.799 10.954.276 (6.557.807) 30.062.288 Total unrestricted revenues, gains (losses), and other support 382.318.576 619.293 382.937.899 11,549.306 6.943.365 401,430,540 Expenses: Educational and general: Instruction 141,013.109 Research 14,093.696 14,093.696 14,093.696 Research 14,003.696 Resea						_	
Marsasets released from restrictions 25.665,799 25.665,799 10.954,276 6.557,807 30.062,268	Other sources	19,700,395	216,829	19,917,224	239,700		20,156,924
Total unrestricted revenues, gains (losses), and other support 382,318,576 619,293 382,937,869 11,549,306 6,943,365 401,430,540		256 652 777	610.202	257 272 070	505.020	12 501 172	271 269 272
Total unrestricted revenues, gains (losses), and other support			619,293				
Expenses		25,665,799		25,665,799	10,954,276	(6,557,807)	30,062,268
Expenses Educational and general: Educational and general:		392 318 576	610 203	382 037 860	11 540 306	6 9/3 365	401 430 540
Educational and general:		302,310,370	019,293	362,937,809	11,349,300	0,943,303	401,430,340
Instruction							
Public service 7,192,764 7,192,764 33,519 - 7,246,288 Academic support 61,070,867 2,931,812 46,002,679 1,074,846 — 650,775,255 Student services 45,385,293 — 45,385,293 3,280,931 — 48,666,224 1,618 titutional support 45,423,483 4,588 45,428,071 1,322,675 — 46,750,746 1,740		141,013,109	90,015	141,103,124	7,362,245	_	148,465,369
Standamic support 61,070,867 2,931,812 64,002,679 1,074,846 — 65,077,725 1,486,662 1,486,662 1,486,662 1,482,183 1,322,675 1,486,662 1,482,183 1,322,675 1,486,662 1,482,183 1,322,675 1,482,183 1,322,675 1,482,183 1,322,675 1,442,914 1,482,682,184 1,484,184 1,484,184	Research	14,693,696	_		, ,	_	, ,
Student services			_			_	
Institutional support		, ,	2,931,812		, ,		
Total educational and general expenses 314,779,212 3,026,415 317,805,627 14,442,914 — 332,248,541 Auxiliary enterprises 23,790,839 — 23,790,839 11,252,085 — 35,042,924 Total expenses 338,570,051 3,026,415 341,596,466 25,694,999 — 367,291,465 Transfers among unrestricted net assets 43,192,044 (2,607,531) 40,584,513 (35,700,751) (4,883,762) — — Total expenses and transfers 381,762,095 418,884 382,180,979 (10,005,752) (4,883,762) 367,291,465 Increase (decrease) in unrestricted net assets 556,481 200,409 756,890 21,555,058 11,827,127 34,139,075 Changes in temporarily restricted net assets 556,481 200,409 756,890 21,555,058 11,827,127 34,139,075 Changes in temporarily restricted net assets 13,571,902 — 13,571,902 27,246,247 — 40,818,149 Endowment income (expense) 414,335 — 414,335 96,453 — 510,788 Net realized and unrealized gains on endowments 9,199,193 — 19,193 — 19,193 — 23,495,41 Net assets reclassified to permanently restricted 284,190 — 284,190 (2,633,731) — (2,349,541) Net assets reclassified to permanently restricted 46,662 — 40,662 — 80,4332 850,994 Actuarial adjustment on amunity obligations 46,662 — 40,662 — 80,4332 850,994 Transfers among temporarily restricted net assets (7,227,142) — (7,227,142) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets — — — — — — — — — — — — — — — — — —			4 500			_	
Auxiliary enterprises 23,790,839 — 23,790,839 11,252,085 — 35,042,924 Total expenses 338,570,051 3,026,415 341,596,466 25,694,999 — 367,291,465 Transfers among unrestricted net assets 43,192,044 (2,607,531) 40,584,513 (35,700,751) (4,883,762) — — — — — — — — — — — — — — — — — —	**						
Total expenses 338,570,051 3,026,415 341,596,466 25,694,999 — 367,291,465			3,026,415			_	
Transfers among urrestricted net assets 43,192,044 (2,607,531) 40,584,513 (35,700,751) (4,883,762) — Total expenses and transfers 381,762,095 418,884 382,180,979 (10,005,752) (4,883,762) 367,291,465 Increase (decrease) in unrestricted net assets 556,481 200,409 756,890 21,555,058 11,827,127 34,139,075 Changes in temporarily restricted net assets: Private gifts 13,571,902 — 13,571,902 27,246,247 — 40,818,149 Endowment income 6,561,687 — 6,561,687 — 6,561,687 — 1,341 6,563,028 Net realized and unrealized gains on endowments 9,199,193 — 91,99,193 — 392,789 9,591,982 Net realized and unrealized losses on other investments (25,665,799) — (25,665,799) (10,954,276) 6,557,807 (30,062,268) Net assets reclassified to permanently restricted — — — — (3,184,337) (3,184,337) (3,184,337) (3,184,337) (3,184,337) (3,184,337) <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>							
Total expenses and transfers 381,762,095 418,884 382,180,979 (10,005,752) (4,883,762) 367,291,465 Increase (decrease) in unrestricted net assets 556,481 200,409 756,890 21,555,058 11,827,127 34,139,075 Changes in temporarily restricted net assets: Private gifts 13,571,902 - 13,571,902 27,246,247 - 40,818,149 Endowment income (expense) 414,335 - 43,4335 96,453 - 32,223 13,223	Total expenses	338,570,051	3,026,415	341,596,466	25,694,999	_	367,291,465
Increase (decrease) in unrestricted net assets 556,481 200,409 756,890 21,555,058 11,827,127 34,139,075	Transfers among unrestricted net assets	43,192,044	(2,607,531)	40,584,513	(35,700,751)	(4,883,762)	
Changes in temporarily restricted net assets: Private gifts 13,571,902	Total expenses and transfers	381,762,095	418,884	382,180,979	(10,005,752)	(4,883,762)	367,291,465
Private gifts 13,571,902 — 13,571,902 27,246,247 — 40,818,149 Endowment income 6,561,687 — 6,561,687 — 1,341 6,563,028 Other investment income (expense) 414,335 — 414,335 96,433 — 510,788 Net realized and unrealized gains on endowments 9,199,193 — 9,199,193 — 392,789 9,591,982 Net assets released from restrictions 284,190 — 284,190 (2,565,799) (10,954,276) 6,557,807 (30,062,268) Net assets reclassified to permanently restricted — — — — (3,184,337) (3,184,337) (3,184,337) Actuarial adjustment on annuity obligations 46,662 — 46,662 — 804,332 850,994 Transfers among temporarily restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets — — — — — 12,407,142 12,407,142 12,407,142 1		556,481	200,409	756,890	21,555,058	11,827,127	34,139,075
Endowment income 6,561,687							
Other investment income (expense) 414,335 — 414,335 96,453 — 510,788 Net realized and unrealized gains on endowments 9,199,193 — 9,199,193 — 392,789 9,591,982 Net realized and unrealized losses on other investments 284,190 — 284,190 (2,633,731) — (2,349,541) Net assets released from restrictions (25,665,799) — (25,665,799) (10,954,276) 6,557,807 (30,062,268) Net assets reclassified to permanently restricted — — — — (3,184,337) (3,184,337			_		27,246,247		
Net realized and unrealized gains on endowments 9,199,193 — 9,199,193 — 392,789 9,591,982 Net realized and unrealized losses on other investments 284,190 — 284,190 (2,633,731) — (2,349,541) Net assets released from restrictions (25,665,799) — (25,665,799) (10,954,276) 6,557,807 (30,062,268) Net assets reclassified to permanently restricted — — — — (3,184,337) (3,184,377) (3,184,377) (3,184,377) (3,184,377) (3,184,377) (3,184,377) (3,184,377) (3,184,377) (3,184,377) <td></td> <td>, ,</td> <td></td> <td></td> <td>96.453</td> <td>1,341</td> <td></td>		, ,			96.453	1,341	
Net realized and unrealized losses on other investments 284,190 — 284,190 (2,633,731) — (2,349,541) Net assets released from restrictions (25,665,799) — (25,665,799) (10,954,276) 6,557,807 (30,062,268) Net assets reclassified to permanently restricted — — — — (31,84,337) (3,184,337) Actuarial adjustment on annuity obligations 46,662 — 46,662 — 804,332 850,994 Transfers among temporarily restricted net assets (7,227,142) — (7,227,142) 8,100,787 (873,645) — Increase (decrease) in temporarily restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets: — — — — 12,407,142 12,407,142 Net realized and unrealized gains (losses) on other investments — — — — 23,098 23,098 Net assets reclassified from temporarily restricted — — — — 23,098 23,098			_		70,433	392.789	
Net assets reclassified to permanently restricted Actuarial adjustment on annuity obligations 46,662 — — — — 804,332 850,994 Transfers among temporarily restricted net assets (7,227,142) — (46,662 — 804,332 850,994 Increase (decrease) in temporarily restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets: — — — — 12,407,142 12,407,142 Net realized and unrealized gains (losses) on other investments — — — — 23,098 23,098 Net assets reclassified from temporarily restricted — — — — 3,184,337 3,184,337 Actuarial adjustment on annuity obligations — — — — 955,200 955,200 Increase in permanently restricted net assets — — — — 16,569,777 Change in net assets — — — — — 16,569,777 Change in net assets			_		(2,633,731)	_	
Actuarial adjustment on annuity obligations 46,662 — 46,662 — 804,332 850,994 Transfers among temporarily restricted net assets (7,227,142) — (7,227,142) 8,100,787 (873,645) — Increase (decrease) in temporarily restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 (2,814,972) — (2,814,972) — (2,814,972) — (2,814,972) — (2,814,972) — (2,407,142 12,407,142 12,407,142 (2,407,142) — (2,407,142)	Net assets released from restrictions	(25,665,799)	_	(25,665,799)	(10,954,276)	6,557,807	
Transfers among temporarily restricted net assets (7,227,142) — (7,227,142) 8,100,787 (873,645) — Increase (decrease) in temporarily restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets: Private gifts — — — — — — 12,407,142 12,407,142 Net realized and unrealized gains (losses) on other investments Net assets reclassified from temporarily restricted — — — — — — 3,184,337 3,184,337 Actuarial adjustment on annuity obligations — — — — — — — — — — — 955,200 955,200 Increase in permanently restricted net assets — — — — — — — — — — — 16,569,777 Change in net assets (2,258,491) 200,409 (2,058,082) 43,410,538 32,095,191 73,447,647 Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132			_	_	_		
Increase (decrease) in temporarily restricted net assets			_		8 100 787		850,994
restricted net assets (2,814,972) — (2,814,972) 21,855,480 3,698,287 22,738,795 Changes in permanently restricted net assets: Private gifts — — — — — — — 12,407,142 12,407,142 Net realized and unrealized gains (losses) on other investments Net assets reclassified from temporarily restricted — — — — — — — 3,184,337 3,184,337 Actuarial adjustment on annuity obligations — — — — — — — — — — — — — — — — — — —		(1,221,142)		(7,227,142)	0,100,707	(675,045)	
Private gifts — — — — 12,407,142 12,407,142 Net realized and unrealized gains (losses) on other investments — — — 23,098 23,098 Net assets reclassified from temporarily restricted — — — 3,184,337 Actuarial adjustment on annuity obligations — — — 955,200 Increase in permanently restricted net assets — — — — 16,569,777 Change in net assets (2,258,491) 200,409 (2,058,082) 43,410,538 32,095,191 73,447,647 Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132		(2,814,972)		(2,814,972)	21,855,480	3,698,287	22,738,795
other investments — — — — 23,098 23,098 Net assets reclassified from temporarily restricted — — — — 3,184,337 3,184,337 Actuarial adjustment on annuity obligations — — — — 955,200 955,200 Increase in permanently restricted net assets — — — — 16,569,777 16,569,777 Change in net assets (2,258,491) 200,409 (2,058,082) 43,410,538 32,095,191 73,447,647 Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132	Private gifts	_	_	_	_	12,407,142	12,407,142
Net assets reclassified from temporarily restricted Actuarial adjustment on annuity obligations — — — — 3,184,337 yes 3,184		_	_	_	_	23,098	23,098
Increase in permanently restricted net assets — — — — — 16,569,777 16,569,777 Change in net assets (2,258,491) 200,409 (2,058,082) 43,410,538 32,095,191 73,447,647 Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132		_	_	_	_		
Change in net assets (2,258,491) 200,409 (2,058,082) 43,410,538 32,095,191 73,447,647 Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132	Actuarial adjustment on annuity obligations					955,200	955,200
Net assets at beginning of year 50,231,977 90,339,911 140,571,888 472,347,981 406,842,263 1,019,762,132	Increase in permanently restricted net assets					16,569,777	16,569,777
	Change in net assets	(2,258,491)	200,409	(2,058,082)	43,410,538	32,095,191	73,447,647
Net assets at end of year \$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Net assets at beginning of year	50,231,977	90,339,911	140,571,888	472,347,981	406,842,263	1,019,762,132
	Net assets at end of year	\$ 47,973,486	90,540,320	138,513,806	515,758,519	438,937,454	1,093,209,779

Statement of Activities

Year ended June 30, 2012

	Operating	Designated unrestricted	Total operating	Plant	Long-term investment	Total
Change in unrestricted net assets:						
Revenues and gains (losses):						
Tuition and fees	\$ 372,174,802	_	372,174,802	_	_	372,174,802
Less institutional scholarships	95,100,132		95,100,132			95,100,132
	277,074,670	_	277,074,670	_	_	277,074,670
Less noninstitutional scholarships	10,018,006		10,018,006			10,018,006
Net tuition and fees	267,056,664	_	267,056,664	_	_	267,056,664
Private gifts	1,659,368	_	1,659,368	144,979	99,748	1,904,095
Grants and contracts Endowment income	23,255,367 265,975	_	23,255,367 265,975	— 885	 11,277	23,255,367 278,137
Other investment income	4,182,536		4,182,536	35,985	-	4,218,521
Net realized and unrealized gains (losses) on	266.247		266.247	1.702	(2.127.715)	(1.750.685)
endowments Net realized and unrealized gains (losses) on other	366,247	_	366,247	1,783	(2,127,715)	(1,759,685)
investments	(325,882)	54,483	(271,399)	(22,714)	(4,221)	(298,334)
Sales and services of educational activities	11,807,920	60,644	11,868,564	_	_	11,868,564
Sales and services of auxiliary enterprise Other sources	30,447,845 19,547,416	1,200 315,632	30,449,045 19,863,048		_	30,449,045 20,132,485
Total unrestricted revenues and	17,547,410	313,032	17,003,040	200,437		20,132,403
gains (losses)	358,263,456	431,959	358,695,415	430,355	(2,020,911)	357,104,859
Net assets released from restrictions	24,145,518		24,145,518	3,054,897	(17,279,568)	9,920,847
Total unrestricted revenues, gains (losses),						
and other support	382,408,974	431,959	382,840,933	3,485,252	(19,300,479)	367,025,706
Expenses:						
Educational and general: Instruction	125 524 100	115,480	125 620 670	6.900.806		142 540 495
Research	135,524,199 12,639,703	113,480	135,639,679 12,639,703	1,852,242	_	142,540,485 14,491,945
Public service	5,880,804	_	5,880,804	44,196	_	5,925,000
Academic support	59,494,699	2,720,207	62,214,906	1,327,899	_	63,542,805
Student services	44,191,386		44,191,386	2,506,488	_	46,697,874
Institutional support	44,307,907	107,142	44,415,049	1,471,609		45,886,658
Total educational and general expenses	302,038,698	2,942,829	304,981,527	14,103,240	_	319,084,767
Auxiliary enterprises	28,845,637		28,845,637	8,404,300		37,249,937
Total expenses	330,884,335	2,942,829	333,827,164	22,507,540	_	356,334,704
Transfers among unrestricted net assets	50,979,258	(7,169,974)	43,809,284	(33,643,236)	(10,166,048)	
Total expenses and transfers	381,863,593	(4,227,145)	377,636,448	(11,135,696)	(10,166,048)	356,334,704
Increase (decrease) in unrestricted net	# 4 # A O A	4 550 404	· · · · · ·	44.500.040	(0.404.404)	10 (01 002
assets	545,381	4,659,104	5,204,485	14,620,948	(9,134,431)	10,691,002
Changes in temporarily restricted net assets: Private gifts	10,371,672		10,371,672	3,564,239	5,107	13,941,018
Endowment income	5,065,145		5,065,145	5,504,259	2,926	5,068,071
Other investment income (expense)	257,400	_	257,400	41,076	2,720	298,476
Net realized and unrealized gains on endowments	7,973,310	_	7,973,310	_	(2,394,877)	5,578,433
Net realized and unrealized losses on other investments	661,252	_	661,252	(204)	_	661,048
Net assets released from restrictions	(24,145,518)	_	(24,145,518)	(3,054,897)	17,279,568	(9,920,847)
Net assets reclassified to permanently restricted Actuarial adjustment on annuity obligations	(1,332,652)		(1,332,652)	_	(16,594,400) 92,529	(17,927,052) 92,529
• •					72,327	72,327
Increase (decrease) in temporarily restricted net assets	(1,149,391)	_	(1,149,391)	550,214	(1,609,147)	(2,208,324)
Changes in permanently restricted net assets:						
Private gifts	_	_	_	_	29,780,395	29,780,395
Net realized and unrealized gains (losses) on					709	709
other investments Net assets reclassified from temporarily restricted	_	_	_	_	708 17,927,052	708 17,927,052
Actuarial adjustment on annuity obligations					769,837	769,837
Increase in permanently restricted net assets					48,477,992	48,477,992
Change in net assets	(604,010)	4,659,104	4,055,094	15,171,162	37,734,414	56,960,670
Net assets at beginning of year	50,835,987	85,680,807	136,516,794	457,176,819	369,107,849	962,801,462
Net assets at end of year	\$ 50,231,977	90,339,911	140,571,888	472,347,981	406,842,263	1,019,762,132

Statements of Cash Flows

Years ended June 30, 2013 and 2012

		2013	2012
Cash flows from operating activities:			
	\$	73,447,647	56,960,670
Adjustments to reconcile change in net assets to net cash		, ,	
provided by operating activities:			
Depreciation of property, plant, and equipment		12,204,441	13,604,818
Disposal of property, plant, and equipment		502,234	450,909
Amortization of premium		(514,366)	(433,226)
Decrease (increase) in accounts receivable		(3,739,335)	3,316,264
Increase in pledges receivable		(56,463)	(2,966,949)
Decrease in inventories, prepaid expenses, and other assets		200,929	845,833
Increase (decrease) in accounts payable and accrued liabilities		3,036,403	(3,629,856)
Increase (decrease) in deferred revenues		1,980,822	(453,014)
Increase in other liabilities		974,453	25,309
Actuarial adjustment for annuity obligation		(3,855)	(1,073,154)
Contributions of investments		(29,531,277)	(20,623,701)
Contributions restricted for long-term investment		(10,679,816)	(9,156,694)
Interest and dividends for long-term investments		(14,766)	(11,277)
Net realized and unrealized gains on investments	_	(20,748,633)	(4,182,170)
Net cash provided by operating activities	_	27,058,418	32,673,762
Cash flows from investing activities:			
Proceeds from sale of investments		916,852,920	887,825,283
Purchases of investments		(925,671,711)	(871,639,387)
Purchases of property, plant, and equipment		(31,698,361)	(28,855,170)
Disbursements for Perkins and University loans to students		(2,423,939)	(4,690,085)
Repayment of Perkins and University loans to students	_	3,281,445	2,942,944
Net cash used in investing activities	_	(39,659,646)	(14,416,415)
Cash flows from financing activities:			
Proceeds from contributions restricted for long-term investment		10,679,816	9,156,694
Interest and dividends restricted for reinvestment		14,766	11,277
Proceeds from bonds payable		22,780,000	8,370,000
Payments of bonds payable		(25,230,611)	(12,923,087)
Decrease in refundable government loan funds, net	_	(182,039)	(38,518)
Net cash provided by financing activities		8,061,932	4,576,366
Net (decrease) increase in cash and cash equivalents		(4,539,296)	22,833,713
Cash and cash equivalents at beginning of year	_	42,098,097	19,264,384
Cash and cash equivalents at end of year	\$ _	37,558,801	42,098,097

In fiscal year 2013, the University issued Series 2013 bonds in the amount of \$22,780,000 to refund Series 2005B bonds in the amount of \$21,240,000.

In fiscal year 2012, the University issued Series 2012 bonds in the amount of \$8,370,000 to refund Series 2001B bonds in the amount of \$8,530,000.

Notes to Financial Statements June 30, 2013 and 2012

(1) Summary of Significant Accounting Policies

(a) Nature of the Entity

The University of Denver (Colorado Seminary) (the University) 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. The University offers both undergraduate and graduate programs. Enrollment currently stands at approximately 12,500 students of which approximately 5,500 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.

The University maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. 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:

Unrestricted net assets – Net assets that are generally not subject to donor-imposed stipulations. Uses of certain unrestricted net assets are committed as matching funds under student loan programs of the federal government. Certain portions of unrestricted net assets are designated for specific purposes by the University.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the University and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for specific or general purposes.

Additionally, the University has classified activities and balances within the above-described net asset classes representing the level of operations and also the liquidity and nature of assets. These classifications (columns) are described as follows:

Operations – Activities that define the University's "level of operations" relating to its educational activities and auxiliary enterprises. All assets, excluding pledges receivable and long-term investments, are current in nature. Accounts payable and accrued liabilities, other than accumulated postretirement benefit obligations (note 9), are near maturity. Other liabilities are long term in nature.

Notes to Financial Statements
June 30, 2013 and 2012

Balances and activities are unrestricted, temporarily restricted, or have been released from restrictions.

Designated unrestricted – The University's board of trustees has elected to transfer operation funds for specific future operating purposes to a designated classification. Expenses incurred for the stated purposes are charged to expense accounts. The board may also elect to return any balances of designated funds to operations.

Plant – Activities include depreciation on equipment and buildings, interest expense on long-term debt, and receipt of gifts, which include donor-imposed restrictions for the acquisition of physical properties. All assets are limited to long-term purposes.

Long-term investment – Endowment, annuity, and loan activity balances are grouped in this column. All assets are limited to long-term purposes.

The board retains the authority to designate surpluses for funding of designated operations, plant, and long-term investment activities in subsequent years. Such designations of activities are reported as transfers among unrestricted net assets in the statements of activities.

(c) Cash and Cash Equivalents

The University controls cash for all activities through one operating account. The cash balances represent cash positions for the respective funds. Certificates of deposits, short-term securities, and deposits with trustees are stated at fair value.

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

(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 grants and contracts. An allowance for uncollectibility is provided based on specific review of outstanding balances.

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

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

Account receivables are net of allowances for uncollectible accounts of \$1,144,000 and \$1,080,000 as of June 30, 2013 and 2012, respectively.

Notes to Financial Statements June 30, 2013 and 2012

(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 also 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. See further discussion at note 1(n).

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 IFRSs. 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 3.

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

Unconditional promises to give are recorded when pledges are made by the respective donors at their estimated present value. An allowance for uncollectibility is provided based on review of individually significant pledges and an estimated rate of uncollectibility. All contributions are available for unrestricted use unless specifically restricted by the donor.

Donor-restricted contributions whose restrictions are met in the same reporting period are initially reported as restricted revenue, which increases temporarily restricted net assets, then reclassed (or released from restrictions), simultaneously increasing unrestricted net assets and decreasing temporarily restricted net assets. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met.

Notes to Financial Statements
June 30, 2013 and 2012

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.

(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) Property, Plant, and Equipment

Property, plant, and equipment 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 10 to 80 years for buildings and improvements.

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.

(i) Revenue

Unrestricted revenues include those items attributable to the University's undergraduate programs, graduate programs, research conducted by academic departments, sales and services of educational activities, and the sales and services of auxiliary services. Tuition and fee revenue are recognized ratably over the academic term. Summer school tuition, fee revenue, and related expenses that are not earned or incurred as of year-end are deferred at June 30, 2013 and 2012 and recorded as revenue and expenses in the succeeding fiscal year.

(j) 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 \$3,623,000 and \$3,523,000 as of June 30, 2013 and 2012, 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.

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Notes to Financial Statements June 30, 2013 and 2012

The University employees' accumulated unused sick leaves are carried over to the next year and are 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.

(k) Annuity Obligations

Annuity obligations represent the actuarially determined present value of future payments due to beneficiaries under split-interest agreements, primarily charitable remainder trusts.

(l) 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, 2013 and 2012.

The University evaluates its tax position in accordance with the provisions of FASB ASC Topic 740-10, *Income Taxes* (formerly, FASB Interpretation No. 48). FASB ASC Topic 740-10 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FASB ASC Topic 740-10 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. A tax position is measured at the largest amount of benefit that is greater than 50% likely being realized upon settlement. The University has no uncertain income tax positions for the years ended June 30, 2013 and 2012.

(m) Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activities. 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.

(n) Fair Value of Financial Instruments

The fair value of the University's financial instruments is determined as follows:

Cash and cash equivalents – Fair value is estimated to be the same as the carrying (book) value because of its short maturity.

Notes to Financial Statements June 30, 2013 and 2012

Short and long-term investments – Fair value of U.S. government securities, mutual funds, stocks, and bonds is the market value based on quoted market prices. For alternative investments, which include hedge funds and private equity investments, fair values are based on the net asset value reported by each fund because it serves as a practical expedient to estimate the fair value of the University's interest. See further discussion at note 3.

Accounts receivable – Fair value is estimated to be the same as the carrying (book) value because of its short maturity.

Pledges receivable – Fair value is determined by computing the present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement was received. The carrying (book) value of pledges receivable approximates fair value.

Loans to students – Fair value cannot be determined without incurring excessive costs. Repayment terms for University loans average less than one year and on average carry a 5% interest rate. The Federal Perkins Loan program (Perkins) has a maximum repayment period of 10 years and carries an average interest rate of 5%.

Accounts payable and accrued liabilities – Fair value is estimated to be the same as the carrying (book) value due to the short maturities of accounts payable; included in accrued liabilities is the present value of future obligations, which is adjusted annually. This carrying (book) value approximates fair value.

Annuity obligations – Fair value is determined by computing the present value of the University's obligation to pay beneficiaries 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 5.0% to 11.3%. Annuity obligations are adjusted annually for these factors.

Long-term debt – Fair value, which is disclosed in note 7, is determined by computing the present value of future payments discounted at the prevailing interest rate for comparable debt instruments at year-end.

(o) Net Assets Reclassified from Temporarily Restricted to Permanently Restricted

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 \$25 million, \$10 million, and \$5.2 million, respectively, of the University's strategic reserves to match commitments to new and existing scholarship endowments dollar for dollar. For the years ended June 30, 2013 and 2012, the University matched commitments to the matching program in the amount of \$6,557,807 and \$17,090,568, respectively. Other reclassifications included reclassifications from permanently restricted to temporarily restricted net assets resulted from changes in donor stipulations of \$3,373,470 for the year ended June 30, 2013, and reclassifications from temporarily restricted to permanently restricted net assets resulted from changes in donor stipulations of \$836,484 for the year ended June 30, 2012.

Notes to Financial Statements June 30, 2013 and 2012

(p) 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.

(q) 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 4.

(r) 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, 2013 and through November 19, 2013.

On August 23, 2013, the University sold the property known as Montecito Avocado Ranch to a current member of the Board of Trustees for \$27,083,790, based on an independent appraisal. The property had been received as a gift to the University in December 2012 from a Chancellor Emeritus.

The University may have a potential tax liability in the year of the sale related to the recapture of tax deductions for depreciation taken by the donor. The University will include any uncertain tax position related to the sale of Montecito Avocado Ranch in the evaluation of its tax position in the year of the sale, in accordance with the provisions of FASB ASC Topic 740-10, *Income Taxes*.

(s) Recent Accounting Pronouncements

ASU No. 2012-05, Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows, will be effective for the University beginning in 2014. The objective of ASU No. 2012-05 is to address the diversity in practice about how to classify cash receipts arising from the sale of certain donated financial assets, such as securities, in the statement of cash flows of not-for-profit entities (NFPs). The amendments in ASU No. 2012-05 require NFPs to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those receipts were from the sales of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash.

The University has evaluated ASU No. 2012-05 and will classify cash receipts arising from the sale of donated financial assets accordingly for reporting periods after the effective date.

(t) Reclassifications

Certain 2012 amounts have been reclassified to conform to the current year presentation.

Notes to Financial Statements June 30, 2013 and 2012

(2) Short- and Long-Term Investments

Investments at June 30 consist of the following:

			2013	
	_	Cost	Unrealized gain (loss)	Market value
Short-term investments:				
U.S. government securities	\$	199,925,948	(355,610)	199,570,338
Mutual funds		11,261,223	4,756,283	16,017,506
Domestic equities		341,360	(228,940)	112,420
Real estate		27,558,790		27,558,790
Other	_	1,093,333		1,093,333
	_	240,180,654	4,171,733	244,352,387
Long-term investment:				
Trustee cash and cash equivalents		1 000 061		1 000 261
for endowments and annuities		1,998,361	(107.660)	1,998,361
U.S. government securities		54,801,047	(197,660)	54,603,387
Alternative investments		115,675,960	54,119,655	169,795,615
Domestic equities		78,640,222	12,379,813	91,020,035
International equities		11,414,870	1,270,478	12,685,348
Real estate		28,418,166	7,248,100	35,666,266
Mutual funds		42,567,618	2,375,541	44,943,159
Beneficial trust interest		12,284,297	1,266,255	13,550,552
Other	-	244,376		244,376
	_	346,044,917	78,462,182	424,507,099
Total all funds	\$	586,225,571	82,633,915	668,859,486

Notes to Financial Statements June 30, 2013 and 2012

			2012	
		Cost	Unrealized gain (loss)	Market value
Short-term investments:				
U.S. government securities	\$	197,763,895	36,538	197,800,433
Mutual funds		11,929,843	3,181,977	15,111,820
Domestic equities		343,464	(223,234)	120,230
Real estate		11,800,000		11,800,000
Other	_	1,092,935		1,092,935
	_	222,930,137	2,995,281	225,925,418
Long-term investment:				
Trustee cash and cash equivalents				
for endowments and annuities		1,801,724		1,801,724
U.S. government securities		53,416,145	(233,216)	53,182,929
Alternative investments		115,578,853	48,736,353	164,315,206
Domestic equities		67,156,341	6,497,763	73,654,104
International equities		6,414,870	79,167	6,494,037
Real estate		29,145,439	7,925,366	37,070,805
Mutual funds		29,535,211	2,705,988	32,241,199
Beneficial trust interest		14,169,659	590,208	14,759,867
Other	_	315,495		315,495
	_	317,533,737	66,301,629	383,835,366
Total all funds	\$	540,463,874	69,296,910	609,760,784

During the years ended June 30, 2013 and 2012, the University paid approximately \$501,000 and \$418,000, respectively, in management and custodian fees, which were netted against endowment income and other investment income in the accompanying statements of activities. 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, 2013, the pool had 75,657,983 shares outstanding, with a fair value of approximately \$4.96 per share, or \$375,109,335. 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 2013 was \$0.21 per share, of which \$0.08 represented income yield. The remaining \$0.13 represented spending of realized and unrealized gains. At June 30, 2012, the pool had 69,260,291 shares outstanding, with a fair value of approximately \$4.79 per share, or \$332,072,540. The distribution for spending in 2012 was \$0.20 per share, of which \$0.07 represented income yield. The remaining \$0.13 represented spending of realized and unrealized gains.

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Notes to Financial Statements June 30, 2013 and 2012

The investment pool consisted of 934 individual endowments at June 30, 2013. Of these endowments, 12 are considered to be "under water" as the fair value of the underlying investments is less than the original gift value. At June 30, 2013, the fair value of the underlying investment related to these 12 endowments totaled approximately \$1,205,500 while the original gift value was approximately \$1,207,000. See additional discussion in note 4(b).

The investment pool consisted of 840 individual endowments at June 30, 2012. Of these endowments, 22 were considered to be "under water" as the fair value of the underlying investments was less than the original gift value. At June 30, 2012, the fair value of the underlying investment related to these 22 endowments totaled approximately \$3,321,000 while the original gift value was approximately \$3,343,000. See additional discussion in note 4(b).

The University has the following split-interest agreements, which are included in long-term investments at June 30, 2013 and 2012:

	2013			
	Number of		Net assets c	lassification
	agreements		Temporary	Permanent
Perpetual trusts held by third party Charitable Remainder Trusts:	3	\$	_	7,950,300
University named trustee	22		4,360,619	9,901,838
Third-party named trustee	9		1,692,494	4,957,757
Charitable Annuity Agreements	73		2,706,216	2,386,348
	107	\$ _	8,759,329	25,196,243

2012				
Number of		Net assets cl	lassification	
agreements		Temporary	Permanent	
3	\$	_	7,483,749	
25		4,812,072	9,481,998	
9		1,604,024	6,722,092	
71		2,726,382	1,157,272	
108	\$_	9,142,478	24,845,111	
	3 25 9 71	25 9 71	Number of agreements Net assets of Temporary 3 \$ — 25 4,812,072 9 1,604,024 71 2,726,382	

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.

Notes to Financial Statements June 30, 2013 and 2012

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 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 2013 and 2012 was approximately \$693,790 and \$4,338,861, respectively.

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

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

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

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

In determining the placement of an investment within the hierarchy, the University separates the investment portfolio into two categories: investments and derivative instruments.

(a) Investments

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

Notes to Financial Statements June 30, 2013 and 2012

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, most 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 and real estate investments, 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).

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct investments in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the University's interest therein, its classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near the date of the statements of financial position and the level of observable inputs. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(b) Derivative Instruments

Derivative instruments can be exchange-traded or privately negotiated over the counter (OTC). Exchange-traded derivatives, such as futures contracts and exchange-traded option contracts, are typically classified within Level 1 or 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded.

OTC derivatives, including forwards, credit default swaps, total return equity swaps, and interest rate swaps, are valued by the University using observable inputs, such as quotations received from the counterparty, dealers, or brokers, whenever available and considered reliable. In instances where models are used, the value of an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, and measures of volatility, prepayment rates, and correlations of such inputs. Certain OTC derivatives, such as generic forwards, swaps, and options, have inputs that can generally be corroborated by market data and are, therefore, classified within Level 2.

Notes to Financial Statements June 30, 2013 and 2012

(c) 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, 2013 and 2012, as well as liquidity of the investments:

	June 30, 2013					
Investment/liquidity	Level 1	Level 2	Level 3	Total		
U.S. government securities: Daily Monthly	253,943,725	230,000		253,943,725 230,000		
Total	253,943,725	230,000		254,173,725		
Alternative investments: Monthly Quarterly Semiannually Illiquid	_ _ _ 	16,114,444 — — —	25,713,161 69,401,389 38,857 58,527,765	41,827,605 69,401,389 38,857 58,527,765		
Total		16,114,444	153,681,172	169,795,616		
Mutual funds: Daily Monthly	46,539,159			46,539,159 14,421,506		
Total	46,539,159		14,421,506	60,960,665		
Domestic equities: Daily Quarterly	90,597,122 535,333			90,597,122 535,333		
Total	91,132,455			91,132,455		
International equities: Daily Total	12,685,348 12,685,348			12,685,348 12,685,348		
Trustee cash and cash equivalents:						
Daily	1,998,361			1,998,361		
Total	1,998,361			1,998,361		
Real estate: Semiannually Locked-up 1 Locked-up 3 Illiquid	 	34,255,839 1,655,001 27,173,790 140,426	 	34,255,839 1,655,001 27,173,790 140,426		
Total	_	63,225,056	_	63,225,056		

Notes to Financial Statements June 30, 2013 and 2012

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Level 1	Level 2	Level 3	Total
\$9,199,316		4,351,236	13,550,552
9,199,316		4,351,236	13,550,552
885,398			885,398
_	_	393,296	393,296
22,082		36,932	59,014
907,480		430,228	1,337,708
\$ 416,405,844	79,569,500	172,884,142	668,859,486
	9,199,316 885,398 22,082 907,480	9,199,316 — 885,398 — 22,082 — 907,480 —	9,199,316 — 4,351,236 885,398 — — — — 393,296 22,082 — 36,932 907,480 — 430,228

June 30, 2012

Investment/liquidity	Level 1	Level 2	Level 3	Total
U.S. government securities:				
Daily	\$ 250,753,362	_		250,753,362
Monthly		230,000		230,000
Total	250,753,362	230,000		250,983,362
Alternative investments:				
Monthly	_	10,455,396	24,791,163	35,246,559
Quarterly	_	_	64,145,409	64,145,409
Semiannually		_	410,608	410,608
Illiquid			64,512,630	64,512,630
Total		10,455,396	153,859,810	164,315,206
Mutual funds:				
Daily	34,214,271	_		34,214,271
Monthly			13,138,748	13,138,748
Total	34,214,271		13,138,748	47,353,019
Domestic equities:				
Daily	73,252,356	_		73,252,356
Quarterly	521,978			521,978
Total	73,774,334			73,774,334
International equities:				
Daily	6,494,037			6,494,037
Total	6,494,037			6,494,037

Notes to Financial Statements June 30, 2013 and 2012

June 30, 2012

		June 3	00, 2012	
Investment/liquidity	Level 1	Level 2	Level 3	Total
Trustee cash and cash equivalents:				
Daily	\$ 1,801,724			1,801,724
Total	1,801,724			1,801,724
Real estate:				
Semiannually	_	46,967,807	_	46,967,807
Locked-up 1	_	1,655,001		1,655,001
Locked-up 3		90,000		90,000
Illiquid		157,997		157,997
Total		48,870,805		48,870,805
Beneficial trust interest:				
Locked-up 1	8,711,729		6,048,138	14,759,867
Total	8,711,729		6,048,138	14,759,867
Other:				
Daily	885,000	_		885,000
Illiquid	, <u> </u>		393,296	393,296
Locked-up 2	19,337		110,797	130,134
Total	904,337		504,093	1,408,430
Grand total	\$ 376,653,794	59,556,201	173,550,789	609,760,784

The following table includes a rollforward of the amounts for the years ended June 30, 2013 and 2012 for financial instruments classified within Level 3. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Fair value measurement using Level 3 inputs:

	_	Mutual funds/other	Private equity	Hedged/ absolute	Total
Balances at June 30, 2012	\$	19,690,979	50,701,455	103,158,355	173,550,789
Donated		_	_	_	
Purchases		4,282	7,598,580	2,455,650	10,058,512
Sales		(1,886,001)	(11,844,895)	(3,112,227)	(16,843,123)
Unrealized gains	_	1,393,710	(3,006,759)	7,731,013	6,117,964
Balances at June 30, 2013	\$	19,202,970	43,448,381	110,232,791	172,884,142

Notes to Financial Statements June 30, 2013 and 2012

	_	Mutual funds/other	Private equity	Hedged/ absolute	Total
Balances at June 30, 2011	\$	14,780,698	50,937,010	98,685,810	164,403,518
Donated		4,641,070	_		4,641,070
Purchases		446,513	17,944,926	20,248,202	38,639,641
Sales		(423,870)	(18,777,180)	(17,401,120)	(36,602,170)
Unrealized gains	_	246,568	596,699	1,625,463	2,468,730
Balances at June 30, 2012	\$_	19,690,979	50,701,455	103,158,355	173,550,789

All unrealized gains (losses) in the tables above are reflected in the accompanying statements of activities. There have been no transfers between Level 1 and Level 2 investments, and no transfers into or out of Level 3 investments during the years ended June 30, 2013 and 2012.

(4) Endowments

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

The University's endowments consist of 934 and 840 individual funds as of June 30, 2013 and 2012, 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 permanently restricted.

The remaining portion of the donor-restricted fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets 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

Notes to Financial Statements June 30, 2013 and 2012

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

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

		Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2013: Board-designated					
endowment funds Donor-restricted	\$	87,162,130	_	_	87,162,130
endowment funds			86,711,515	245,475,883	332,187,398
	\$	87,162,130	86,711,515	245,475,883	419,349,528
	•				
		Unrestricted	Temporarily restricted	Permanently restricted	Total
June 30, 2012:					
Doard-designated					
Board-designated endowment funds Donor-restricted	\$	75,314,356	_	_	75,314,356
endowment funds	\$	75,314,356	<u>82,899,860</u>		75,314,356 311,435,501

Notes to Financial Statements June 30, 2013 and 2012

The changes in endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets,				
June 30, 2012	\$ 75,314,356	82,899,860	228,535,641	386,749,857
Investment return:				
Investment income	6,270,865	1,341		6,272,206
Net realized and	21 410 411	202 500		21 002 200
unrealized gains (losses)	21,410,411	392,789		21,803,200
Total investment				
return	27,681,276	394,130	_	28,075,406
Private gifts	1,223,213	_	11,337,618	12,560,831
Appropriation of endowment				
assets for expenditures	(15,803,990)			(15,803,990)
Present value adjustments		78,152	_	78,152
Reinvested income	93,129	754,776		847,905
Transfer to board-designated endowments	(1,345,854)	_	_	(1,345,854)
Reclassification of restricted		2 504 505	5 (02 (24	0.107.221
net assets		2,584,597	5,602,624	8,187,221
Changes	11,847,774	3,811,655	16,940,242	32,599,671
Endowment net assets,				
June 30, 2013	\$ 87,162,130	86,711,515	245,475,883	419,349,528

Notes to Financial Statements June 30, 2013 and 2012

	-	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets,					
June 30, 2011	\$	84,444,567	84,614,636	185,150,949	354,210,152
Investment return:					
Investment income		4,447,819	2,926	_	4,450,745
Net realized and unrealized gains (losses)		6,808,004	(2,394,877)		4,413,127
Total investment					
return		11,255,823	(2,391,951)	_	8,863,872
Private gifts		99,748	_	25,446,640	25,546,388
Appropriation of endowment					
assets for expenditures		(13,372,262)		_	(13,372,262)
Present value adjustments Reinvested income		_	(7,993)	_	(7,993)
Transfer to board-designated		_	685,168		685,168
endowments		(7,113,520)			(7,113,520)
Reclassification of restricted		(-, -,,			(,
net assets				17,938,052	17,938,052
Changes	-	(9,130,211)	(1,714,776)	43,384,692	32,539,705
Endowment net assets,					
June 30, 2012	\$	75,314,356	82,899,860	228,535,641	386,749,857

(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 12 funds considered underwater with a deficiency of approximately \$1,500 at June 30, 2013, and 22 funds considered underwater with a deficiency of approximately \$22,000 at June 30, 2012. The deficiency is recorded as unrestricted net unrealized losses on endowment 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 targets a diversified asset allocation. For the years ended June 30, 2013 and 2012, the estimated investment emphasis included: Large Capitalization Equities (15.0%), Small/Mid Capitalization Equities (12.5%), International Equities (12.5%), Hedged Funds (15.0%), Private

Notes to Financial Statements June 30, 2013 and 2012

Equities (2.5%), Absolute Return funds (12.5%), Fixed Income (15.0%), and Real Estate and Other investment (15.0%). The profile is reviewed quarterly and rebalanced as needed.

(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, 2013 and 2012, the approved percentage was 4.5% of a moving 12-quarter average of the market value of such funds.

(5) Pledges Receivable

Pledges receivable are summarized as follows at June 30:

	_	2013	2012
Unconditional promises expected to be collected in:			
Less than one year	\$	10,874,408	12,851,731
One to five years		14,074,248	20,825,975
Greater than six years	_	24,899,000	8,788,000
		49,847,656	42,465,706
Less allowance for uncollectible pledges		(4,984,766)	(4,246,571)
Less present value discount $(2.7\% - 8.0\%)$		(14,117,737)	(7,530,445)
Net pledges receivable	\$ _	30,745,153	30,688,690

Included in pledges receivable is the present value of approximately \$10,132,533 and \$9,947,000 as of June 30, 2013 and 2012, respectively, in pledges from members of the board of trustees. For the years ended June 30, 2013 and 2012, the University did not conduct any additional transactions with members of the board of trustees that were not negotiated at arm's length.

Notes to Financial Statements June 30, 2013 and 2012

(6) Property, Plant, and Equipment

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

	_	2013	2012
Land	\$	8,748,321	8,673,427
Land improvements		24,324,274	22,903,391
Buildings and improvements		602,946,085	568,756,057
Equipment		51,251,945	48,293,266
Library books		8,581,880	8,490,392
Construction in progress	_	9,755,778	18,860,338
		705,608,283	675,976,871
Less accumulated depreciation	_	(151,815,360)	(141,175,633)
	\$ _	553,792,923	534,801,238

The University had approximately \$12,204,000 and \$13,605,000 of depreciation expense for the years ended June 30, 2013 and 2012, respectively, which was reported within all functions in the accompanying statements of activities.

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, 2013 and 2012, respectively, an asset retirement obligation of approximately \$8,253,000 and \$8,080,000 is included in accounts payable and accrued liabilities.

Notes to Financial Statements June 30, 2013 and 2012

(7) Long-Term Debt

Bonds payable at June 30 consist of the following:

		2013	2012
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2013 Colorado Educational and Cultural Facilities Authority	\$	22,780,000	_
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2012 Colorado Educational and Cultural Facilities Authority		8,370,000	8,370,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2008 Colorado Educational and Cultural Facilities Authority		6,730,000	7,270,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2007		39,920,000	39,920,000
Colorado Educational and Cultural Facilities Authority Refunding Revenue Bonds, Series 2005A		29,885,000	29,945,000
Colorado Educational and Cultural Facilities Authority Revenue Bonds, Series 2005B		16,955,000	40,440,000
Colorado Educational and Cultural Facilities Authority Revenue Bonds, Series 2001B	_		2,525,000
		124,640,000	128,470,000
Unamortized bond premium		6,294,313	5,429,290
Total long-term debt		130,934,313	133,899,290
Less current installments	_	5,805,000	5,370,000
Long-term debt, excluding current installments	\$	125,129,313	128,529,290

The University had approximately \$6,017,705 and \$6,368,667 of interest expense for the years ended June 30, 2013 and 2012, respectively, which was reported in various functions under plant in the accompanying statements of activities. Interest of approximately \$6,126,000 and \$6,441,000 was paid in cash during the years ended June 30, 2013 and 2012, respectively. The fair value of bonds payable was approximately \$126,198,000 and \$128,150,000 at June 30, 2013 and 2012, respectively.

(a) Issuance of Series 2013 Bonds

In February 2013, the Colorado Educational and Cultural Facilities Authority (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 mandatory annual sinking fund redemption payments starting in 2014 of \$140,000, increasing to \$2,255,000 in 2030. Interest is payable semiannually at rates ranging from 2.00% to 4.00%.

Notes to Financial Statements June 30, 2013 and 2012

(b) Issuance of Series 2012 Bonds

In March 2012, the Authority issued \$8,370,000 of University of Denver Revenue Bonds, Series 2012. The proceeds from the sale of the 2012 bonds were used to (1) refund \$8,530,000 aggregate principal amount of the Authority's Revenue Bonds Series 2001B and (2) pay certain costs associated with the issuance of the 2012 Bonds.

The bond agreement provides for mandatory annual sinking fund redemption payments starting in 2014 of \$2,685,000, increasing to \$2,860,000 in 2016. Interest is payable semiannually at 4.00%.

(c) Issuance of Series 2008 Bonds

In February 2008, the Authority issued \$9,390,000 of University of Denver Refunding Revenue Bonds, Series 2008. The proceeds from the sale of the 2008 bonds were used to (1) refund all of the Authority's Revenue Bonds (University of Denver Project) Series 1997 Bonds outstanding in the aggregate principal amount of \$9,725,000 and (2) pay certain costs associated with the issuance of the 2008 Bonds.

The bond agreement provides for mandatory annual sinking fund redemption payments of \$540,000 in 2013, increasing to \$2,535,000 in 2018. Interest is payable semiannually at rates ranging from 3.00% to 5.00%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(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 mandatory annual sinking fund redemption payments of \$1,650,000 in 2023, \$5,825,000 in 2024, \$6,135,000 in 2025, \$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) Issuance of Series 2005A Bonds

In July 2005, the Authority issued \$30,255,000 of University of Denver Refunding Revenue Bonds, Series 2005A. The proceeds from the sale of the 2005A bonds were used to (1) advance refund \$29,670,000 aggregate principal amount of the Authority's Revenue Bonds (University of Denver Project) Series 2000; (2) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2005A Bonds; and (3) pay certain costs associated with the issuance of the 2005A Bonds.

Notes to Financial Statements June 30, 2013 and 2012

The bond agreement provides for mandatory annual sinking fund redemption payments of \$60,000 in 2013, increasing to \$6,750,000 in 2022. Interest is payable semiannually at rates ranging from 3.00% to 5.00%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(f) Issuance of Series 2005B Bonds

In November 2005, the Authority issued \$61,815,000 of University of Denver Revenue Bonds, Series 2005B. The proceeds from the sale of the 2005B bonds were used to (1) finance a portion of the construction, acquisition, and furnishing of a residences hall and a parking facility; (2) pay capitalized interest; (3) refund \$7,075,000 in outstanding bonds of the Authority's Revenue Bonds Series 1997; (4) refund \$8,700,000 in outstanding bonds of the Authority's Revenue Bonds Series 2000; (5) purchase a municipal bond insurance policy and a reserve fund surety bond for the 2005B Bonds; and (6) pay certain costs associated with the issuance of the 2005B Bonds.

As mentioned above, \$14,905,000 of the 2005B Series Bonds was legally defeased during fiscal year 2007 from proceeds of the 2007 bonds and removed from the accounting records of the University and \$21,240,000 of the 2005B Series Bonds was legally defeased during fiscal year 2013 from proceeds of the 2013 bonds and removed from the accounting records of the University.

The bond agreement provides for mandatory annual sinking fund redemption payments of \$2,245,000 in 2013, increasing to \$7,140,000 in 2023. Interest is payable semiannually at rates ranging from 4.00% to 5.25%. Payment of principal and interest on the bonds is guaranteed by Financial Guaranty Insurance Corporation.

(g) Issuance of Series 2001B Bonds

In December 2001, the Authority issued \$23,000,000 of University of Denver Revenue Bonds, Series 2001B. The proceeds from the sale of the 2001B bonds were used to (1) finance the construction of a law school; (2) obtain a municipal bond insurance policy for the bonds; (3) obtain a reserve fund surety bond for the bonds; (4) obtain a liquidity facility for the bonds; and (5) pay certain costs associated with the issuance of the bonds.

In March 2012, \$8,530,000 was legally defeased from proceeds of the Series 2012 bonds and removed from the accounting records of the University.

In March 2013, the remaining principal amount of \$2,525,000 was paid.

Notes to Financial Statements

June 30, 2013 and 2012

(h) Aggregate Annual Maturities of Bonds Payable

At June 30, 2013, the aggregate annual maturities of bonds payable for the five succeeding years and thereafter are as follows:

2014	\$ 5,805,000	
2015	6,050,000	
2016	6,260,000	
2017	6,590,000	
2018	6,895,000	
Thereafter	93,040,000	
	\$ 124,640,000	

(i) Restrictive Bond Covenants

The University is required by bond covenants to maintain expendable resources (as defined by the Loan Agreement) of at least 75% of the outstanding principal of its long-term debt and maintain a debt service coverage ratio (as defined by the Loan Agreement) of at least 1.15. 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.

(j) 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.

(8) Retirement Plan

Full-time employees, including part-time employees who work at least 20 hours per week for at least six months, of the University are eligible to participate in a contributory tax-deferred annuity retirement plan (the Retirement Plan) under Section 403(b) of the Code. Administrators, faculty members, and staff-appointed employees are eligible to participate in the Retirement Plan after one year of service. Participating employees may contribute up to 4% of their base salary, limited by the Code to \$17,500 per employee. The University contributes an amount twice that of the employee up to 8%. Participants have a fully vested interest in the total contributions immediately. Accounts of each employee are invested at the employee's discretion. Under the Retirement Plan, the University contributed approximately \$10,268,712 and \$9,493,000 for the years ended June 30, 2013 and 2012, respectively, which were charged to operations expenses.

(9) 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

Notes to Financial Statements June 30, 2013 and 2012

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, 2013, the Healthcare Plan covered 224 retirees with an additional 2,164 active employees potentially eligible for coverage. At June 30, 2012, the Healthcare Plan covered 224 retirees with an additional 2,111 active employees potentially eligible for coverage. The Healthcare Plan is noncontributory.

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

	2013	2012
Accrued postretirement benefit obligation (APBO),		
beginning of year	\$ 3,675,065	3,057,249
Service cost	102,315	66,027
Interest cost	133,684	149,863
Change in assumptions loss	_	
Actuarial loss	(458,461)	563,938
Benefits paid	 (156,477)	(162,012)
APBO (all unfunded), end of year	\$ 3,296,126	3,675,065

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

	 2013	2012
Service cost	\$ 102,315	66,027
Interest cost	133,684	149,863
Amortization of transition obligation	99,470	99,472
Amortization of prior service cost	37,233	37,478
Recognized net actuarial gain	 26,323	
Net periodic postretirement benefit cost	\$ 399,025	352,840

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 4.43% and 3.74% for June 30, 2013 and 2012, respectively. It is the University's policy to fund the benefit cost with current cash balances. Under the Healthcare Plan, the University paid benefits of approximately \$156,000 and \$162,000 for the years ended June 30, 2013 and 2012, respectively, which were charged to operating expenses.

Notes to Financial Statements
June 30, 2013 and 2012

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

2014	\$ 177,565
2015	183,840
2016	188,897
2017	192,603
2018	197,447
2019 - 2022	 1,050,456
Total	\$ 1,990,808

For the years ended June 30, 2013 and 2012, 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, 2013.

(10) Loans to Students

Student loans made through Perkins constitute substantially all of the student loans outstanding at June 30, 2013 and 2012. 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 2013 and 2012, 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.

At June 30, 2013 and 2012, 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, 2013 and 2012, the allowance for possible loan losses of these funds was \$153,000.

(11) Fund-Raising Expenses

The University had fund-raising expenses of approximately \$10,938,000 and \$10,381,000 in 2013 and 2012, respectively, which were recognized in institutional support in the accompanying statements of activities.

(12) Commitments and Contingencies

At June 30, 2013 and 2012, the University had outstanding commitments totaling approximately \$5,495,000 and \$12,544,000, respectively, for contracts related to various construction projects on campus.

Notes to Financial Statements
June 30, 2013 and 2012

During the 2013 fiscal year, the University invested approximately \$5,300,000 in 17 long-term partnerships, all of which were formed prior to the 2013 fiscal year, bringing its cumulative contributions to the partnerships to approximately \$86,000,000. Under the terms of the partnership agreements, the University and other investors are committed to fund additional investments. As of June 30, 2013, the University's remaining commitments to 11 partnerships total approximately \$23,500,000.

During the 2012 fiscal year, the University invested approximately \$8,900,000 in 17 long-term partnerships, 15 of which were formed prior to the 2012 fiscal year, bringing its cumulative contributions to the partnerships to approximately \$80,800,000. Under the terms of the partnership agreements, the University and other investors are committed to fund additional investments. As of June 30, 2012, the University's remaining commitments to 11 partnerships totaled approximately \$28,900,000.

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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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

The Board of Trustees University of Denver (Colorado Seminary):

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the University of Denver (Colorado Seminary) (the University), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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



results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Denver, Colorado November 19, 2013



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Independent Auditors' Reports on Compliance for Each Major Federal Program; Internal Control over Compliance; and the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The Board of Trustees University of Denver (Colorado Seminary):

Report on Compliance for Each Major Federal Program

We have audited the University of Denver (Colorado Seminary) (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University of Denver (Colorado Seminary) complied, in all material respects, with the types of 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, 2013.



Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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 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.

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the University as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated November 19, 2013, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Denver, Colorado November 19, 2013

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal granting agency	CFDA number	Federal expenditures
Research and Development Cluster: Department of Agriculture: Pass-through awards	10.558	\$ 37,990
Direct payments	10.912	14,021
Total Department of Agriculture		52,011
Department of Commerce: National Institute of Standards and Technology: Direct payments	11.609	165,812
Total Department of Commerce		165,812
Department of Defense: Direct payments Pass-through awards	12.300 12.300	143,192 15,385
Subtotal 12.300		158,577
Pass-through awards Direct payments Pass-through awards	12.404 12.420 12.420	39,438 100,596 31,378
Subtotal 12.420		131,974
Total Department of Defense		329,989
Department of Housing and Urban Development: Pass-through awards	14.866	16,032
Total Department of Housing and Urban Development		16,032
Department of the Interior: Direct payments Direct payments Total Department of the Interior	15.511 15.922	2,515 40,464 42,979
Department of Justice:		,
Pass-through awards Direct payments Pass-through awards	16.540 16.560 16.560	1,964 1,154,261 757,735
Subtotal 16.560		1,911,996
Direct payments Pass-through awards	16.562 16.582	11,391 27,869
Total Department of Justice		1,953,220
Department of Transportation: Direct payments Pass-through awards	20.801 20.801	442,563 5,043
Total Department of Transportation	20.001	447,606

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal granting agency	CFDA number		Federal expenditures
Department of the Treasury:			
Direct payments	21.008	\$_	90,186
Total Department of the Treasury		-	90,186
National Aeronautics and Space Administration (NASA): Direct payments Direct payments Pass-through awards	43.000 43.001 43.001	_	135,439 164,248 172,705
Subtotal 43.001		_	336,953
Total NASA			472,392
National Endowment for the Arts and Humanities: Pass-through awards Direct payments Direct payments	45.025 45.169 45.313	<u>-</u>	2,500 80,501 199,816
Total National Endowment for the Arts and Humanities		_	282,817
National Science Foundation: Direct payments Pass-through awards Pass-through awards – American Recovery and	47.041 47.041		650,292 81,534
Reinvestment Act	47.041	-	159,122
Subtotal 47.041		-	890,948
Direct payments – American Recovery and Reinvestment Act	47.049 47.049	-	900,340 144,322
Subtotal 47.049		-	1,044,662
Direct payments Direct payments Direct payments Direct payments Direct payments Pass-through awards	47.050 47.070 47.074 47.075 47.076 47.076	<u>-</u>	26,538 845,936 218,999 32,776 661,488 116,089
Subtotal 47.076		_	777,577
Direct payments Direct payments	47.078 47.081	-	58,432 226,708
Total National Science Foundation		-	4,122,576
Department of Energy Direct payments Pass-through awards – American Recovery and	81.049		217,613
Reinvestment Act	81.087		38,606

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal granting agency	CFDA number		Federal expenditures
Pass-through awards	81.089	\$	48,668
Direct payments – American Recovery and Reinvestment Act	81.122	_	1,040
Pass-through awards	81.135		53,857
Total Department of Energy			359,784
Department of Education:			
Direct payments	84.022		17,571
Direct payments	84.116		9,140
Direct payments	84.133		31,727
Direct payments	84.305		1,421,496
Pass-through awards	84.367		167,800
Total Department of Education			1,647,734
United States Institute of Peace			
Direct payments	91.001		1,449
Total United States Institute of Peace			1,449
Department of Health and Human Services:			
Pass-through awards	93.113		112,848
Direct payments	93.173		304,343
Pass-through awards	93.173		937
Subtotal 93.173		•	305,280
Direct payments	93.213		66,208
Direct payments	93.242		280,897
Direct payments	93.273		46,755
Direct payments	93.279		65,497
Pass-through awards	93.279		1,233
Subtotal 93.279			66,730
Pass-through awards	93.283		176,081
Direct payments	93.286		421,332
Pass-through awards	93.286		176,516
Subtotal 93.286			597,848
Direct payments	93.310		20,849
Pass-through awards	93.564		8,474
Direct payments	93.595		7,200
Direct payments	93.600		560,841
Pass-through awards	93.605		9,939
Direct payments	93.648		446,707
Pass-through awards	93.648		428,071
Subtotal 93.648			874,778

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal granting agency	CFDA number		Federal expenditures
Pass-through awards	93.652	\$	464,747
Pass-through awards	93.658		1,210,286
Pass-through awards	93.667		8,679
Direct payments - American Recovery and Reinvestment Act	93.701		120,079
Direct payments	93.847		120,392
Direct payments	93.853		274,155
Direct payments	93.855		139,260
Direct payments	93.859		254,560
Direct payments	93.865		1,823,309
Pass-through awards	93.865	,	494,295
Subtotal 93.865		,	2,317,604
Pass-through awards	93.866		11,126
Direct payments	93.933	,	229,508
Total Department of Health and Human Services			8,285,124
Corporation for National and Community Service			
Pass-through awards	94.019	·	207,944
Total Corporation for National and Community Service		·	207,944
Department of Homeland Security			
Pass-through awards	97.061	,	17,396
Total Department of Homeland Security			17,396
Total Research and Development Cluster			18,495,051

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

Federal granting agency	CFDA number	 Federal expenditures
Student Financial Assistance Cluster:		
Department of Education:		
Federal Supplemental Education Opportunity Grant Program	84.007	\$ 430,857
Federal Work Study Program	84.033	1,404,213
Total Department of Education		1,835,070
Federal Perkins Loan Program	84.038	2,604,405
Federal Pell Grant Program	84.063	4,091,291
Federal Direct Student Loan Program	84.268	132,724,642
Teacher Education Assistance for College and Higher		
Education (TEACH) Grants	84.379	338,566
		139,758,904
Total Department of Education – Student Financial		
Assistance Cluster		141,593,974
Total federal awards		\$ 160,089,025

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2013

(1) Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) presents the activity of federal award programs of the University of Denver (Colorado Seminary) (the University) for the year ended June 30, 2013. Federal awards received directly from federal agencies are included in the Schedule as well as federal guaranteed loans disbursed by other sources. Additionally, all federal awards passed through from other entities have also been included on the Schedule. Although the University is required to match certain grants, as defined in the grants, no such matching is included in the Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in note 1 to the University's financial statements.

(3) Federal Direct Student Loan Program

During the year ended June 30, 2013, the University participated in the Federal Direct Student Loan Program (Direct Student Loans). Such transactions are not reported in the University's statement of activities as they represent agency transactions under accounting principles generally accepted in the United States of America. During the year ended June 30, 2013, the University received and disbursed approximately \$133 million in Direct Student Loans funds on a cash basis. Amounts reported on the Schedule are reported on an accrual basis. The difference between the University's receipts and disbursements is reported as accounts receivable under operations in the statement of financial position.

(4) Federal Perkins Loan Program

Student loans made through the Federal Perkins Loan Program (Perkins) constitute substantially all of the student loans outstanding at year-end. The total balance due on Perkins loans is approximately \$19 million as of June 30, 2013.

Prior to fiscal year 2005, contributions to the Perkins programs were funded 75% by the federal government with the University providing the remaining 25%; for fiscal years after 2006, 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. Due to federal regulations, no loans of Perkins have been written off since the inception of Perkins.

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2013

(5) Pass-Through Awards

On the accompanying Schedule, the following grants were received as pass-through awards:

Grantor agency	CFDA number	Contract/grantor number	 Expenditures
Colorado Department of Public			
Health and Environment	10.558	00013-09	\$ 25,980
Colorado Department of Public			
Health and Environment	10.558	11 FLA 14649	12,010
eCrossCulture Corporation	12.300	NGO00001	15,385
University of Colorado Denver	12.404	FY13.315.002 AMD 2	39,438
University of Colorado Denver	12.420	W81XWH-12-0090, FY13.375.002	31,378
Denver Housing Authority	14.866	Contract dated 3/6/12	16,032
City and County Of Denver	16.540	Contract signed 1/7/13	1,964
Lockheed Martin	16.560	7200006724 & 8946	222,352
Pennsylvania State University	16.560	SA11-08	535,383
Rocky Mountain Victim Law Center	16.582	2012-VF-GX-K018	27,869
Mississippi State University	20.801	0631300-363277-02	5,043
United Negro College Fund			
Special Corporation	43.001	Letter dated 1/29/13	8,880
NASA/Space Telescope			
Science Institute	43.001	HST-GO-12157.01-A	14,064
Jet Propulsion Lab	43.001	RSA NO. 1428128	130,054
NASA/Space Telescope			
Science Institute	43.001	HST-AR-12205.01-A	19,707
Western States Arts Federation	45.025	TW20120249	2,500
FemtoScale, Inc.	47.041	S-2012-01 & 02	81,534
Tennessee Technical University	47.041	P005673	159,122
American Assoc of Variable			
Star Observers	47.076	Contract dated 12/1/09	1,945
Illinois State University	47.076	12C132.01	114,144
National Renewable Energy Lab	81.087	KXEA-9-99014-02	38,606
National Renewable Energy Lab	81.089	KXEA-9-99014-01	6,877
National Renewable Energy Lab	81.089	KXEA-9-99014-03	35,519
National Renewable Energy Lab	81.089	KXEA-9-99014-04/05	6,272
Physical Sciences, Inc	81.135	SC 1733-53365	53,857
Colorado Department of Public			
Education	84.367	B2011-12-3	167,800
Dartmouth College	93.113	822 & 980	40,942
University of Colorado Boulder	93.113	1548993	71,906
University of Colorado Denver	93.173	FY13.009.001	937
University of Colorado Denver	93.279	FY10.243.00	1,233

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2013

Grantor agency	CFDA number	Contract/grantor number	Expenditures
Colorado Foundation for Public			
Health & Environment	93.283	2007-RIHEL-DU	\$ 176,081
University of Chicago	93.286	35152-1, AMEND 5	176,516
Colorado Department of Human	, , , , , ,		
Services	93.564	OE IHA CSDR1300002	8,474
Kids Central, Inc.	93.605	P1112TRG-D090	9,939
Research Foundation of State	, , , , ,		
University of New York	93.648	Contract Dated 10/21/11	92,378
Research Foundation of State	, , , , ,		,
University of New York	93.648	12-43	295,428
University of Montana	93.648	PG12-64360-01	14,093
University of Montana	93.648	PG13-64401-01	26,172
City and County Of Denver	93.652	CC #GE81304-2	59,286
University of Texas/Arlington	93.652	26-1602-04	71,557
University of Texas/Arlington	93.652	26-1602-1061	307,657
University of Southern Maine	93.652	6481423	3,641
Colorado Department of	, , , , , ,		2,01-
Human Services	93.652	OE-IHA-CWSX1200024	22,606
Colorado Department of			,
Human Services	93.658	IHA STFC1230891, 925 & 949	2,637
Colorado Department of		,	,
Human Services	93.658	CMS 43442	629,476
Colorado Department of			,
Human Services	93.658	CMS 43169	62,872
Colorado Department of			
Human Services	93.658	OE IHA STFC 1300002/3	27,534
Colorado Department of			
Human Services	93.658	12 IHA 30949	133,682
Colorado Department of			
Human Services	93.658	IHA STFC1344396	246,753
Colorado Department of			
Human Services	93.658	IHA IHASTFC13461	107,332
Colorado Department of			
Human Services	93.667	OE IHA CWSX1300028	1,608
University of Southern Maine	93.667	PO 6100102592	4,507
University of Southern Maine	93.667	PO 6100112395	2,564
University of California-Irvine	93.865	2012-2882	47,966
University of Colorado/Boulder	93.865	1548899/PO1000064830	164,848
University of Colorado/Boulder	93.865	1548897/PO1000064837	118,155
University of Colorado/Boulder	93.865	155109/PO1000182802	49,019
University of Colorado/Boulder	93.865	1550107/PO100188609	114,307
University of Colorado/Boulder	93.866	1547268	11,126
Mile High United Way	94.019	Agreement Dated 5/18/12	82,981
Mile High United Way	94.019	Sub-Grant 2012-010	107,329
Mile High United Way	94.019	Agreement Dated 4/16/13	17,634
University of Maryland	97.061	Z901217	17,396
Total			\$ 5,102,287

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2013

(6) Subrecipients

The University passed through approximately \$1.9 million to subrecipients in the Research and Development cluster for the year ended June 30, 2013. On the accompanying Schedule, the following amounts were disbursed to subrecipients:

	CFDA	Contract/grantor	
Grantor agency	number	<u>number</u>	Expenditures
Abt Associates, Inc.	84.305	R305A080700	\$ 103,621
Abt Associates, Inc.	84.305	R305A120813	94,458
American Institute for Research	84.367	B2011-12-3	22,592
Architectural Testing, Inc.	16.560	2009-IJ-XZ-K010	55,800
Aurora Mental Health Center	93.658	12 IHA 30949	8,210
Case Western University	47.076	DRL-1313695	62,381
Colorado Coalition Against			
Domestic Violence	93.865	1R01HD066503-04	113,061
Correct Tech, LLC.	16.560	2010-IJ-CX-K003	78,281
Denver Public Schools	84.367	B2011-12-3	43,735
Fredric Rieders Family Renaissance	16.560	2012-DN-BX-K035	43,533
Georgia Tech Research			
Corporation	84.133	ECCS-1028710	1,277
Hazardous Devices Program			
Support, Inc.	16.560	SA11-08	111,111
John S. Shaeffer	16.560	2010-IJ-CX-K003	31,875
Joseph Dempsey	16.560	SA11-08/2009-IJ-CX-K010	56,971
Kinsley and Associates, LLC	16.560	2010-IJ-CX-K003	6,519
Margaret J. Roberts, LLC	93.648	90CT0146/05	12,200
Mental Health Corporation of Denver	93.600	90YR0056/02	41,975
MET Laboratories, Inc.	16.560	2009-IJ-CX-K010	60,500
Michigan State University	47.076	DRL-1313718	24,291
Minot State University	93.648	90CT0146/03	167
Mississippi State University	20.801	DTRT06-G-0050; MOD#6	62,152
Native American Training			
Institute	93.648	90CT0146/04 & 05	50,208
OMNI Institute, Inc.	94.019	Sub-grant 2012-010	27,500
Oregon Social Learning Center			
Foundation	93.600	90YR0056/02	105,417
Portland State University	84.116	P116J080019-11	4,449
State University of New York	47.076	DRL-1313718	141,737
State University of New York	84.305	R305A070491	38,444
State University of New York	84.305	R305A080700	44,919
State University of New York	84.305	R305A120813	238,411
Rutgers University	47.076	DRL-1313718	31,167
TEQ Services, Inc.	16.560	SA11-08	8,160
University of Chicago	93.286	5R01EB000557-09	3,379
University of Colorado at Denver	93.933	5R00AT004983-03	8,224

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2013

Grantor agency	CFDA number	Contract/grantor number	 Expenditures
University of Colorado at Denver	93.865	5R01HD048780-08	\$ 23,893
University of Kansas	93.286	1R01EB015497-01	3,691
University of Michigan	47.076	DRL-1313718	39,872
University of North Dakota	93.648	90CT0146/03 & 04	9,004
University of Pennsylvannia	47.070	CNS-0923518	81,614
Total			\$ 1,894,799

Schedule of Findings and Questioned Costs
Year ended June 30, 2013

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unmodified Opinion**
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: **None Reported**

Material weaknesses: No

- (c) Noncompliance that is material to the financial statements: No
- (d) Significant deficiencies in internal control over major programs: None Reported

Material weaknesses: No

- (e) The type of report issued on compliance for major programs: **Unmodified Opinion**
- (f) Any audit findings, which are required to be reported under Section 510(A) of OMB Circular A-133: **No**
- (g) Major programs: **Student Financial Assistance** (various CFDA numbers) and **Research and Development** (various CFDA numbers)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported

(3) Findings and Questioned Costs Relating to Federal Awards

None reported