Missouri State University Foundation

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2025

Missouri State University Foundation
Contents
June 30, 2025

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Independent Auditor's Report

Board of Trustees
Missouri State University Foundation
Springfield, Missouri

Opinion

We have audited the consolidated financial statements of Missouri State University Foundation, which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Missouri State University Foundation as of June 30, 2025 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Missouri State University Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Missouri State University Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri State University Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Forvis Mazars, LLP

Springfield, Missouri
December 2, 2025

Missouri State University Foundation
Consolidated Statement of Financial Position
June 30, 2025 (with Comparative Totals for June 30, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 27,193,389	$ 44,745,299
Accounts receivable, net	3,960	4,814
Prepaid expenses	2,436,581	1,324,514
Investments	190,582,456	155,416,739
Investments held in trust	1,960,596	1,892,023
Investments held for resale	133,734	133,734
Pledge receivables, net	12,449,891	12,376,277
Cash value of life insurance	118,277	425,420
Right-of-use assets - operating leases	636,693	894,675
Right-of-use assets - operating leases, accumulated amortization	(149,403)	(118,569)
Real estate and equipment, at cost	2,268,403	3,335,253
Accumulated depreciation	(417,100)	(315,059)
Total Assets	$ 237,217,477	$ 220,115,120
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 6,438,195	$ 7,405,269
Deferred revenue	872,183	1,615,624
Annuity obligations	82,721	141,163
Operating lease liabilities	484,203	801,106
Funds managed for Missouri State University	6,199,762	6,199,762
Total Liabilities	14,077,064	16,162,924
Net Assets		
Without donor restrictions	22,828,572	20,192,812
With donor restrictions		
Purpose restrictions or time-restricted for future periods	107,870,497	94,969,160
Perpetual in nature	92,441,344	88,790,224
Net Assets With Donor Restrictions	200,311,841	183,759,384
Total Net Assets	223,140,413	203,952,196
Total Liabilities and Net Assets	$ 237,217,477	$ 220,115,120

Missouri State University Foundation
Consolidated Statement of Activities
Year Ended June 30, 2025 (with Comparative Totals for the Year Ended June 30, 2024)

	Without Donor Restrictions	2025 With Donor Restrictions – Purpose or Time-Restricted	With Donor Restrictions – Perpetual in Nature	Total With Donor Restrictions	Total	2024
Revenues, Gains, and Other Support						
Contributions	$ 387,224	$ 15,450,733	$ 4,874,215	$ 20,324,948	$ 20,712,172	$ 20,613,562
In-kind contributions	-	3,997,304	-	3,997,304	3,997,304	4,284,948
Investment return, net	5,989,383	11,428,672	-	11,428,672	17,418,055	13,597,226
Gain (loss) on assets held in trust	-	137,869	21,937	159,806	159,806	172,777
Life insurance cash value decrease	(982)	(3,659)	-	(3,659)	(4,641)	10,625
Rental income	639,221	77,856	-	77,856	717,077	672,651
Other income	8,046	1,763,229	23,915	1,787,144	1,795,190	1,835,594
Gain (loss) on sale of real estate	-	-	-	-	-	4,528,844
Personnel paid by affiliate	4,424,084	-	-	-	4,424,084	4,301,960
Net assets released from restrictions	19,722,806	(19,722,806)	-	(19,722,806)	-	-
Total Revenues, Gains, and Other Support	31,169,782	13,129,198	4,920,067	18,049,265	49,219,047	50,018,187
Expenses and Losses						
Instruction and academic program support	6,144,914	-	-	-	6,144,914	7,140,725
Student services	4,226,252	-	-	-	4,226,252	3,686,990
Institutional support	8,304,608	-	-	-	8,304,608	6,172,975
Scholarships	4,189,366	-	-	-	4,189,366	4,379,277
Rental expenses	793,078	-	-	-	793,078	646,354
Capital projects – Missouri State University	4,873,905	-	-	-	4,873,905	5,185,527
Total Expenses	28,532,123	-	-	-	28,532,123	27,211,848
Actuarial loss on trust and annuity obligations	1,899	3,134	30,758	33,892	35,791	36,979
Provision for uncollectible pledges	-	224,727	1,238,189	1,462,916	1,462,916	1,099,767
Total Expenses and Losses	28,534,022	227,861	1,268,947	1,496,808	30,030,830	28,348,594
Change in Net Assets	2,635,760	12,901,337	3,651,120	16,552,457	19,188,217	21,669,593
Net Assets, Beginning of Year	20,192,812	94,969,160	88,790,224	183,759,384	203,952,196	182,282,603
Net Assets, End of Year	$ 22,828,572	$ 107,870,497	$ 92,441,344	$ 200,311,841	$ 223,140,413	$ 203,952,196

Missouri State University Foundation
Consolidated Statement of Cash Flows
Year Ended June 30, 2025 (with Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
Operating Activities		
Change in net assets	$ 19,188,217	$ 21,669,593
Items not requiring (providing) operating activities cash flows		
Depreciation	102,041	169,416
Noncash lease expense	269,569	118,569
Gain on sale of real estate	-	(4,528,844)
Net realized and unrealized gains on investments	(10,481,816)	(7,404,623)
Net realized and unrealized gains on investments held in trust	(159,806)	(172,776)
Actuarial loss on trust and annuity obligations	35,791	36,979
Noncash gifts restricted for long-term investments	(1,011,481)	(577,056)
Gain on sale of securities	1,631	(2,994)
Noncash gifts for transfer to University	-	(1,066,850)
Noncash transfers to University	1,066,850	-
Contributions restricted for long-term investment	(4,595,080)	(4,108,748)
Other income restricted for long-term investment	(23,915)	(24,281)
Changes in		
Accounts receivable	854	7,916
Prepaid expenses	(1,112,067)	778,065
Pledges receivable	(73,614)	10,608,993
Accounts payable and accrued expenses	(967,074)	1,665,072
Deferred revenue	(743,441)	236,447
Lease liability	(297,656)	(93,569)
Annuity obligations	(94,233)	(94,467)
Net Cash Provided by Operating Activities	1,104,770	17,216,842
Investing Activities		
Proceeds from sale of investments	258,116,200	274,421,330
Purchase of investments	(282,800,101)	(272,242,713)
Proceeds from sale of investments held in trust	91,233	91,467
Proceeds from sale of real estate	-	5,800,000
Proceeds from life insurance	311,784	-
Decrease in cash value of life insurance	(4,641)	(10,625)
Net Cash Provided by (Used in) Investing Activities	(24,285,525)	8,059,459
Financing Activities		
Proceeds from sale of securities restricted for investment in endowment and capital	1,009,850	580,051
Proceeds from contributions restricted for investment in endowment	4,595,080	4,108,748
Other income restricted for investment	23,915	24,281
Net Cash Provided by Financing Activities	5,628,845	4,713,080
Increase (Decrease) in Cash and Cash Equivalents	(17,551,910)	29,989,381
Cash and Cash Equivalents, Beginning of Year	44,745,299	14,755,918
Cash and Cash Equivalents, End of Year	$ 27,193,389	$ 44,745,299
Supplemental Cash Flows Information		
Right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 894,675

Note 1. Summary of Significant Accounting Principles

Purpose of the Foundation

The purpose of the Missouri State University Foundation (the "Foundation") is to be the legal vehicle to receive, manage, and distribute all private gifts, with or without donor restrictions, for the benefit of Missouri State University (the "University"), or its successors, or any institution of higher learning with which it may merge. The Foundation provides funds from private sources to a variety of University departments and programs.

The Board of Trustees, which governs the Foundation, is separate and distinct from the Board of Governors, the governing body of the University.

The Foundation's primary source of revenue is from contributions and their investment return.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its controlled entity, 521 Properties, LLC. All significant inter-entity transactions and balances have been eliminated in consolidation.

Description of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a Board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less, except as described below, to be cash equivalents. At June 30, 2025, cash equivalents consisted primarily of short-term U.S. Treasury bills and money market accounts with brokers.

Uninvested cash and cash equivalent accounts included in investment accounts, including funds held in trust by others, are not considered to be cash equivalents.

At June 30, 2025, the Foundation's cash accounts exceeded federally insured limits by $473,093. Cash and cash equivalents of $27,053,441 are held in treasury securities that are not subject to federally insured limits.

Contributions and Pledges Receivable

Gifts of cash and other assets received are either with or without donor stipulations placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts with or without donor restrictions.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Gifts of land, buildings, equipment, and other long-lived assets are reported at estimated fair value as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time which long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional, with or without restriction, gifts depend on the Foundation overcoming a donor-imposed barrier to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Conditional Contributions

The Foundation received conditional contributions to provide funds to conduct specific research or programs and had recognized a portion of these funds at June 30, 2025. The conditional contributions received but not recognized in the financial statements at June 30, 2025 were $857,309 and are included in deferred revenue on the consolidated statement of financial position.

Conditional contributions having donor stipulations which are satisfied in the period the contribution is recorded are reported as revenue and net assets without donor restrictions.

In-Kind Contributions

In addition to receiving cash contributions, the Foundation receives in-kind contributions of services, software licensing, books, livestock, and equipment from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount. For the year ended June 30, 2025, $3,997,304 was received in in-kind contributions.

Real Estate and Equipment

During fiscal year 2024, the Meyer Alumni Center building located at 300 S. Jefferson Avenue in Springfield, Missouri, was sold and leased back to the MSU Foundation. Staff of the University will continue to occupy offices in the Meyer Alumni Center while another alumni building is constructed.

Two in-kind gifts of realty located in West Plains, Missouri, received during fiscal year 2024 were transferred to the University during fiscal year 2025. One property is adjacent to campus and the other property includes land and a stable for the Agricultural Science Center.

Buildings, improvements, and equipment are recorded at cost, less accumulated depreciation and amortization. Annual depreciation is computed using the straight-line basis over the estimated life of each asset. At June 30, 2025, real estate and equipment includes building costs of $1,928,175 and equipment of $340,228.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Real estate	40 years
Equipment	5–15 years

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2025.

Valuation of Gifts of Property

Gifts of real and personal property are reported at their estimated fair value as of the date the property is received. Fair value is determined either by a staff member of the University with expertise in the valuation of the particular property, or by appropriate documentation furnished by the donor.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Comparative Amounts

The consolidated financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. A functional expenses table (*Note 14*) presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and support services categories based on various methods.

Reclassifications

Certain reclassifications have been made to the 2024 comparative totals to conform to the 2025 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2. Pooled Investments

Funds treated as endowment by the Foundation are managed as a pooled investment fund. This pool includes funds from the with or without donor restrictions net asset classes. The various subsidiary accounts purchase shares in the investment pool when additions are received. The investment pool is operated on a unit market basis. The following schedule summarizes data related to the investment pool for the year ended June 30, 2025:

Pooled investments at market value	$	133,210,471
Number of pool shares		538,324
Market value per pool share	$	247
Fiscal year return		9.85%
Interest and dividend earnings	$	2,782,750
Net gains	$	10,229,900

Note 3. Investments and Net Investment Return

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Net investment return includes dividend and interest income and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

The Foundation has significant investments in marketable securities, which are subject to price fluctuation. These instruments could potentially subject the Foundation to significant concentrations of market risk. This risk is controlled through a diversified portfolio and regular monitoring procedures.

Investments are summarized as follows at June 30, 2025:

Accrued income	$ 867,497
Money market accounts	250,828
U.S. Treasury bills and notes	60,288,085
U.S. equity mutual funds	49,185,813
Non-U.S. equity mutual funds	32,047,803
U.S. Treasury securities	4,646,918
Corporate bonds	3,835,550
U.S. fixed income exchange-traded funds	21,205,131
Hedge funds	4,923,915
Private equity funds	13,327,416
Other	3,500
	$ 190,582,456

During the year ended June 30, 2025, investment return consists of the following:

Investment income	$ 6,937,870
Realized and unrealized gains on investments reported at fair value	10,754,619
Investment expenses	(274,434)
	$ 17,418,055

Investments held in trust are deposited with The Northern Trust Company, Cadence Bank Asset Management and Trust, Charles Schwab, and Bank of America, N.A.

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Additional information about these investments is described in *Note 13.* Alternative investments held at June 30, 2025 consist of the following:

	June 30, 2025		
	Fair Value	**Unfunded Commitments**	**Redemption Notice Period**
Private equity funds	$ 13,327,416	$ 6,544,719	N/A

Note 4. Pledge Receivables

Pledge receivables is a credit risk to the extent donors choose not to complete their pledge payments. Discount rates ranged from 0.445% to 4.588%. Pledge receivables consist of the following unconditional promises to give at June 30, 2025:

Due within one year	$	5,483,457
Due in one to five years		7,358,609
Due in more than five years		577,587
		13,419,653
Less: Allowance for doubtful accounts		297,355
Unamortized discount		672,407
		969,762
	$	12,449,891

Pledges are included in the following net asset classification:

With donor restrictions – purpose restrictions or time-restricted for future periods	$	9,773,814
With donor restrictions – perpetual in nature		2,676,077
	$	12,449,891

Refer to *Note 15* for additional disclosures regarding significant concentrations and uncertainties within the pledges receivable balance at June 30, 2025.

Note 5. Endowment

The Foundation's endowment consists of approximately 1,230 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (Board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions – purpose or time-restricted for future periods until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at June 30, 2025 was:

	Without Donor Restrictions	With Donor Restrictions – Purpose or Time-Restricted	With Donor Restrictions – Perpetual in Nature	Total
Donor-restricted endowment funds	$ -	$ 34,932,314	$ 91,856,365	$ 126,788,679
Board-designated endowment funds	3,391,490	-	-	3,391,490
Total Endowment Funds	$ 3,391,490	$ 34,932,314	$ 91,856,365	$ 130,180,169

Changes in endowment net assets for the year ended June 30, 2025 were:

	Without Donor Restrictions	With Donor Restrictions – Purpose or Time-Restricted	With Donor Restrictions – Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 3,256,393	$ 28,617,995	$ 88,196,424	$ 120,070,812
Investment return, net				
Investment income	-	2,805,156	-	2,805,156
Net appreciation (depreciation)	131,235	10,543,702	-	10,674,937
Total investment return, net	131,235	13,348,858	-	13,480,093
Contributions	-	-	3,636,026	3,636,026
Other income	-	295,457	23,915	319,372
Appropriation of endowment assets for expenditure	-	(7,375,771)	-	(7,375,771)
Other additions	3,862	45,775	-	49,637
Endowment Net Assets, End of Year	$ 3,391,490	$ 34,932,314	$ 91,856,365	$ 130,180,169

Underwater Endowments

The governing body of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2025, funds with original gift value of $175; fair value of $94; and deficiency of $81 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriations for certain purposes deemed prudent by the governing body. The Foundation has a policy that does not permit spending from underwater endowment funds.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of Board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner intended to produce results which exceed the endowment's financial requirement over time, while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide a rate of return of approximately 9.9% annually over time. Actual returns in any given year may vary from this amount.

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

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 6.0% of its endowment fund's average fair value over the prior 36 months through the month-end preceding the month in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The Foundation expects the current spending policy to allow its endowment to grow at a rate approximating the inflationary rate over the long term. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 6. Split-Interest Agreements, Gift Annuities, and Charitable Remainder Trusts

The Foundation is one beneficiary of a perpetual split-interest trust which is held by others. The fair value of the Foundation's interest in the trust at June 30, 2025 is $109,996. The income received by the Foundation from this trust was $4,270 for this fiscal year. The Foundation is also the beneficiary of four charitable remainder trusts with a fair value at June 30, 2025 of $1,850,600.

The Foundation has entered into annuity agreements with various individuals whereby the annuitants have given certain assets to the Foundation on the condition that the Foundation pays stipulated amounts periodically to the annuitants during their lifetime. Any assets remaining upon the death of the annuitants become the property of the Foundation and available for its use, subject to the restrictions of the annuity agreement, if any. There was no revenue recognized by the Foundation under these agreements during the year ended June 30, 2025.

The annuity obligation at June 30, 2025 of $82,721 was calculated over the terms of the agreements based on the rates for government securities with similar maturities.

Note 7. Other Assets and Liabilities

Investments Held for Resale

Investments held for resale consist of tangible personal property and publicly traded common stock which are carried at fair value as of the date received. These investments totaled $133,734 at June 30, 2025.

New Market Tax Credits

On May 20, 2020, the Foundation funded $3,000,000 to the Missouri Development Finance Board and received $1,500,000 in New Market Tax Credits to support the University's JVIC IV project. This transaction, allowed under Section 45D of the Internal Revenue Code of 1986 as amended (section 45D), allows the Foundation to sell tax credit to private investors. As of June 30, 2025, the Foundation had $700,000 available in tax credits for sale.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2025 are restricted for the following purposes or periods:

Any purpose, time restricted	$ 35,379
Instruction and academic program support	26,909,977
Student services	8,055,286
Institutional support	30,441,220
Scholarships	36,482,568
Public service and Broadcast services	5,946,067
	$ 107,870,497

Net assets with donor restrictions that are perpetual in nature at June 30, 2025 are restricted to investments in perpetuity, the revenue from which is expendable to support:

Instruction and academic program support	$ 20,469,203
Student services	2,783,012
Institutional support	3,282,841
Scholarships	65,014,926
Public service and Broadcast services	891,362
	$ 92,441,344

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished		
Academic and student support program expenses	$	14,240,329
Capital program expenses and debt service		4,873,905
Other program expenses		608,572
	$	19,722,806

Note 9. Contributed Nonfinancial Assets

For the year ended June 30, 2025, contributed nonfinancial assets recognized within the consolidated statement of activities included:

Works of art	$	3,107
Clothing		266,800
Books		42
Equipment and supplies		74,873
Food inventory		186,221
Auction items		121,552
Services from community		3,344,709
	$	3,997,304

The nonfinancial assets listed above were recognized within revenues, gains, and other support. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed items were utilized in the following programs and valued using the following techniques and inputs.

	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques
Works of Art	Display at Ozarks Heritage Resource Center on West Plains campus and display at Meyer Library on Springfield campus	For view-only use for academic purposes and Library patrons	Artwork was appraised by an independent Fine Art and Personal Property Appraiser at Market Value.
Clothing	Socks for the Bear Pantry and MSU Care Clinic	For patrons who utilize the pantry and patients who utilize the clinic	Clothing was valued at the fair market value that would have been received for selling the same or similar product.
Books	Books for the campus libraries' circulation collections	Campus Libraries	Books were valued based upon the Library Matrix at Market Value.
Equipment and supplies	Equipment and supplies for educational use in various campus programs	To be used by these programs	Equipment and supplies were valued at either the price tag still attached to the item or the fair market value that would have been received for selling the same or similar product.
Food inventory	Food and beverages for events or fundraising events benefiting Athletics, Development, and Alumni	To be used by these programs	Food inventory items were valued at fair market value that would have been received for selling the same or similar product.
Auction items	Items auctioned at various fundraising events to benefit Garnett Library, Athletics, Alumni, Broadcast Services, and Choral	Programs/departments mentioned in other block	Auction items were valued at fair market value that would have been received for selling the same or similar product – usually determined at the time the item is auctioned off.
Services from community	Physician services, use of vehicles, software subscriptions	Athletics and general student population	Service items were valued at fair market value that would have been paid for purchasing the same or similar service.

Note 10. Leases

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

The Foundation separates lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

As of June 30, 2025, the Foundation entered into the following operating lease arrangement. The Foundation has a lease for office space that expires in 2026. The lease contains an option to extend the term for an additional period of 30, 60, or 90 days and requires the Foundation to pay all executory costs (property taxes, maintenance, insurance and utilities). Termination of the lease is generally prohibited unless there is a violation under the lease agreement. A portion of the leased space is subleased under leases expiring in 2026.

See *Note 11* for information surrounding leases with related parties.

The Foundation's lease agreements do not contain any material residual guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the year ended June 30, 2025:

Lease cost:		
Operating lease cost	$	357,478
Sublease income		(637,013)
Total lease income	$	(279,535)
Other information:		
Right-of-use assets obtained in exchange for new operating lease liabilities	$	-
Weighted-average remaining lease term - operating lease		1.5 years
Weighted-average discount rate - operating lease		7.70%

Future minimum operating lease payments and reconciliation to the consolidated statement of financial position at June 30, 2025 are as follows:

2026	$	343,737
2027		170,325
Total future undiscounted lease payments		514,062
Less interest		29,859
Lease liabilities	$	484,203

Note 11. Related Party Transactions

In 1982 the University's Board of Governors authorized the transfer of its endowment fund of $199,762 to the Foundation for management purposes. In 2023 the University received grants of $6,000,000 from the Department of Education to establish endowment funds. The University's Board of Governors authorized the transfer of these funds to the Foundation for management purposes. The $6,199,762 balance is shown on the Foundation's consolidated statement of financial position as funds managed for Missouri State University. All investment earnings from these funds have been recorded in the accounting records of the Foundation. All endowment additions since 1982, including gifts, student fees designated for endowment, and other income, have been recorded in the Foundation's accounting records.

The Foundation owed the University approximately $12,286,552 at June 30, 2025 for pledges receivable and expenses paid by the University for costs to be funded by the Foundation.

The Foundation received contributed personnel services from the University of $4,424,084 for the year ended June 30, 2025. The contributed personnel services are based on costs incurred by the University. The Foundation receives administrative support outside of personnel services from the University without charge.

The University pays the Foundation for space occupied by various University departments within the Kenneth E. Meyer Alumni Center. Rental payments for the year ended June 30, 2025 were $482,152.

Note 12. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 comprise the following:

Financial assets at year-end	
Cash and cash equivalents	$ 27,193,389
Accounts receivable, net	3,960
Pledges receivable, net	12,449,891
Investments	190,582,456
Investments held in trust	1,960,596
Investments held for resale	133,734
Total Financial Assets at Year-End	232,324,026
Less amounts restricted or not available to be used within one year	
Pledges receivable, due after one year	7,936,196
Investments held in custodial and noncustodial annuities and trusts	1,985,673
Endowment with donor restrictions	126,788,679
Investments in nonliquid securities	3,500
Financial assets not available to meet general expenditures within one year	136,714,048
Financial assets available to meet general expenditures within one year	$ 95,609,978

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity. In addition, the Foundation receives support without donor restrictions. Contributions and the income generated from endowments provide scholarships, faculty support, improve facilities, and support student programs. Such support has historically represented a significant percent of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and Board-designated (quasi) endowments, contributions without donor restrictions, and contributions with donor restrictions to meet ongoing obligations, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include instruction and academic program support, student services, institutional support, scholarships, rental expenses, and capital projects expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses.

Note 13. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025.

		Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
Assets					
Cash equivalents	$ 13,712,934	$ 13,712,934	$ -	$ -	$ -
Investments					
U.S. Treasury bills	60,288,085	60,288,085			-
Money market funds	250,828	250,828	-	-	-
U.S. equity mutual funds	49,185,813	49,185,813	-	-	-
Non-U.S. equity mutual funds	32,047,803	32,047,803	-	-	-
U.S. Treasury securities	4,646,918	-	4,646,918	-	-
Corporate bonds	3,835,550	-	3,835,550	-	-
U.S. fixed income exchange-traded funds	21,205,131	-	21,205,131	-	-
Hedge funds	4,923,915	-	-	-	4,923,915
Private equity funds	13,327,416	-	-	-	13,327,416
Other	3,500	3,500	-	-	-
Investments held in trust					
Mutual funds	1,387,422	1,387,422	-	-	-
Other	573,174	132,037	331,141	109,996	-
Total assets	$ 205,388,489	$ 157,008,422	$ 30,018,740	$ 109,996	$ 18,251,331
Liabilities					
Annuity obligations	$ 82,721	$ -	$ -	$ 82,721	$ -

(A) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliations of the fair value hierarchy to the amounts presented in the statement of consolidated financial position.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash equivalents, money market funds, equity securities, and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Inputs used to value Level 2 securities include interest rates for similar debt securities and Treasury obligations with similar maturities.

Investments Held in Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the investments are classified as Level 1, Level 2, and Level 3 of the hierarchy. The Level 3 investments are the Foundation's beneficial interest in trusts. Fair value is determined based on the market value of the securities held in the trusts and the Foundation's proportional beneficial interest.

Cash Equivalents

The carrying amount approximates fair value.

Note 14. Functional Expenses

As described in *Note 1*, the financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The table below presents expenses by both their nature and their function. Program and support services expenses consist of the following:

	Program Services					Support Services		
	Student Services	Instruction and Academic	Scholarships	Institutional Support	Capital Projects	Rental Expenses	Institutional Support	Total Program and Support Services
Personnel	$ 398,950	$ 417,689	$ -	$ 62,757	$ -	$ 91,773	$ 4,131,418	$ 5,102,587
Utilities	-	-	-	-	-	130,272	-	130,272
Travel	30,635	77,164	-	34,291	-	-	84,166	226,256
Educational supplies and service agreements	7,169	2,170,735	-	-	-	-	134,831	2,312,735
Supplies, services, and other	560,974	644,975	-	276,857	52,046	571,033	522,869	2,628,754
Broadcast services	-	1,853,043	-	-	-	-	-	1,853,043
Fundraising	233,356	11,772	-	209,730	-	-	651,259	1,106,117
Arena debt	-	-	-	-	432,495	-	-	432,495
Transfer to University	2,995,168	969,536	4,189,366	53,334	4,389,364	-	2,143,096	14,739,864
Total expenses	$ 4,226,252	$ 6,144,914	$ 4,189,366	$ 636,969	$ 4,873,905	$ 793,078	$ 7,667,639	$ 28,532,123

Note 15. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions and Pledges Receivable

Approximately 40% of total pledges receivable at June 30, 2025 was from three donors, each individually greater than 10% of total pledges receivable.

Approximately 16% of total contributions received during the year ended June 30, 2025 was from one donor.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statement of financial position.

General Litigation

The Foundation is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets, and cash flows of the Foundation. Events could occur that would change this estimate materially in the near term.

Note 16. Subsequent Events

Subsequent events have been evaluated through December 2, 2025, which is the date the financial statements were available to be issued.