

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2025 AND 2024**

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

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INDEPENDENT AUDITOR'S REPORT

December 11, 2025

Board of Directors
South Dakota School of Mines and Technology
Center for Alumni Relations and Advancement
Rapid City, South Dakota

Opinion

We have audited the accompanying financial statements of South Dakota School of Mines and Technology Center for Alumni Relations and Advancement (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

South Dakota School of Mines and Technology
Center for Alumni Relations and Advancement

In performing an audit in accordance with generally accepted auditing standards, we:

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



KETEL THORSTENSON, LLP
Certified Public Accountants

December 11, 2025

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

ASSETS	2025	2024
Cash and Cash Equivalents	\$ 33,665,530	\$ 25,934,826
Investments	110,169,214	102,888,580
Unconditional Promises to Give, Net	17,741,928	15,639,834
Lease Receivable	-	219,566
Rental Real Estate, Net	3,463,015	3,558,000
Property and Equipment, Net	9,274,556	9,474,472
Other Assets	1,916,424	1,582,602
TOTAL ASSETS	\$ 176,230,667	\$ 159,297,880
<u>LIABILITIES AND NET ASSETS</u>		
Accounts Payable, Accrued Support, and Other	\$ 728,989	\$ 807,412
Liability Under Charitable Remainder Trusts	2,440,174	2,315,214
Liability Under Charitable Gift Annuities	477,765	503,736
Notes Payable	1,325,275	2,802,820
Total Liabilities	4,972,203	6,429,182
<u>Net Assets</u>		
Without Donor Restrictions	9,899,245	8,958,390
With Donor Restrictions - Purpose and Time	40,009,214	43,024,362
With Donor Restrictions - Perpetual	121,350,005	100,885,946
Total Net Assets With Donor Restrictions	161,359,219	143,910,308
Total Net Assets	171,258,464	152,868,698
TOTAL LIABILITIES AND NET ASSETS	\$ 176,230,667	\$ 159,297,880

The accompanying notes are an integral part of these statements.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024**

	2025				
	Without Donor Restrictions	With Donor Restrictions			2024 Total
		Purpose and Time	Perpetual	Total	
Support, Gains, and Revenues					
Contributions	\$ 919,334	\$ 5,719,134	\$ 14,129,177	\$ 20,767,645	\$ 23,209,427
In-Kind Contributions	-	14,400	-	14,400	102,985
Net Investment Return, Including Net Realized and Unrealized Gain and Rental Real Estate (Net of Fees and Expenses of \$492,938 and \$518,457 for the Years Ended June 30, 2025 and 2024, Respectively)	2,401,206	5,368,223	5,975,087	13,744,516	8,753,291
Net Investment Return on Trust and Annuity Interests	-	328,814	359,795	688,609	690,506
Other Income	248,200	168,817	-	417,017	337,823
Maintenance Fees	298,853	100	-	298,953	288,559
Event Fees	60,074	367,858	-	427,932	271,269
Net Assets Released from Restrictions	14,982,494	(14,982,494)	-	-	-
Total Support, Gains, and Revenues	18,910,161	(3,015,148)	20,464,059	36,359,072	33,653,860
Expenses					
<i>Program Services</i>					
Scholarships and Fellowships	4,031,655	-	-	4,031,655	3,772,283
General Student Assistance	140,598	-	-	140,598	148,758
General In-Kind Support to SDSM&T	14,400	-	-	14,400	102,985
General Support to SDSM&T	11,278,079	-	-	11,278,079	10,884,089
Total Program Services	15,464,732	-	-	15,464,732	14,908,115
<i>Supporting Services:</i>					
Fundraising	1,257,285	-	-	1,257,285	1,139,776
Administrative	1,247,289	-	-	1,247,289	1,106,110
Total Supporting Services	2,504,574	-	-	2,504,574	2,245,886
Total Expenses	17,969,306	-	-	17,969,306	17,154,001
Change in Net Assets	940,855	(3,015,148)	20,464,059	18,389,766	16,499,859
Net Assets -- Beginning of Year	8,958,390	43,024,362	100,885,946	152,868,698	136,368,839
Net Assets -- End of Year	\$ 9,899,245	\$ 40,009,214	\$ 121,350,005	\$ 171,258,464	\$ 152,868,698

The accompanying notes are an integral part of this statement.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions		
		Purpose and Time	Perpetual	Total
Support, Gains, and Revenues				
Contributions	\$ 779,933	\$ 15,300,985	\$ 7,128,509	\$ 23,209,427
In-Kind Contributions	-	102,985	-	102,985
Net Investment Return, Including Net Realized and Unrealized Gain and Rental Real Estate (Net of Fees and Expenses of \$518,457)	2,195,870	3,747,255	2,810,166	8,753,291
Net Investment Return on Trust and Annuity Interests	-	338,073	352,433	690,506
Other Income	239,938	97,885	-	337,823
Maintenance Fees	288,559	-	-	288,559
Event Fees	44,590	226,679	-	271,269
Net Assets Released from Restrictions	14,653,277	(14,653,277)	-	-
Total Support, Gains, and Revenues	18,202,167	5,160,585	10,291,108	33,653,860
Expenses				
<i>Program Services</i>				
Scholarships and Fellowships	3,772,283	-	-	3,772,283
General Student Assistance	148,758	-	-	148,758
General In-Kind Support to SDSM&T	102,985	-	-	102,985
General Support to SDSM&T	10,884,089	-	-	10,884,089
Total Program Services	14,908,115	-	-	14,908,115
<i>Supporting Services:</i>				
Fundraising	1,139,776	-	-	1,139,776
Administrative	1,106,110	-	-	1,106,110
Total Supporting Services	2,245,886	-	-	2,245,886
Total Expenses	17,154,001	-	-	17,154,001
Change in Net Assets	1,048,166	5,160,585	10,291,108	16,499,859
Net Assets -- Beginning of Year	7,910,224	37,863,777	90,594,838	136,368,839
Net Assets -- End of Year	\$ 8,958,390	\$ 43,024,362	\$ 100,885,946	\$ 152,868,698

The accompanying notes are an integral part of this statement.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025, WITH COMPARATIVE TOTALS FOR 2024**

	2025				2024
	Program Services	Administrative	Fundraising	Total	Total
<i>Grants and Subsidies</i>					
Equipment and Capital Improvements	\$ 8,286,924	\$ 2,593	\$ 2,012	\$ 8,291,529	\$ 8,504,262
Scholarships/Fellowships	4,031,655	-	-	4,031,655	3,772,283
University Support	30,056	3,221	-	33,277	6,236
Student Assistance/Awards	140,598	-	-	140,598	148,758
Hardrock Club Support	-	-	-	-	22,868
Salaries and Benefits	721,372	794,656	688,783	2,204,811	2,009,789
Travel	629,008	3,258	63,600	695,866	398,841
Conferences, Conventions, Meetings	559,542	3,517	2,729	565,788	472,408
Supplies and Materials	419,036	53,341	43,890	516,267	507,913
Events and Communications	243,694	43,036	172,484	459,214	240,085
Information Technology	126,354	70,306	102,137	298,797	254,524
Interest	136,394	106,905	-	243,299	80,355
Professional Services	37,149	37,805	109,059	184,013	283,132
Depreciation	38,119	69,318	26,551	133,988	131,674
Occupancy	23,111	39,257	30,462	92,830	103,906
Insurance	5,234	20,076	15,578	40,888	35,872
Uniforms and Supplies	22,086	-	-	22,086	78,110
In-Kind Support to SDSM&T	14,400	-	-	14,400	102,985
	\$ 15,464,732	\$ 1,247,289	\$ 1,257,285	\$ 17,969,306	\$ 17,154,001

The accompanying notes are an integral part of this statement.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Administrative	Fundraising	Total
<i>Grants and Subsidies</i>				
Equipment and Capital Improvements	\$ 8,498,854	\$ 2,773	\$ 2,635	\$ 8,504,262
Scholarships/Fellowships	3,772,283	-	-	3,772,283
University Support	-	6,236	-	6,236
Student Assistance/Awards	148,758	-	-	148,758
Hardrock Club Support	-	22,868	-	22,868
Salaries and Benefits	638,518	703,177	668,094	2,009,789
Travel	353,640	1,583	43,618	398,841
Supplies and Materials	424,555	42,684	40,674	507,913
Professional Services	63,565	59,416	160,151	283,132
Information Technology	129,991	48,826	75,707	254,524
Events and Communications	166,891	11,958	61,236	240,085
Depreciation	35,352	63,928	32,394	131,674
Conferences, Conventions, Meetings	458,798	6,979	6,631	472,408
Occupancy	32,192	38,790	32,924	103,906
In-Kind Support to SDSM&T	102,985	-	-	102,985
Interest	-	80,355	-	80,355
Uniforms and Supplies	78,110	-	-	78,110
Insurance	3,623	16,537	15,712	35,872
	\$ 14,908,115	\$ 1,106,110	\$ 1,139,776	\$ 17,154,001

The accompanying notes are an integral part of this statement.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Cash Flows from Operating Activities		
Revenue Collected	\$ 5,346,454	\$ 8,873,462
Payments to Employees	(2,204,811)	(2,009,789)
Payments to Vendors and University	(15,523,825)	(14,686,089)
Net Cash Flows Used In Operating Activities	(12,382,182)	(7,822,416)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	20,509,104	13,159,362
Purchases of Investments	(13,497,266)	(7,956,260)
Repayments of Leases Receivable	219,566	37,984
Proceeds from Disposition of Property and Equipment	229,850	-
Purchase of Property and Equipment	-	(4,349,448)
Net Cash Flows Provided by Investing Activities	7,461,254	891,638
Cash Flows from Financing Activities		
Contributions Restricted for Endowment Purposes	14,129,177	7,128,509
Borrowings on Notes Payable	-	3,360,000
Payments on Notes Payable	(1,477,545)	(865,996)
Net Cash Flows Provided by Financing Activities	12,651,632	9,622,513
Net Change in Cash and Cash Equivalents	7,730,704	2,691,735
Cash and Cash Equivalents -- Beginning of Year	25,934,826	23,243,091
Cash and Cash Equivalents -- End of Year	\$ 33,665,530	\$ 25,934,826
Reconciliation of Increase in Net Assets to Net Cash		
Flows Used in Operating Activities		
Increase in Net Assets	\$ 18,389,766	\$ 16,499,859
<i>Adjustments to Reconcile Increase in Net Assets to Net Cash Flows Used in Operating Activities:</i>		
Gain on Disposition of Property and Equipment	(239,642)	-
Depreciation	304,693	250,173
Net Realized and Unrealized Gain on Investments, Property, Trust and Annuity Interests	(14,193,483)	(9,443,797)
Contributions Restricted for Endowment Purposes	(14,129,177)	(7,128,509)
Change in Promises to Give and Other Assets	(2,435,916)	(8,105,107)
Change in Accounts Payable, Accrued Support, and Other	(78,423)	104,965
Net Cash Flows Used In Operating Activities	\$ (12,382,182)	\$ (7,822,416)

The accompanying notes are an integral part of these statements.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

(1) Summary of Significant Accounting Policies

Operations

The South Dakota School of Mines and Technology Center for Alumni Relations and Advancement (the Organization) is organized as a South Dakota nonprofit corporation and operates exclusively for charitable and educational purposes. Its activities are to solicit and manage gifts, money, and property exclusively for educational, scientific, and cultural purposes, and to promote and support education and research through the South Dakota School of Mines and Technology (SDSM&T).

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 and disclosures. Actual results could differ from those estimates. Significant estimates include the present value of Liability under Charitable Remainder Trusts, present value of Liability under Charitable Gift Annuities, present value of Unconditional Promises to Give, and allowance for uncollectible Unconditional Promises to Give. It is at least reasonably possible that these estimates will change in the near term.

Basis of Presentation

The financial statements of the Organization are prepared using the accrual basis of accounting. The classification of net assets, revenues and expenses, and gains and losses is based on the existence or absence of donor-imposed restrictions. Amounts of each of the two classes of net assets (without donor restrictions and with donor restrictions) are displayed in the Statements of Financial Position and the Statement of Activities and Changes in Net Assets.

Net Assets without Donor Restrictions – Net assets of the Organization that are not subject to donor-imposed restrictions and are available for general operations. In addition, the Board of Directors may designate net assets without donor restrictions for specific purposes.

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

Investments

The Organization accounts for its investment securities at fair market value with changes in fair market value accounted for in the Statement of Activities and Changes in Net Assets. Net investment return includes both realized and unrealized gains and losses on investment securities, external investment fees, trust and annuity interests, and rental income and expenses derived from rental real estate. Realized gains and losses from sales of securities are determined on a specific identity basis. Unrealized gains and losses are recognized in the Statement of Activities and Changes in Net Assets to the extent of the change in aggregate market value of investments at the end of each accounting period.

Donated investments (which may include stocks, bonds, and real estate) are recorded as revenues at estimated fair market value on the date of contribution.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

(1) Summary of Significant Accounting Policies

Investments

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statements of Financial Position.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three-level fair value hierarchy is defined as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets. The types of assets and liabilities included in Level One are highly liquid and actively traded investments with quoted market prices.
- Level Two: Inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. The types of assets and liabilities included in Level Two are typically either comparable to actively traded securities or priced with models using observable inputs.
- Level Three: Inputs are based on prices or valuation techniques that are unobservable. The types of assets and liabilities included in Level Three require significant management judgment or estimation.

The Organization uses the Net Asset Value (NAV) to determine the fair value of underlying investments which do not have a readily determinable fair value, prepare their financial statements consistent with the measurement principles of an investment company, or have the attributes of an investment company. These are investments based on the Organization's evaluation of independent pricing sources, which utilize various modeling and valuation techniques, such as net asset valuations. Significant unobservable inputs are inherent in the nature of these investments.

Contributions and Promises to Give

Contributions of cash and other assets are recognized as support in the period received at their values. Unconditional promises to give are recognized as revenues in the period pledged. Amounts due after more than one year are recorded at their present value using a discount rate of primarily four percent, per annum. An estimate for uncollectible promises has been presented based on management's judgment, experience with donors, and historical losses. Conditional promises to give – that is those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Amounts received in advance of meeting the conditions are recognized as refundable advances.

Beneficial interests in trust gifts and charitable gift annuities are recorded as contributions (whether the Organization acts as trustee or not) to net assets with donor restriction at the fair market value of the trusts' assets.

On an annual basis, the Organization revalues the "Liability under Charitable Remainder Trusts" and the "Liability under Charitable Gift Annuities" based on actuarial assumptions and present value calculations. For trusts, this liability consists of unearned net investment return, as well as future payments to designated beneficiaries. For charitable gift annuities, this liability consists of the present value of a stream of fixed-annuity payments. The present value of the estimated future payments is calculated using a discount rate and applicable mortality tables. Generally, the Organization uses three discount rates depending upon the life of the trust or annuity. Discount rates for trusts or annuities with estimated lives of 1 to 5 years, 6 to 15 years, and over 15 years are 5.40 percent, 5.80 percent, and 6.20 percent, respectively, for the years ended June 30, 2025 and 2024. The change in fair value of these assets is recorded annually in the Statement of Activities and Changes in Net Assets as "Net Investment Return on Trust and Annuity Interests" and is recorded as net investment return with or without donor restriction as required by the donors.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

(1) Summary of Significant Accounting Policies

Rental Real Estate

Rental real estate investments are presented at historical cost less depreciation. Depreciation is computed using the straight-line method over useful lives of 20 to 40 years.

The Organization evaluates its rental real estate for potential impairment losses when indicators of impairment are present and the carrying amount of long-lived assets exceeds its fair value. In addition, useful lives of long-lived assets are reviewed annually. The Organization evaluated rental real estate at June 30, 2025, based on anticipated proceeds. Management anticipates no impairment losses.

Leases and Rental Income

The Organization determines if an arrangement is or contains a lease at inception or modification of the agreement and classifies such leases as operating, direct financing, or sales-type leases. Direct financing and sales-type leases meet certain criteria that have the economic characteristics of transferring ownership of the underlying asset and are accounted for similar to financing arrangements. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease and is included in Net Investment Return. An election has been made for all asset classes to treat any non-lease components such as maintenance or utilities as part of the lease contract as the timing and pattern of transfer is the same as the lease component, the non-lease components would be classified as operating leases if accounted for separately, and the lease component is the primary element of the contract.

The lease receivable for direct financing and sales-type leases is recognized net of an allowance for credit losses that is based on the Organization's estimate of expected credit losses over the lease term. The allowance reflects the Organization's consideration of past events, current conditions, and reasonable and supportable forecasts that affect collectability. Management considers the net investment in leases to be fully collectible; accordingly, no allowance for credit losses has been recorded. Interest income is recognized over the lease term in a manner that produces a constant rate of return on the net investment in the lease.

In-Kind Contributions

The Organization records various types of in-kind support, including products and services, at fair market value at the time of the gift. Professional services received are recognized as revenue if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses and total \$14,400 and \$102,985 for the years ended June 30, 2025 and 2024, respectively. The Organization does not sell contributed in-kind contributions.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

(1) Summary of Significant Accounting Policies

Depreciation

Equipment, software, leasehold improvements, and building purchases exceeding \$5,000 are recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Office Equipment	3-7
Purchased Software	5
Leasehold Improvements	15
Buildings	40

Federal Income Tax

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service to be a “public foundation” (rather than a “private foundation” within the meaning of Section 509(a) of the Code). No federal income tax is paid unless net income is derived from activities that are unrelated to exempt activities. There are no such activities conducted.

At June 30, 2025 and 2024, the Organization believes no significant uncertain tax positions or liabilities exist.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses based on the purpose achieved by each expenditure. Most expenses can be directly allocated to program or supporting functions. Certain categories of expenses that are attributable to more than one supporting function require allocation on a reasonable basis that is consistently applied. These expenses are allocated on estimates of time and effort based on historical time studies.

Statements of Cash Flows

The Organization defines cash and cash equivalents to include money market funds. The Organization excludes certificates of deposit (CDs), and investments in stocks, bonds, and government securities, as these are intended to be long-term investments. Throughout the fiscal year, cash balances have exceeded federally insured limits; however, the Organization has not experienced losses in these accounts and believes there is no significant credit risk.

Subsequent Events

The Organization has evaluated significant subsequent events through December 11, 2025, the date which the financial statements were available to be issued.

(2) Investments and Fair Value

The following tables present the assets carried at fair value as of June 30, 2025 and 2024, on the accompanying Statements of Financial Position by fair value hierarchy, as described in Note 1. All are measured on a recurring basis. The Organization carried no other assets or liabilities measured at fair value on a recurring or non-recurring basis.

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
CENTER FOR ALUMNI RELATIONS AND ADVANCEMENT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

(2) Investments and Fair Value

June 30, 2025	Level One	Level Two	Level Three	NAV per Share	Total
Money Market Funds in					
Cash and Cash Equivalents	\$ 33,024,381	\$ -	\$ -	\$ -	\$ 33,024,381
Investments:					
Gov Sec/Corp Bonds/CDs	-	-	-	5,353,253	5,353,253
Bond Funds	42,059,171	-	-	-	42,059,171
Illiquid Credit	-	-	-	504,640	504,640
Private Equity	-	-	-	643,908	643,908
Real Estate Funds	-	-	-	2,250,643	2,250,643
Equity Funds	59,357,599	-	-	-	59,357,599
	\$ 101,416,770	\$ -	\$ -	\$ 8,752,444	\$ 110,169,214
June 30, 2024	Level One	Level Two	Level Three	NAV per Share	Total
Money Market Funds in					
Cash and Cash Equivalents	\$ 25,791,815	\$ -	\$ -	\$ -	\$ 25,791,815
Investments:					
Gov Sec/Corp Bonds/CDs	-	-	-	1,859,950	1,859,950
Bond Funds	46,852,819	-	-	-	46,852,819
Illiquid Credit	-	-	-	456,263	456,263
Private Equity	-	-	-	637,300	637,300
Real Estate Funds	-	-	-	2,212,635	2,212,635
Equity Funds	50,869,613	-	-	-	50,869,613
	\$ 97,722,432	\$ -	\$ -	\$ 5,166,148	\$ 102,888,580

The following tables list investments valued using NAV by major category:

<u>June 30, 2025</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Gov Sec/Corp Bonds/CDs	\$ 5,353,253	\$ -	Daily	3 Days
Illiquid Credit	504,640	933,624	**	N/A
Private Equity	643,908	680,020	*	N/A
Real Estate Funds	2,250,643	-	Quarterly	60 Days
	\$ 8,752,444	\$ 1,613,644		
<u>June 30, 2024</u>				
Gov Sec/Corp Bonds/CDs	\$ 1,859,950	\$ -	Daily	3 Days
Illiquid Credit	456,263	933,624	**	N/A
Private Equity	637,300	716,520	*	N/A
Real Estate Funds	2,212,635	-	Quarterly	60 Days
	\$ 5,166,148	\$ 1,650,144		

* Private Equity Funds can be redeemed through 2028.

** Illiquid Credit has a 12-year life expectancy with two one-year extensions possible. Funds are expected to be completed by 2028.

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(3) Unconditional Promises to Give

The Organization receives promises to give through their capital and annual campaigns, as well as through corporate and personal spontaneous gifts. Unconditional promises to give are as follows at June 30:

	2025	2024
Receivable in less than one year	\$ 6,267,369	\$ 5,311,520
Receivable in one to five years	13,743,103	11,101,922
Receivable in more than five years	589,000	1,792,000
	20,599,472	18,205,442
Less discounts to net present value	1,827,570	1,655,336
Less allowance for uncollectible promises	1,029,974	910,272
Net Unconditional Promises to Give	\$ 17,741,928	\$ 15,639,834

At June 30, 2025 and 2024, \$4,129,109 and \$4,686,750, respectively, is due from one donor.

The discount rate is 4 percent.

(4) Rental Real Estate

Rental real estate consists of the following at June 30:

	2025	2024
Land, at cost	\$ 1,543,454	\$ 1,664,317
Buildings, at cost	2,699,398	2,699,398
Real estate partnership interest, at cost	469,766	469,766
	4,712,618	4,833,481
Accumulated depreciation	(1,249,603)	(1,275,481)
Net Book Value	\$ 3,463,015	\$ 3,558,000

The Organization leases these properties primarily to SDSM&T and its students under operating leases.

Depreciation expense related to property leased under operating leases was \$82,393 for the years ended June 30, 2025 and 2024, respectively.

Revenue from operating leases included in net investment return on the income statements was \$988,171 and \$629,690 at June 30, 2025 and 2024, respectively.

The future minimum lease payments to be received under operating leases are approximately as follows for the years ending June 30:

2026	\$ 189,000
2027	185,000
2028	9,000

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(5) Property and Equipment

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 5,313,309	\$ 5,343,379
Buildings and Leasehold Improvements	4,162,466	4,162,466
Office Equipment and Software	724,984	892,239
	10,200,759	10,398,084
Accumulated Depreciation	(926,203)	(923,612)
	\$ 9,274,556	\$ 9,474,472

(6) Charitable Remainder Trusts

During the year ended June 30, 2025, there was one new trust with a fair market value of \$101,543 and one trust termination. The Organization is the remainderman for 87 and 95 percent of the market value for the years ended June 30, 2025 and 2024, respectively.

Trust assets held by the Organization of \$7,023,195 and \$6,395,032 are included primarily in investments on the Statements of Financial Position at June 30, 2025 and 2024, respectively.

(7) Liability under Charitable Gift Annuities

During the year ended June 30, 2025, there were no new annuities and no terminations. The Organization is remainderman for 100 percent of the market value for each of the years ended June 30, 2025 and 2024, respectively.

Charitable Gift Annuities held by the Organization of \$1,440,058 and \$1,366,770 are included primarily in investments on the Statements of Financial Position at June 30, 2025 and 2024, respectively.

(8) Notes Payable

Notes payable consists of the following at June 30:

	2025	2024
Mortgage note payable to a bank, due in quarterly interest payments and annual principal payments of \$672,000, interest at 7.75 percent, matures December 31, 2028; secured by land purchased and personal guarantee of a donor. (a)	\$ 1,325,275	\$ 2,513,776
Note paid in full during 2025	- -	289,044
	1,325,275	2,802,820
Current maturities of notes payable	672,000	692,513
	\$ 653,275	\$ 2,110,307

(a) The donor has made a conditional contribution to cover the interest expense related to this note payable. The related promise to give and contribution revenue will be recognized as interest is incurred on the respective note payable. The value of this conditional contribution depends on the timing of future loan payments and is not recorded in the financial statements.

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(8) Notes Payable

The note payable matures as follows during the years ended June 30:

2026	\$ 672,000
2027	653,275
	\$ 1,325,275

(9) Net Assets With Donor Restrictions – Purpose and Time

Net assets with purpose or time restrictions are available for the following at June 30:

	2025	2024
Scholarships and Fellowships	\$ 8,625,134	\$ 8,156,578
General Student Assistance	2,753,905	2,061,441
General Support to SDSM&T	19,319,564	20,331,098
Pledge Donations - Timing Restriction	9,310,611	12,475,245
	\$ 40,009,214	\$ 43,024,362

Substantially all net investment return earned on purpose restricted net assets is recorded in net assets with donor restriction – purpose. In addition, net investment return from perpetually restricted net assets, which is available for expenditure for program support of SDSM&T, is reported in these funds.

(10) Net Assets With Donor Restrictions - Perpetual

Net assets with perpetual restrictions consist of the following at June 30:

	2025	2024
Scholarships and Fellowships	\$ 69,578,536	\$ 61,556,918
General Student Assistance	5,120,767	4,289,858
General Support to SDSM&T	38,438,428	31,874,581
Pledge Donations - Determined by Donor at Later Date	8,212,274	3,164,589
	\$ 121,350,005	\$ 100,885,946

In accordance with agreements with donors, net investment return, including realized and unrealized gains, is allocated in part to the perpetually restricted funds to provide for inflationary growth of the funds. The agreements provide for realized and unrealized investment losses to be deducted from principal. In such cases, the Organization's intent and understanding with donors is to restore such losses with future gains.

(11) Endowed Net Assets

The Organization is governed subject to the Investment Policy Statement adopted by the Board of Directors, and most contributions are received subject to the terms of this statement. Under the terms of the Investment Policy Statement, the Board of Directors has the ability to allocate earnings to spending and to fund accumulation. Funds held for accumulation are considered net assets with donor restrictions - perpetual (which may be reduced in a year with investment losses).

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(11) Endowed Net Assets

The Board of Directors of the Organization has interpreted the State of South Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions – perpetual (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of 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 the donor-restricted endowment fund that is not classified in net assets with donor restrictions – perpetual is classified as net assets with donor restrictions - purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board of Directors, on the advice of legal counsel, has determined that the majority of the Organization's net assets with donor restriction - perpetual meet the definition of endowment funds under UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The following represents endowment net asset composition by type of fund as of June 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose</u>	<u>Perpetual</u>	
Donor Restricted Endowment Funds	\$ -	\$ 9,330,276	\$ 100,885,946	\$ 110,216,222
Donor Purpose Restricted and Board Endowed	-	1,118,148	-	1,118,148
Endowment Assets - June 30, 2024	-	10,448,424	100,885,946	111,334,370
Donor Restricted Endowment Funds	-	10,132,120	121,350,005	131,482,125
Donor Purpose Restricted and Board Endowed	-	1,212,177	-	1,212,177
Endowment Assets - June 30, 2025	\$ -	\$ 11,344,297	\$ 121,350,005	\$ 132,694,302

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(11) Endowed Net Assets

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose</u>	<u>Perpetual</u>	
Endowment Assets - June 30, 2023	\$ -	\$ 9,564,357	\$ 90,594,838	\$ 100,159,195
Net Investment Return	-	3,412,084	-	3,412,084
Net Investment Return on Trusts/Annuities	-	-	352,433	352,433
Contributions	-	192,891	7,128,509	7,321,400
Appropriation for Expenditure	-	(2,720,908)	192,891	(2,528,017)
Endowment Assets - June 30, 2024	-	10,448,424	98,268,671	108,717,095
Net Investment Return	-	3,694,219	5,975,087	9,669,306
Net Investment Return on Trusts/Annuities	-	-	359,795	359,795
Contributions	-	371,389	14,129,177	14,500,566
Appropriation for Expenditure	-	(3,169,735)	-	(3,169,735)
Endowment Assets - June 30, 2025	\$ -	\$ 11,344,297	\$ 118,732,730	\$ 130,077,027

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize support while growing the endowment's principal value to maintain spending value compared to appropriate inflationary indexes. To achieve these goals, the Board of Directors annually authorizes spending and accumulation allocations that are transferred to each funding account. Spending allocations for fiscal years 2025 and 2024 were based on a 12-quarter rolling fund average. Total earnings are spread based on the beginning of the quarter fund balance. The Organization allocates a portion of total earnings to the perpetual endowment and the remainder to the donor restricted – purpose endowment consistent with the standard of prudence prescribed by UPMIFA.

(12) Liquidity

The Organization 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; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions.

As described in Note 11, the Organization's endowments are subject to annual spending rates and allocations authorized by the Board of Directors. General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

In the event of unanticipated liquidity needs, the Organization has borrowing capacity and could obtain an operating line of credit for short term funding shortages, if needed. The Organization may also solicit donors if the need arises.

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(12) Liquidity

The table below presents financial assets available for general expenditures within one year:

	2025	2024
<i>Financial Assets at year end:</i>		
Cash and Cash Equivalents	\$ 33,665,530	\$ 25,934,826
Investments	110,169,214	102,888,580
Unconditional Promises to Give	17,741,928	15,639,834
Total Financial Assets	\$ 161,576,672	\$ 144,463,240
<i>Less amounts not available to be used within one year:</i>		
Net Assets with Donor Restriction	\$ 161,359,219	\$ 143,910,308
Donor Restricted Net Assets Include:		
Rental Real Estate	(3,463,015)	(3,558,000)
Financial Assets Not Available to be Used Within One Year	\$ 157,896,204	\$ 140,352,308
Financial Assets Available to Meet General Expenditures Within One Year		
	\$ 3,680,468	\$ 4,110,932

(13) In-Kind Contributions

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets include the following:

	2025	2024
Equipment	\$ 14,400	\$ 50,000
Educational Materials	-	50,401
Program Supplies	-	2,584
	\$ 14,400	\$ 102,985

Contributed equipment, education materials and program supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed equipment, educational materials, and program supplies are provided to SDSM&T for the continuing education and support of the SDSM&T students. Amounts are not donor restricted.