

NDSU

NORTH DAKOTA STATE UNIVERSITY

Annual Financial Report
June 30, 2023

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North Dakota State University

Management's Discussion and Analysis

JUNE 30, 2023

North Dakota State University's (NDSU) discussion and analysis (MD&A) provides an overview of its financial activities for the year ending June 30, 2023 and should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and the MD&A are the responsibility of management.

The financial activity of the eleven public post-secondary institutions under the control of the North Dakota University System (System), including NDSU, is combined into a single financial report audited by the North Dakota State Auditor's Office. NDSU's financial statements are not audited as a separate entity, they are audited as part of the System as a whole.

The financial statements presented are partially extracted from the audited System financial report. **NDSU's Annual Financial Report, alone, is considered not audited; and therefore, no audit opinion letter is included in this report.**

NDSU's financial statements include the balances and activities of the following state agencies that have separate legislative state appropriations: Agricultural Experiment Station, Extension Service, Research Centers, Northern Crops Institute, Upper Great Plains Transportation Institute, and the North Dakota Forest Service.

Financial statements for the two major legally separate foundations that are affiliated with NDSU are presented in the Supplementary Information section of this report. The figures in this section were extracted from the foundation's audited reports; however, as with NDSU's basic financial statements and notes, the supplementary information presented in this report must be considered unaudited.

Background Information

North Dakota State University is distinctive as a student-focused, land-grant, research university, that provides affordable access to an excellent education at a top-ranked institution that combines teaching and research in a rich learning environment, educating future leaders who will create solutions to national and global challenges that will shape a better world. NDSU is an R1 research institution as defined by the Carnegie Classification of Institutions of Higher Education. NDSU is listed in the National Science Foundation's top 100 in several areas, including agricultural sciences, social sciences, physical sciences, chemistry, psychology and computer sciences. NDSU is fully accredited as an institution by the Higher Learning Commission. The main campus is located in Fargo, N.D., with Extension Service and Experiment Station Research Centers located all across the state.

Mission

We provide transformational education, create knowledge through innovative research, and share knowledge through community engagement that meets the needs of North Dakota and the world.

Vision

To lead the advancement of our land-grant ideals through innovative education, research, and outreach.

Financial Highlights

NDSU's overall financial standing continues to be sound with total assets of \$895 million and total liabilities of \$284 million, and a net position total of \$634 million (an increase of 64 million over the previous fiscal year). The University has done well in managing its financial resources during difficult times.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, provide information on the University as a whole and present a long-term view of the University's finances. Refer to Note 1 in the accompanying financial statements for activities included in NDSU's basic financial statements.

The statements assist in answering the question "Is the University as a whole financially better off or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information in a way that helps answer this question. The Statement of Cash Flows summarizes transactions affecting cash during the fiscal year. It also provides information about the ability of NDSU to generate future cash flows necessary to meet its obligations and to evaluate its potential for additional financing.

Other non-financial factors, such as the condition of the campuses' infrastructure, changes in legislative funding and changes in student enrollments, need to be considered in order to assess the overall health of NDSU.

Management's Discussion and Analysis

Statement of Net Position

The following table shows a condensed Statement of Net Position at June 30, 2023 and 2022:

	2023	2022	Dollar Change	Percent Change
ASSETS				
Current assets	\$ 192,992,980	\$ 174,041,186	\$ 18,951,794	11%
Other non-current assets	71,127,082	69,657,918	1,469,164	2%
Capital assets, net	630,565,352	578,360,122	52,205,230	9%
Total assets	<u>\$ 894,685,414</u>	<u>\$ 822,059,226</u>	<u>\$ 72,626,188</u>	<u>9%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 56,719,639</u>	<u>\$ 37,300,461</u>	<u>\$ 19,419,178</u>	<u>52%</u>
LIABILITIES				
Current liabilities	\$ 65,923,772	\$ 58,403,666	\$ 7,520,106	13%
Noncurrent liabilities	217,648,422	171,627,296	46,021,126	27%
Total liabilities	<u>\$ 283,572,194</u>	<u>\$ 230,030,962</u>	<u>\$ 53,541,232</u>	<u>23%</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 33,590,724</u>	<u>\$ 59,586,819</u>	<u>\$ (25,996,095)</u>	<u>-44%</u>
NET POSITION				
Invested in capital assets, net	\$ 507,239,635	\$ 448,562,074	\$ 58,677,561	13%
Restricted	13,497,405	14,133,616	(636,211)	-5%
Unrestricted	113,505,095	107,046,215	6,458,880	6%
Total net position	<u>\$ 634,242,135</u>	<u>\$ 569,741,905</u>	<u>\$ 64,500,230</u>	<u>11%</u>
Current Ratio (current assets to current liabilities)	<u>2.93</u>	<u>2.98</u>		
Primary Reserve Ratio (expendable net position to operating expenses)	<u>0.27</u>	<u>0.27</u>		

The increase in current assets is mainly attributed to increases in cash and grants and contracts receivable. The grants and contracts receivable balance increased due to Legacy Bond Fund construction costs receivable for the Peltier Complex.

The increase in capital assets is due to the construction of the Indoor Practice Facility and the Peltier Complex.

GASB 68 Accounting and Reporting for Pensions continues to result in fluctuations in the financial statements primarily due to changes in the single discount rate. Per NDPERS, in FY22, the plan had 27% returns, resulting in the ability to increase the discount rate back up to 7% from 4.64%. In FY23, the long-term rate of return was reduced by 0.5%, resulting in the discount rate decreasing back down to 5.10%. This change in actuarial assumption reversed the fluctuation from the previous year causing an increase in deferred outflows, increase in pension liability (noncurrent liability), and decrease in deferred inflows.

The increase in current liabilities is due to construction costs payable for the Peltier Complex.

The increase in the invested in capital assets net position is due to the Indoor Practice Facility and Peltier Complex.

Management's Discussion and Analysis

Statement of Revenues, Expenses, and Changes in Net Position

The following table shows a condensed Statement of Revenues, Expenses and Changes in Net Position, with operating and non-operating revenues and expenses combined, as of June 30, 2023 and 2022:

	2023	2022	Dollar Change	Percent Change
Revenues				
Student tuition and fees	\$ 120,451,016	\$ 116,718,433	\$ 3,732,583	3%
Grants, contracts & federal appropriations	100,532,620	88,032,692	12,499,928	14%
State appropriations	126,382,061	121,708,877	4,673,184	4%
Sales and services of educational departments	40,414,273	40,449,104	(34,831)	0%
Auxiliary enterprises	45,940,268	43,166,032	2,774,236	6%
Gifts	23,499,967	21,433,179	2,066,788	10%
Federal HEERF/Cares Act Stimulus	5,472,495	19,488,211	(14,015,716)	-72%
Other operating and nonoperating revenue	6,572,142	7,187,549	(615,407)	-9%
Total revenues	\$ 469,264,842	\$ 458,184,077	\$ 11,080,765	2%
Expenses				
Salaries and wages	\$ 307,056,593	\$ 287,466,014	\$ 19,590,579	7%
Operating expenses	121,831,506	112,453,529	9,377,977	8%
Depreciation expense	30,894,213	29,777,246	1,116,967	4%
Student Scholarships and fellowships	7,450,962	6,732,211	718,751	11%
HEERF/Cares Act Aid to Students	-	11,487,017	(11,487,017)	-100%
Other operating and nonoperating expenses	5,600,179	6,735,100	(1,134,921)	-17%
Total expenses	\$ 472,833,453	\$ 454,651,117	\$ 18,182,336	4%
Increase (decrease) prior to Capital Asset Funding	\$ (3,568,611)	\$ 3,532,960	\$ (7,101,571)	-201%
Capital Asset Funding				
State appropriations - capital assets	\$ 42,781,949	\$ 21,101,646	\$ 21,680,303	103%
Capital grants and gifts	\$ 25,013,965	\$ 25,657,872	(643,907)	-3%
Total Capital Asset Funding	\$ 67,795,914	\$ 46,759,518	\$ 21,036,396	45%
Increase (decrease) in Net Position	\$ 64,227,303	\$ 50,292,478	\$ 13,934,825	28%
Net Position, Beginning of Year, as restated	\$ 570,014,832	\$ 519,449,427	\$ 50,565,405	10%
Net Position, End of Year	\$ 634,242,135	\$ 569,741,905	\$ 64,500,230	11%

Overall, revenues increased 2% and expenses increased 4% from 2022 to 2023.

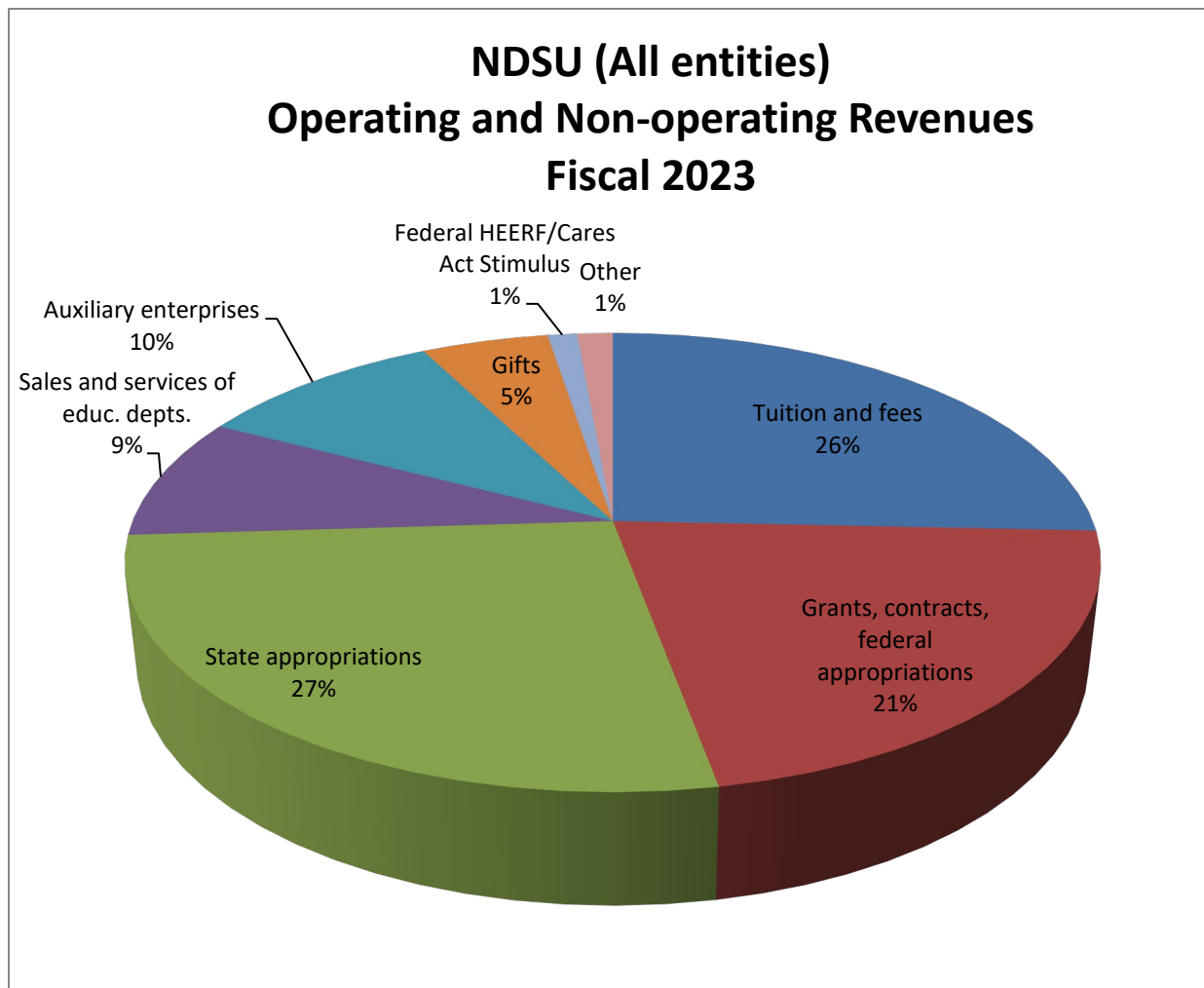
The increase in grants, contracts & federal appropriations revenue was spread over many contracts. Gifts revenue increased due to an increase in scholarship funds from the NDSU Foundation. Federal HEERF/Cares Act Stimulus and HEERF/Cares Act Aid to Students decreased due to the reduction of COVID-related grants as the pandemic subsided.

Other operating and nonoperating expenses decreased due to a reduction in losses on disposals of capital assets after the demolition of the Geosciences Building and retirements of other buildings no longer in use during 2022.

The increase in State appropriations – capital assets is due to construction of the Peltier Complex.

Graphs

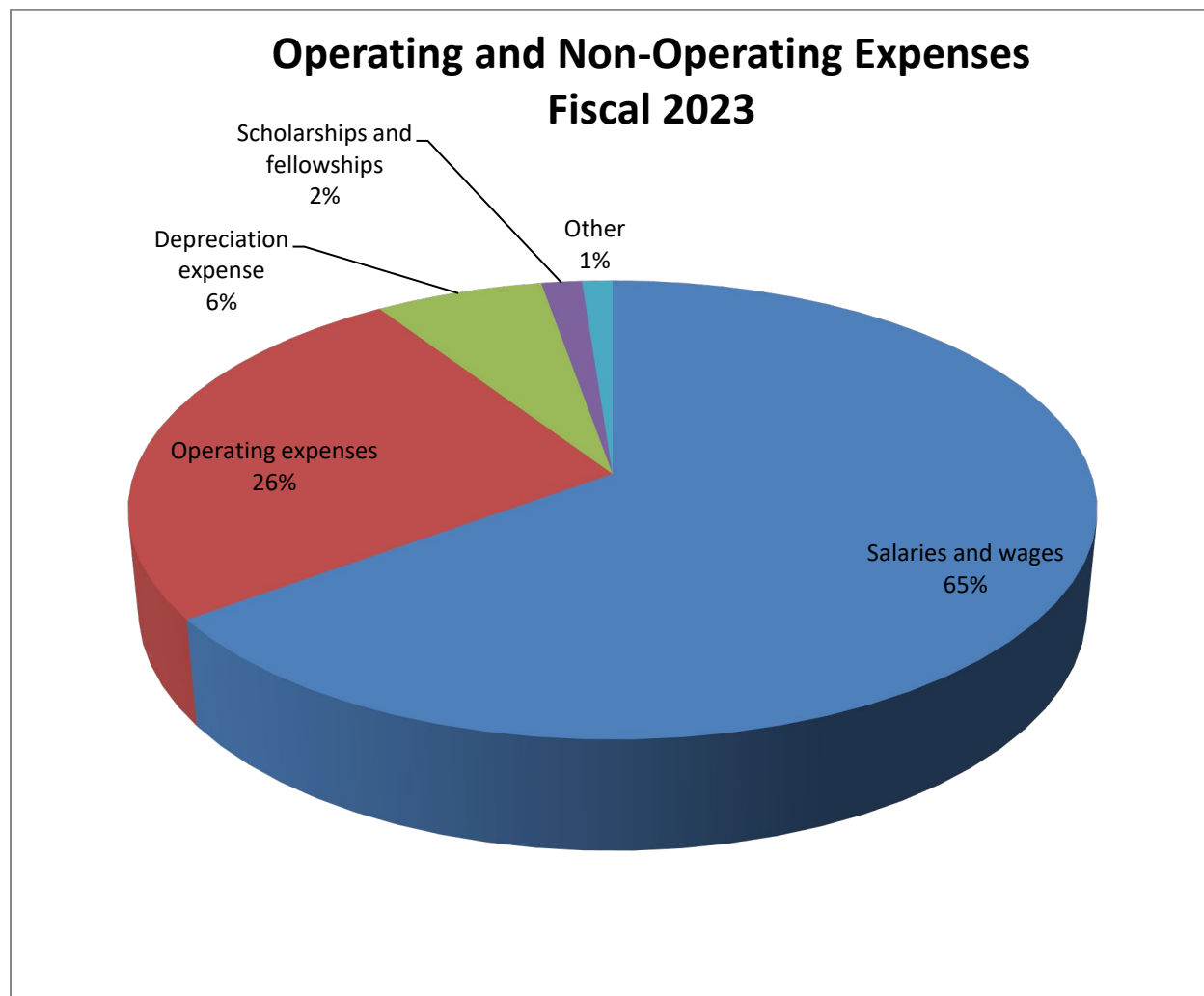
The following graph depicts sources of operating and non-operating revenues for fiscal year 2023:



The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.

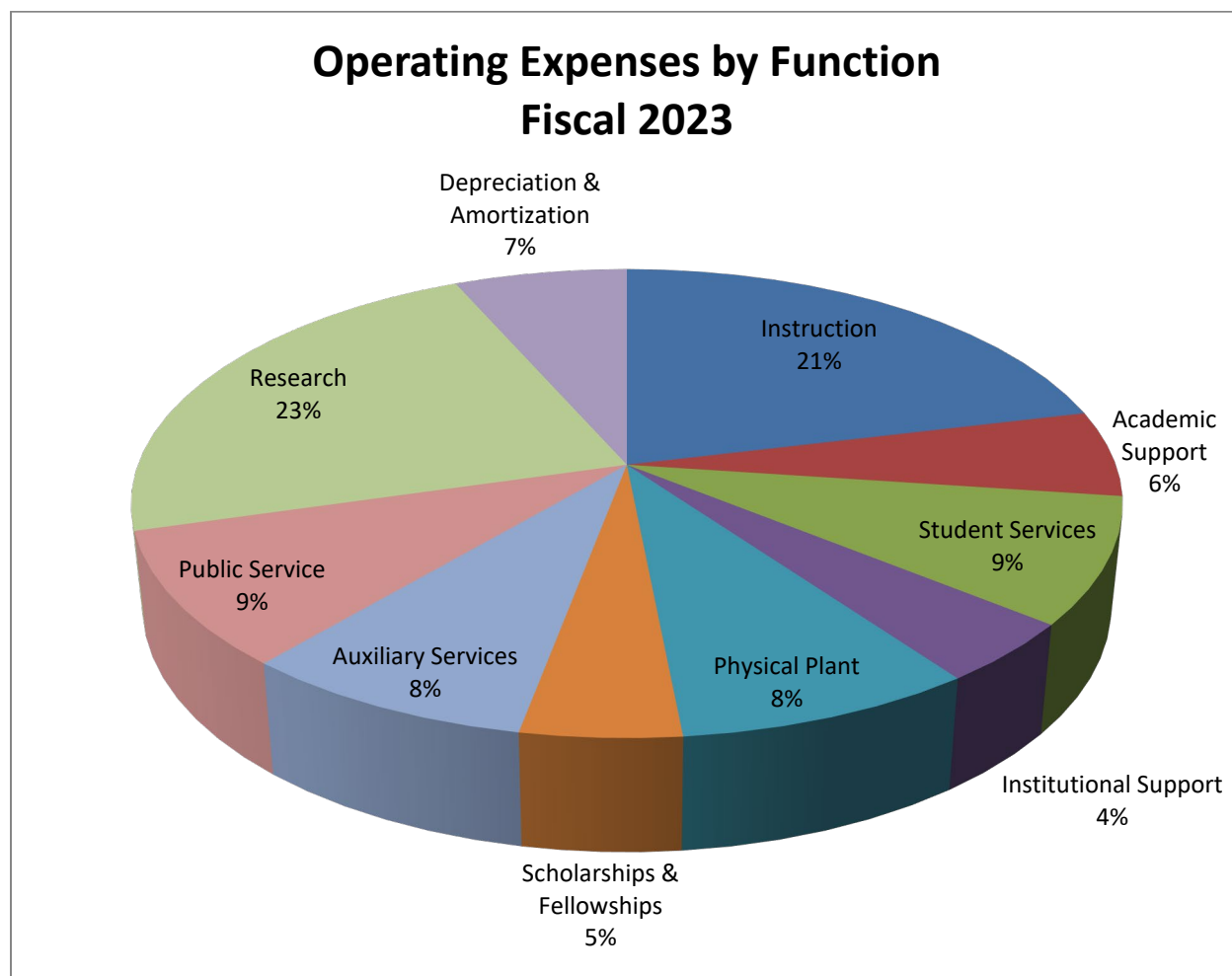
Management's Discussion and Analysis

The following graph depicts objects of operating and non-operating expenses, by natural classification, for fiscal year 2023:



The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.

The following graph depicts operating expenses only, by institutional function, for fiscal year 2023:



The activities of all NDSU entities are combined in this graph, including the Agriculture Experiment Station, and other similar separately appropriated agencies.

Financial Ratios

	2023	2022
Current Ratio (current assets to current liabilities)	2.93	2.98
Primary Ratio (expendable net position to operating expense)	0.27	0.27
Viability Ratio (expendable net position to long-term debt, less compensated absences)	0.98	0.88
Higher Learning Commission's Composite Financial Index (CFI):		
1. CFI, including CU's and including GASB 68 & 75	3.07	6.25
2. CFI, excluding CU's and including GASB 68 & 75	2.63	2.48
3. CFI, including CU's and excluding GASB 68 & 75	3.94	6.89
4. CFI, excluding CU's and excluding GASB 68 & 75	3.56	3.08
(CU's = Component Units)		

Current Ratio

The current ratio measures whether or not the University has enough readily available resources to pay its short-term bills and liabilities. A ratio of 2 or greater is considered healthy.

Primary Reserve Ratio

The primary reserve ratio measures the ability of the University to continue operating at current levels, within current restrictions, without future revenues. A ratio of 1.0 denotes that an institution would have the ability to cover its expenses for one year without any revenues. The University's primary reserve ratio at June 30, 2023, is 0.27, which indicates that in an emergency situation, the University could continue its current operations for approximately 14 weeks.

Viability Ratio

The viability ratio is a measure of financial health; the availability of expendable net assets to cover debt should the University need to settle its obligations as of the fiscal year end. Expendable net assets are the balances in the total net assets, excluding investment in capital assets and non-expendable scholarships and fellowships. A ratio of less than .3 is of concern and NDSU is at .98 for fiscal 2023.

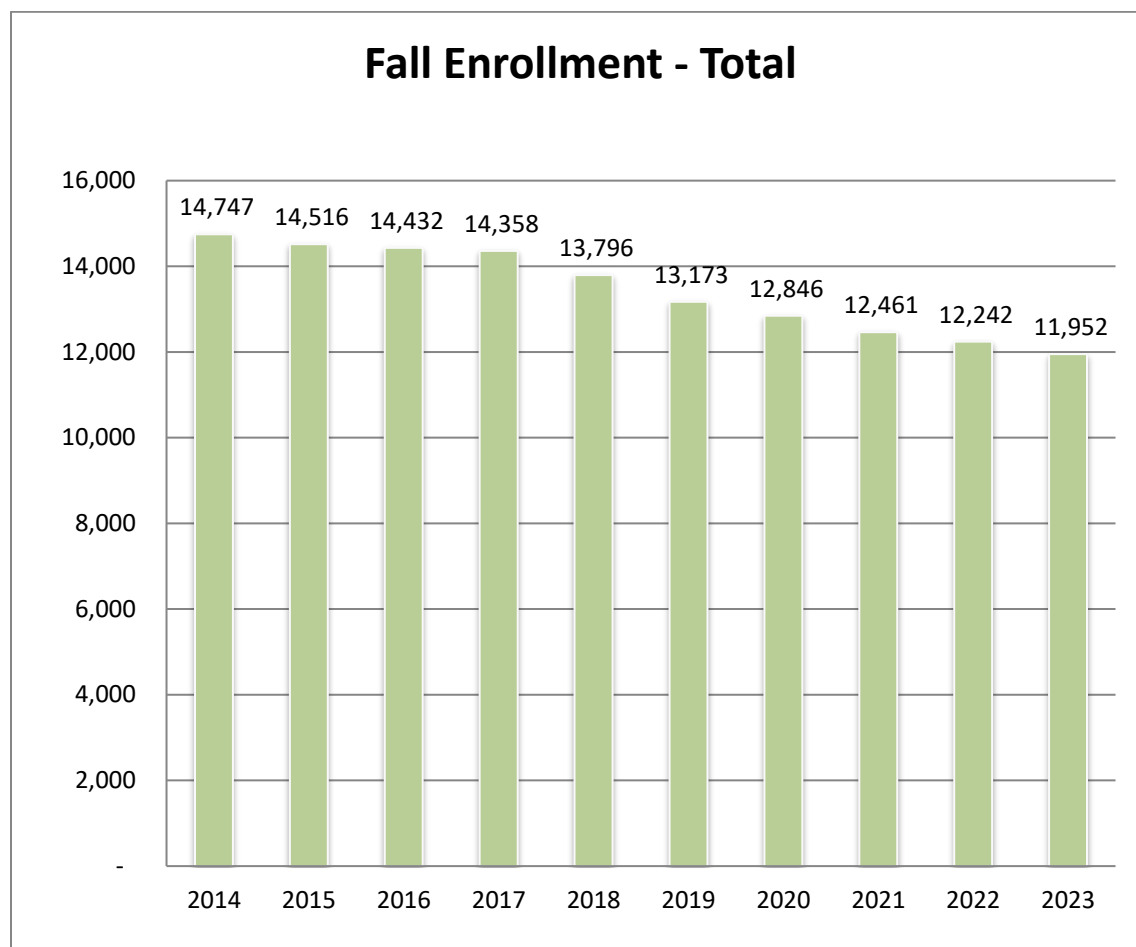
Higher Learning Commission's Composite Financial Index

The Higher Learning Commission (HLC) reviews accredited and candidate institutions' financial information to determine whether an institution operates with integrity in its financial functions. The HLC uses its Composite Financial Index (CFI) to gauge the overall financial condition of a university. The CFI is a weighted index of various financial ratios. A CFI less than 1.0 for two consecutive years is a flag to the HLC that an institution will need a special review to gain or retain its accreditation. NDSU's CFI is well above the 1.0 benchmark at 3.07 for fiscal 2023, and is well over the level set by the HLC requiring a review.

Other Highlights

Student Enrollment

NDSU's fall headcount student enrollment has been trending downward since 2014. This reflects a competitive environment with national downward trends in college and university enrollment. NDSU's fall headcount enrollment for fall 2023 was 11,952 students, which represents about 27% of the student enrollment for the entire ND University system. NDSU's fall headcount enrollment for the last ten fall terms is shown below:



Financial Contact

The University's financial statements are designed to present users with a general overview of the University's finances and to demonstrate accountability. The NDSU Accounting Office is responsible for the contents of this report. If you have questions about the report or need additional financial information, contact the NDSU Accounting Office, Lisa Ripplinger, Controller, at lisa.m.ripplinger@ndsu.edu, or Travis Aho, Associate Controller, at travis.aho.1@ndsu.edu.

Basic Financial Statements

North Dakota State University Statement of Net Position For Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 100,289,351	\$ 85,783,332
Short-term investments	35,001,394	36,000,001
Accounts receivable, net	6,128,696	6,492,935
Due from other NDUS institutions	188,270	409,617
Due from component units	8,039,086	7,321,428
Due from State General Fund	8,008,070	8,481,409
Grants & contracts receivable, net	29,567,933	22,038,586
Inventories	1,859,755	1,400,141
Lease receivable	8,065	-
Notes receivable, net	494,019	510,998
Other assets	3,408,341	5,602,739
Total Current Assets	\$ 192,992,980	\$ 174,041,186
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 1,742,039	\$ 1,827,546
Restricted investments	20,198	17
Endowment investments	459,113	459,111
Notes receivable, net	1,310,140	2,029,783
Other long-term investments	67,540,447	65,280,777
Due from Component Units	55,145	60,684
Capital assets, net	630,565,352	578,360,122
Total Noncurrent Assets	\$ 701,692,434	\$ 648,018,040
Total Assets	\$ 894,685,414	\$ 822,059,226
 DEFERRED OUTFLOWS OF RESOURCES		
	\$ 56,719,639	\$ 37,300,461
 LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 28,900,643	\$ 21,480,679
Due to other NDUS institutions	592,589	528,763
Due to component units	-	21,404
Accrued payroll	14,020,808	13,041,236
Unearned revenue	10,524,871	11,172,730
Deposits	539,871	827,015
SBITA liabilities-current portion	885,570	-
Long-term liabilities—current portion:		
Due to component units	2,075,632	2,023,261
Due to others	8,383,788	9,308,578
Total Current Liabilities	\$ 65,923,772	\$ 58,403,666
Noncurrent Liabilities		
Pension Liability	\$ 80,426,867	\$ 29,048,332
OPEB Liability	3,160,547	1,477,257
SBITA liabilities-noncurrent portion	529,796	-
Long-term liabilities:		
Due to component units	19,209,721	21,247,991
Due to others	114,321,491	119,853,716
Total Noncurrent Liabilities	\$ 217,648,422	\$ 171,627,296
Total Liabilities	\$ 283,572,194	\$ 230,030,962
 DEFERRED INFLOWS OF RESOURCES		
	\$ 33,590,724	\$ 59,586,819

Statement of Net Position - Continued on Next Page

Basic Financial Statements

Statement of Net Position - Continued

	<u>2023</u>	<u>2022</u>
NET POSITION		
Invested in Capital Assets, net of related debt	\$ 507,239,635	\$ 448,562,074
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	516,328	521,867
Expendable:		
Scholarships and fellowships	596,294	473,589
Research	5,776,590	5,262,524
Instructional department uses	2,124,303	2,263,126
Loans	2,652,030	3,697,807
Capital projects	-	-
Debt service	1,790,231	1,876,034
Other	41,629	38,669
Unrestricted	113,505,095	107,046,215
Total Net Position	<u>\$ 634,242,135</u>	<u>\$ 569,741,905</u>

Basic Financial Statements

North Dakota State University Statement of Revenues, Expenses, & Other Changes in Net Position For Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
Operating Revenues:		
Student tuition and fees	\$ 120,451,016	\$ 116,718,433
Federal Grants and Contracts	67,382,074	55,875,718
State Grants and Contracts	7,813,261	8,882,839
Private Grants & Contracts	8,711,078	7,344,050
Sales and services of educational departments	40,414,273	40,449,104
Auxiliary enterprises	45,940,268	43,166,032
Other Operating Revenue	350,230	364,609
Total operating revenues	\$ 291,062,200	\$ 272,800,785
EXPENSES		
Operating expenses:		
Salaries and wages	\$ 307,056,593	\$ 287,466,014
Operating expenses	107,150,181	99,069,316
Data Processing	6,261,477	5,415,198
Depreciation Expense	30,894,213	29,777,246
Scholarships and fellowships	7,450,962	6,732,211
HEERF/Cares Act Aid to Students	-	11,487,017
Cost of Sales and services	8,419,848	7,969,015
Total operating expenses	\$ 467,233,274	\$ 447,916,017
Operating income (loss)	\$ (176,171,074)	\$ (175,115,232)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 126,382,061	\$ 121,708,877
Federal Appropriations	6,793,320	6,304,541
Federal grants and contracts	9,832,887	9,625,544
Federal grants and contracts stimulus	5,472,495	19,488,211
Gifts	23,499,967	21,433,179
Investment income	5,323,406	5,740,979
Interest on capital asset - related debt	(4,708,115)	(4,931,111)
Gain/(Loss) on capital assets	133,517	(1,414,751)
Insurance Proceeds	264,989	581,961
Tax revenues	500,000	500,000
Transfer to Industrial Commission	(236,149)	(241,758)
Other nonoperating revenues over (under) expenses	(655,915)	(147,480)
Net nonoperating revenues	\$ 172,602,463	\$ 178,648,192
Income (loss) before capital grants, gifts and transfers	\$ (3,568,611)	\$ 3,532,960
State appropriations - capital assets	\$ 42,781,949	\$ 21,101,646
Capital grants and gifts	25,013,965	25,657,872
Total other revenues (expenses)	\$ 67,795,914	\$ 46,759,518
Increase (decrease) in net position	\$ 64,227,303	\$ 50,292,478
NET POSITION		
Net Position - beginning of year	\$ 569,741,905	\$ 523,791,418
Prior Period Adjustment-GASB 87 Lease Accounting	\$ 275,932	\$ (4,344,897)
Prior Period Adjustment-Other	\$ (3,005)	\$ 2,906
Net Position - end of year	\$ 634,242,135	\$ 569,741,905

Basic Financial Statements

North Dakota State University Statement of Cash Flows For Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 120,791,692	\$ 116,353,329
Grants and Contracts	75,844,386	71,233,841
Payments to suppliers	(115,363,728)	(118,964,330)
Payments to employees	(298,463,702)	(286,431,006)
Payments for scholarships and fellowships	(7,450,962)	(6,732,211)
Payments for HEERF/Cares Act Funds to Students	-	(11,487,017)
Loans issued to students	(69,406)	(137,051)
Collection of loans to students	735,199	1,002,483
Auxiliary enterprise charges	45,917,593	43,335,874
Sales and services of educational departments	40,381,248	40,479,234
Cash received (paid) on deposits	(287,144)	(26,724)
Other receipts (payments)	1,834,890	(1,481,245)
Net cash provided (used) by operating activities	\$ (136,129,934)	\$ (152,854,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 126,230,957	\$ 121,793,108
Federal appropriations	6,793,321	6,304,541
Grants and gifts received for other than capital purposes	33,201,311	30,945,914
Federal stimulus revenues	5,472,496	19,488,211
Direct Lending Receipts	68,301,012	66,279,852
Direct Lending Disbursements	(68,301,012)	(66,279,852)
Transfers to Industrial Commission	(236,149)	(241,758)
Tax revenues	500,000	500,000
Net cash provided/(used) by noncapital financing activities	\$ 171,961,936	\$ 178,790,016
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt	\$ -	\$ -
Capital appropriations	43,406,392	21,878,240
Capital grants and gifts received	24,805,040	20,284,151
Proceeds from sale of capital assets	158,849	51,234
Proceeds from lease receivables	32,908	-
Purchases of capital assets	(78,906,158)	(55,826,681)
Insurance proceeds	264,990	581,961
Principal paid on capital debt and lease	(10,271,722)	(10,627,404)
Interest paid on capital debt and lease	(4,884,752)	(5,106,427)
Net cash provided/(used) by capital and related financing activities	\$ (25,394,453)	\$ (28,764,926)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	\$ 36,039,377	\$ 25,000,032
Interest on Investments	4,943,586	4,811,758
Purchases of investments	(37,000,000)	(25,000,000)
Net cash provided/(used) by investing activities	\$ 3,982,963	\$ 4,811,790
Net increase (decrease) in cash	\$ 14,420,512	\$ 1,982,057
Cash - Beginning of year, as restated	\$ 87,610,878	\$ 85,628,821
Cash - End of year	\$ 102,031,390	\$ 87,610,878

Statement of Cash Flows - Continued on Next Page

Basic Financial Statements

Statement of Cash Flows - Continued

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	<u>2023</u>	<u>2022</u>
Operating Income (loss)	\$ (176,171,074)	\$ (175,115,232)
Adjustments:		
Depreciation	30,894,213	29,777,246
Other nonoperating revenues (expenses)	(709,734)	92,857
Change in assets and liabilities:		
Accounts receivable adjusted for interest receivable	326,950	133,736
Grant & contract receivables	(8,085,638)	(68,412)
Inventories	(459,615)	(156,758)
Notes receivable	736,621	944,566
Other assets	2,194,396	(1,938,711)
Accounts payable and accrued liabilities adjusted for interest payable	6,906,159	(6,487,122)
Pension Liability	51,378,535	(62,362,622)
OPEB Liability	1,683,288	(847,106)
Net change in deferred outflows	(19,575,770)	19,970,670
Net change in deferred inflows	(26,003,980)	43,237,422
Accrued payroll	979,572	394,976
Compensated absences	154,855	(158,686)
Unearned revenue	(91,568)	(244,923)
Deposits	(287,144)	(26,724)
Net cash provided (used) by operating activities	\$ (136,129,934)	\$ (152,854,823)

SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS

Assets acquired through long-term leases	\$ 1,047,415	\$ 1,766,892
Assets acquired through note payable	404,981	-
Assets acquired through long-term software based IT arrangements	2,001,340	-
Long-term lease receivable initiated	(40,973)	-
Gifts of capital assets	-	100,000
Net Increase (Decrease) in value of investments	291,532	935,910
Total non cash transactions	\$ 3,704,295	\$ 2,802,802

Basic Financial Statements

North Dakota State University Statement of Fiduciary Net Position of Custodial Funds For Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ (184,035)	\$ (210,605)
Accounts receivable, net	723,448	699,895
Due from component units	22,957	774
Total current assets	<u>\$ 562,370</u>	<u>\$ 490,064</u>
Noncurrent assets		
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 562,370</u>	<u>\$ 490,064</u>
 LIABILITIES		
Current liabilities		
Accounts payable	\$ 42,905	\$ 14,469
Accrued payroll	100,493	99,143
Deposits	-	-
Total current liabilities	<u>\$ 143,398</u>	<u>\$ 113,612</u>
Noncurrent liabilities		
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ 143,398</u>	<u>\$ 113,612</u>
 NET POSITION		
Restricted for:		
Fiduciary Funds	<u>418,972</u>	<u>376,451</u>
Total Net Position	<u>\$ 418,972</u>	<u>\$ 376,451</u>

Basic Financial Statements

North Dakota State University Statement of Changes in Fiduciary Net Position of Custodial Funds For Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Nongovernmental grants and contracts	2,457,865	2,374,333
Sales and services of educational departments	246,606	188,601
Auxiliary enterprises	-	165
Gifts	24,181	27,216
Total additions	<u>\$ 2,728,652</u>	<u>\$ 2,590,315</u>
DEDUCTIONS		
Salaries and wages	2,541,503	2,490,260
Operating expenses	119,778	85,879
Data processing	24,850	7,020
Total deductions	<u>\$ 2,686,131</u>	<u>\$ 2,583,159</u>
INCREASE IN NET POSITION	<u>\$ 42,521</u>	<u>\$ 7,156</u>
NET POSITION		
Net position - beginning of year, as restated	<u>\$ 376,451</u>	<u>\$ 369,294</u>
Net position - end of year	<u>\$ 418,972</u>	<u>\$ 376,450</u>

Notes to the Financial Statements

JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies

The significant accounting policies, as summarized below, and the financial statements for North Dakota State University (NDSU) are in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

The North Dakota State Board of Higher Education (SBHE) is the governing body for North Dakota's eleven publicly supported colleges and universities. In addition to these eleven institutions, the SBHE also oversees the Agricultural Research Centers, Agronomy Seed Farm, North Dakota Cooperative Extension Service, Northern Crops Institute, School of Medicine and Health Sciences, the State Forest Service, and the Upper Great Plains Transportation Institute. The SBHE was established in 1939 when the voters of North Dakota approved an initiated measure to add Article VIII to the State Constitution. The SBHE consists of ten voting members. The Governor, with the advice and consent of the Senate, appoints seven of the eight voting members. The eighth member is a full-time resident student appointed by the Governor. A ninth member is a faculty member (non-voting) selected by the state-wide Council of College Faculties. A tenth member is a staff member (non-voting) selected by the statewide Staff Senate. The SBHE is an entity of the executive branch of the government of the State of North Dakota. The colleges and universities governed by the SBHE are collectively known and referred to as the North Dakota University System hereafter referred to as the System. The Board appoints a Commissioner of Higher Education (Chancellor) to serve as the chief executive officer of the Board and of the System. The Chancellor and the Chancellor's staff must have their principal office in the State Capitol per the North Dakota Constitution. This office is referred to as the System Office or NDUSO. The North Dakota Legislature appropriates funds it deems necessary and as required by law for those agencies and institutions authorized to exist by the constitution and statutes. Separate general ledgers are maintained for the System Office and each institution on the PeopleSoft Finance Module.

NDSU is included in the reporting entity of the North Dakota University System (NDUS). The NDUS is an entity of the executive branch of government of the State of North Dakota, and is thus a component unit of the State of North Dakota. The financial statements presented here are also included in the comprehensive annual financial report of the State of North Dakota as part of the NDUS Consolidated Statements.

NDSU was created by the North Dakota Constitution and/or North Dakota Century Code (NDCC). As stated above these entities are under the control and administration of the State Board of Higher Education. Each entity receives a separate appropriation from the North Dakota Legislature as provided by North Dakota Constitutional Article VIII, S 6(6)(e) and state statute.

Component Units

The process of evaluating potential component units involves the application of criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. In accordance with GASB Statement No. 14, a financial reporting entity consists of the primary institution, organizations for which the primary institution is financially accountable and other organizations for which the nature and significance of their relationship with the primary institution are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the criteria of financial accountability. The primary institution is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary institution. Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, modifies and clarifies previously existing criteria of determining whether an organization should be reported as a component unit and how that component unit should be reported in the financial statements. The nature and significance of the organization's relationship and the extent of financial integration with the primary institution are now considered when determining potential component units. GASB Statement No. 61 amends the requirements established by GASB statement No. 14 and GASB statement No. 39 for inclusion of component units in the financial reporting entity. GASB Statement No. 61 requires a financial benefit or burden relationship in addition to a fiscal dependency.

As required by generally accepted accounting principles, the accompanying financial statements present NDSU (the primary institution) and its component units. The component units are included in NDSU's reporting entity because of the significance of their operational or financial relationships with NDSU.

The component units' financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain amounts reported on NDSU's financial statements (receivables from and payables to component units) are not reflected on the component units' financial statements. Certain amounts have been reclassified for consistent presentation.

Blended Component Units

A component unit whose governing body is substantively the same as the governing body of the primary institution, a financial benefit/burden relationship exists and the entity provides services entirely or almost entirely to the primary institution or otherwise exclusively or almost exclusively benefits the primary institution even though it does not provide services directly to it, is included in the primary institutions financial statements using the blending method.

NDSU has no blended component units.

Discretely Presented Component Units

The following component units are legally separate entities; however, a fiscal dependency relationship exists whereby the entity does not have the ability to complete certain essential fiscal events without substantive approval from the primary institution or due to the nature and significance of the relationship to NDSU, exclusion would render the financial statements incomplete or misleading. Although the primary institution does not control the timing or amount

of receipts from the component units, the majority of resources, or income thereon, which the entities hold and invest are restricted by the donors to the activities of the primary institution or its constituents. Therefore, these entities are discretely presented in the financial statements using FASB standards, including Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the financial report for these differences.

Component units that are significant relative to the other component units and to the primary institution are considered "major" component units and are displayed in separate columns in the component unit section of the financial statements. In this financial report, the major component units are included as supplementary information. Component units that are not significant relative to the other component units and to the primary institution are considered non-major component units and are displayed in a combined column in the component unit section of the financial statements. NDSU has no non-major component units.

Major Component Units

NDSU Foundation (NDSU Foundation) is a legally separate non-profit corporation established to raise, manage, distribute, and steward private resources to support the various priorities of NDSU. The NDSU Foundation engages in development and outreach activities on behalf of NDSU. The NDSU Foundation is governed by an Executive Governing Board comprised of 11 voting members as well as two ex-officio members – the president of NDSU and the President/CEO of the foundation.

The NDSU Foundation's fiscal year-end is December 31. Financial statements and footnote disclosures are presented as of December 31, 2022. Financial statements may be obtained at their administrative office at 1241 N. University Drive, Fargo, ND 58102.

NDSU Research & Technology Park, Inc., (NDSU RTP) is a separate 501(c)(3) non-profit organization developed to promote an economic environment dedicated to research and technology discovery for the benefit of NDSU, its faculty, staff and students, and the citizens of North Dakota. The majority of the NDSU RTP's board of directors (seven of ten) are private sector members. Officers of NDSU fill the remaining three positions with the President of NDSU serving as president of the board of directors. Financial statements may be obtained at their administrative office at 1854 NDSU Research Circle North, Fargo, ND 58102.

Non-major Component Units

North Dakota State University has no Non-major Component Units.

JOINT VENTURES

Tri-College University

Tri-College University (TCU) is a legally separate organization organized exclusively for educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. TCU's purpose is to assist in the establishment and maintenance of coordinated programs between Concordia College, Minnesota State University Moorhead, Minnesota State Community and Technical College – Moorhead, NDSCS and NDSU, as a means of maximizing higher educational services for the region. The organization serves as an agency through which resources are received and dispensed to supplement the educational endeavors of the five member institutions. The organization also serves as a means for promoting and strengthening existing and potential educational programs and courses.

A ten-member board of directors, including the presidents of the five universities, manages the TCU. All property, funds and income of the organization are held for the exclusive use and benefit of the participating institutions. Administration of funds and other resources received by TCU for use in connection with specific programs at NDSU are the responsibility of the university. As of June 30, 2023, the TCU had net position of approximately \$823,000 and is not considered a financial burden to NDSU. The financial activity of this organization is not reflected in the accompanying financial statements. Financial statements for the TCU may be obtained at their administrative office at NDSU, Renaissance Hall, 650 NP Avenue 110, Fargo, ND 58102.

INSIGNIFICANT COMPONENT UNITS

The following organizations are component units of NDSU but they have been deemed insignificant due to small total assets and revenues. Entities in this category had less than 1.0 percent each in total assets compared to total System assets and less than 10 percent in payments to or from NDSU. Separate boards of directors control these entities. In addition, the institution does not exercise financial or administrative control over these entities and/or the entities' relationship with the primary institution is not significant enough to warrant inclusion in the reporting entity's financial statements. The related organizations at June 30, 2023 were:

NDSU Research Foundation

NDSU Team Makers, Inc.

Alliance for Arts & Humanities

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, issued in June and November, 1999, as amended by GASB Statement Nos. 36, 37 and 38. The System follows the "business-type activities" (BTA) reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the System's activities.

BASIS OF ACCOUNTING

The financial statements of North Dakota State University have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and are presented to provide a comprehensive entity-wide perspective of NDSU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

FIDUCIARY FUNDS

NDSU accounts for activities resulting from NDSU acting as an agent or fiduciary for various organizations as custodial funds.

UNRESTRICTED NET POSITION

Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at each institution.

RESTRICTED ASSETS

The System, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Also, included are unspent bond proceeds that will be expended for construction of capital assets.

REVENUE AND EXPENSE RECOGNITION

The System presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the System.

Operating revenues include all charges to customers, grants received for student financial assistance, research contracts and grants, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the System. Pell Grant revenues are considered non-operating revenues. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the System, as well as investment income, are considered non-operating since these are either investing, capital or noncapital financing activities. Operating expenses are expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities.

BUDGETARY PROCESS

The State of North Dakota operates through a biennial appropriation. Legislation requires the SBHE to present a single unified budget request covering the needs of all the institutions under its control to the Governor through the Director of the Office of Management and Budget (OMB). The Governor is required by legislation to present his budget to the General Assembly at the beginning of each session. The General Assembly enacts the budget of the various institutions through the passage of specific appropriation acts. Before signing the appropriation acts, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the state's financial plan for the next two years.

The SBHE allocates contingency and capital emergency funding within guidelines provided by the General Assembly. Any funds received by the SBHE and entities of the System pursuant to federal acts, private grants, and other sources not deposited in the operating funds in the state treasury are appropriated for the biennial period. The SBHE has the authority to transfer funds between line items by notifying OMB in writing, with the exception that the SBHE may not approve transfers from any capital assets line item except as specifically provided by the General Assembly.

The North Dakota Constitution prohibits any transfers between institutions, even by the legislature. Institutions within the System do not use encumbrance accounting. The legal level of budgetary control is at the institutional line item level, with administrative controls established at lower levels of detail in certain instances.

SBHE policy requires each college or university to submit a biennial budget for SBHE approval and annual budgets to be approved by the Chancellor. These budgets are prepared on an accrual basis and include activity relative to current funds and unexpended plant funds. These annual budgets are prepared within the framework of the legislative-approved appropriations and become each institution's financial plan for the coming year. The SBHE allows each institution's discretion in transferring funds between departments.

CASH AND CASH EQUIVALENTS

This classification includes cash on-hand, cash in-bank, regular and money market savings accounts, and certificates of deposit and time saving certificates (original maturity of 3 months or less). For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the University's endowment, unspent bond proceeds and cash restricted by bond covenants are included in non-current restricted cash.

INVESTMENTS

Investments consist of certificates of deposit (maturity greater than three months), U.S. Treasuries, bonds, stocks and other securities held by trust departments or broker dealers and investments in real estate. Investments are reported at fair value for year-end financial reporting. Fair value is the amount at which an investment could be exchanged between two willing parties, which for financial reporting purposes is based on quoted market prices. The net increase (decrease) in the fair value of investments is recognized as a part of investment income. Investments are classified as Investments, if the maturity date is more than three months to one year, or as Other Long-term Investments, if the maturity date is more than one-year from the date of the financial statements. Investments restricted by bond covenants,

Notes to the Financial Statements – June 30, 2023

invested from bond proceeds or enabling legislation are classified as Restricted Investments. Investments held by endowment funds are classified as Endowment Investments.

Investments are measured at fair value using the hierarchy established by generally accepted accounting principles. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

RECEIVABLES

Accounts receivables include tuition, fees, food service, room and board charges and apartment rent; and accrued interest on investments. Grants and contracts receivables include federal and private grants and contracts revenue and state grants and other income due from other state agencies. Loan fund notes receivable represents amounts due from students for Perkins and other federal loans, and other institutional loans. Net receivables are shown on the basic financial statements. The allowances for doubtful accounts/notes are detailed in *Note 3*.

INVENTORIES

Inventories held for resale in auxiliaries (including food, books and other merchandise) and unrestricted physical plant supplies are generally stated at the lower of cost (generally determined on the first-in, first-out, or moving weighted average method) or fair market value.

CAPITAL AND INTANGIBLE ASSETS

Land, buildings, equipment, and other property are stated at historical cost, with the exception of property acquired prior to July 1, 1964 which are stated at appraised values. Professional consultants for the purposes of insurance and financial record keeping evaluated these assets. Library books and periodicals are stated at an estimated inventory value as of June 30, 1974, with subsequent additions at cost and deletions at an average cost.

Capital assets, including purchased software, with a unit cost of greater than \$5,000 and all library books, are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is not allocated to the functional categories. Intangible assets, including right-to-use leased assets and SBITA assets, with a unit cost of \$25,000 or more are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of

Notes to the Financial Statements – June 30, 2023

donation. Internally developed intangible assets with a unit cost of \$50,000 or more are recorded at cost and are amortized.

The composite method is used for library book depreciation. All books purchased during a year are consolidated and depreciated as a group of assets rather than individually. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized, net of interest income earned on resources set aside for the construction or remodeling costs. Certain reserves have been established by bond indenture for the repayment of revenue bond indebtedness. Such reserves are recorded in the appropriate restricted assets category (cash/investments) and as “net position restricted for debt service” on the Statement of Net Position.

Depreciation and intangible amortization is calculated using the straight-line method over the following estimated useful lives:

Land Improvements	10 – 50 years
Infrastructure	20 – 60 years
Buildings	10 – 120 years
Equipment	3 – 20 years
Internally developed software	2 – 10 years
Right-to-use assets	2 – 30 years
Purchased software	3 – 5 years
Other Intangibles	3 – 20 years
Library Books	10 years

DEPOSITS

Money received in advance for subsequent year’s residence hall and apartment reservations and funds held by the institution in a fiduciary capacity are classified as deposits.

COMPENSATED ABSENCES

Annual and sick leave are a part of permanent employees’ compensation as set forth in NDCC section 54-06-14. In general, accrued annual leave cannot exceed 30 days at each calendar year end while accrued sick leave is not limited. Employees are entitled to earn leave based on tenure of employment, within a range from a minimum of one working day, to a maximum of two working days per month, established by the rules and regulations adopted by the employing unit. Employees are paid for all unused annual leave upon termination or retirement. Employees who vest at 10 years of credible service are paid one-tenth of their accumulated sick leave upon termination or retirement. Compensated absences are accrued when earned.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS’ fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POST-EMPLOYMENT BENEFITS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SCHOLARSHIP ALLOWANCES

Student tuition and fees, and certain other revenues received from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net position. Scholarship discounts and allowances are the difference between the System's state rates and charges and the amount actually paid by students and/or third parties making payments on behalf of students. Under this approach, scholarships, waivers and grants are considered as reductions in tuition and fee revenues rather than as expenses. Therefore, student tuition and fees and auxiliary revenues are presented net of scholarships applied to student's accounts.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The University has entered into subscription-based information technology arrangements (SBITAs) for:

- Athletic department software for recruiting, performance management and compliance,
- Cloud backup services software and web hosting software,
- Communications and call center software,
- Customer relationship management (CRM) software,
- Data analytics software,
- Electronic health records management software,
- Events and organizations management software,
- Facilities and heating plant control software,
- Human resources recruiting,
- Online learning and instructional design software,
- Research management and compliance software,
- Student, recruitment, engagement, and success software,
- Video creation software,
- Wellness Center software

SBITA right-to-use assets are recorded as capital assets, net and the corresponding liability is recorded as a SBITA liability in the Statement of Net Position. Additional information is provided in footnotes 5 and 7.

NET POSITION

Net position is classified according to external donor restrictions or availability of assets for satisfaction of University obligations. Restricted Net Position represent funds that have been restricted for specific purposes by donors or granting agencies for scholarships and fellowships, instructional department uses, loan funds, debt service and other. Unrestricted Net Position is all other funds available at the discretion of the University. Invested in Capital Assets represents the cost or gifted value of buildings, equipment, land improvements and infrastructure, less accumulated depreciation and related outstanding debt.

Restatement of Beginning Net Position

Fiscal 2023

Net Position, Beginning of the year, as previously reported	\$ 569,741,905
<u>Prior period adjustments:</u>	
GASB 87 Lease Accounting - Change in accounting method	\$ 275,932
Other Adjustment	<u>\$ (3,005)</u>
Net Position, Beginning of the year, as restated	<u>\$ 570,014,832</u>

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates of such items as allowances for uncollectible accounts, scholarship allowances, accrued expenses and other liability accounts.

New Accounting Pronouncements

Accounting Standards Implemented

During fiscal year 2023, the University adopted the following standards:

- GASB Statement No. 91, Conduit Debt Obligations,
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements,
- GASB Statement No. 99, Omnibus 2022

Accounting Standards Issued but Not Yet Implemented

The University will implement the following new pronouncements for fiscal years ending after 2023:

- GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62,
- GASB Statement No. 101, Compensated Absences.

The effect that these GASB Statements will have on future financial statements has not yet been determined.

Note 2 – Deposits & Investments

LIMITATIONS

North Dakota Century Code (NDCC) governs the deposit and investment policies of the University. NDCC Section 6-09-07 states, "All state funds...must be deposited in the Bank of North Dakota (BND) ...or must be deposited in accordance with constitutional and statutory provisions."

In addition, NDCC Section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. NDCC Section 15-10-12 allows the System to receive donations, gifts, grants and bequests. These funds must be used for the specific purpose for which they are donated or given and must be deposited in the Bank of North Dakota.

NDCC Sections 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The SBHE may invest such funds in direct obligations of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

Notes to the Financial Statements – June 30, 2023

DEPOSITS

Cash and Cash Equivalents are as follows:

Deposits	Carrying Amount	Bank Balance	Uninsured Bank Balance (A)	(B)	(C)
Statement of Net Position					
Total Cash Deposits at BND	\$ 98,454,788	\$ 101,330,728	\$ 101,330,728		
CDs at BND	94,000,000	94,000,000	94,000,000		
Total Cash Deposits at Other CDs at Other	3,513,832	3,500,135		3,080,102	
Total Deposits	\$ 195,968,620	\$ 198,830,863	\$ 195,330,728	\$ 3,080,102	-
Cash on Hand/Petty Cash	62,771				
Less amts reported as investments	(94,000,000)				
Cash & Cash Equivalents-SNP	<u>\$ 102,031,391</u>				
Statement of Fiduciary Net Position					
Total Cash Deposits at BND	\$ (184,035)				
CDs at BND					
Total Cash Deposits at Other CDs at Other					
Total Deposits	\$ (184,035)	\$ -	\$ -	\$ -	-
Cash on Hand/Petty Cash	-				
Less amts reported as investments	-				
Cash & Cash Equivalents-SFNP	<u>\$ (184,035)</u>				

(A) - Uninsured and uncollateralized.

(B) - Uninsured and collateralized with securities held by the pledging financial institution but not in the institution's name.

(C) - Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the institution's name.

Notes to the Financial Statements – June 30, 2023

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. The System does not specifically address policies concerning custodial credit risk and while the deposits in the Bank of North Dakota are backed by the State of North Dakota, they are deemed to be uninsured and uncollateralized by GASB definition. As of June 30, 2023, \$630.3 million of the System's bank balance of \$632.9 million was exposed to custodial credit risk as follows:

Statement of Net Position:

Uninsured and uncollateralized	\$623.7 million
Uninsured and collateral held by pledging bank not in system's name	\$ 6.6 million

Investments

Investments are reported at fair value (market). The balances at June 30, 2023, are:

Account	Market Value	Maturities from June 30			
		Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
Debt Securities:					
US Treasuries	\$ -	\$ -	\$ -	\$ -	
Mutual Bond Funds	106,257		106,257		
Money market mutual funds	21,593	21,593			
Total Securities w/ Maturities	\$ 127,850	\$ 21,593	\$106,257	\$ -	\$ -
Other Invest Types:					
Stocks	\$ 712,692				
Exchange Traded Funds	841,017				
Equity Mutual Funds	-				
BND Cd's Credit risked as investments but reported as deposits	94,000,000				
Investment in Real Estate	7,339,593				
Total reported on SNP	\$ 103,021,152				

Notes to the Financial Statements – June 30, 2023

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Per NDCC the University is limited to investing funds with the Bank of North Dakota, with the exception of gifts governed by an endowment agreement. Accordingly, the University does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from changing interest rates. The University chooses terms based on maximizing the return within the limits of their cash flow needs. The University relies on brokers to provide year-end market values for the investments held with those brokers.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligation. As of June 30, 2023, the University's debt portfolio (excluding US Treasuries and US Agencies) included Standard & Poor's quality ratings as follows:

Investment Type	Market Value	Credit Quality Rating	
		AAA	Not Rated
Debt Securities:			
Mutual Bond Funds	\$ 106,257		\$ 106,257
Money market mutual funds	21,593	\$ 21,593	
Total	\$ 127,850	\$ 21,593	\$ 106,257

NDSU categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair Value Hierarchy

In accordance with GASB Statement No. 72, assets are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Notes to the Financial Statements – June 30, 2023

The balances of assets measured at fair value on a recurring basis at June 30, 2023 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Equity Securities	\$ 712,692			\$ 712,692
Exchange Traded Funds	\$ 841,017			\$ 841,017
Mutual Bond Funds	\$ 106,257			\$ 106,257
Real Estate			\$ 7,339,593	\$ 7,339,593
Total	<u>\$ 1,659,966</u>	<u>\$ -</u>	<u>\$ 7,339,593</u>	<u>\$ 8,999,559</u>

Real estate categorized as Level 3 represents land leases for commercial and residential development and are primarily valued using discounted cash flow techniques.

Note 3 – Receivables

Receivables at June 30, 2023 consist of the following amounts:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Statement of Net Position			
Student & General	\$ 8,973,271		\$ 8,973,271
Interest Receivable	450,088		450,088
Allowance for doubtful Accts	(3,294,663)		(3,294,663)
Total Accounts Receivable, Net	<u>\$ 6,128,696</u>		<u>\$ 6,128,696</u>
Grants & Contracts Receivable	\$ 15,076,968		\$ 15,076,968
Due from Other State Agencies	14,490,965		14,490,965
Total Grants & Contracts Receivable, Net	<u>\$ 29,567,933</u>		<u>\$ 29,567,933</u>
Student	\$ 536,621	\$ 1,414,413	\$ 1,951,034
Allowance for Doubtful Notes	(42,602)	(104,273)	(146,875)
Total Notes Receivable, Net	<u>\$ 494,019</u>	<u>\$ 1,310,140</u>	<u>\$ 1,804,159</u>
Statement of Fiduciary Net Position			
Student & General	\$ 723,448		\$ 723,448
Allowance for doubtful Accts	0		0
Total Accounts Receivable, Net	<u>\$ 723,448</u>		<u>\$ 723,448</u>

Note 4 – Endowment Funds

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a (7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. NDSU's endowment principal is held at a steady amount. All gains are recorded in restricted scholarship funds. NDSU determines the spending of endowment earnings based on an annual evaluation.

Net appreciation on investments is available for expenditure and consists of the following at June 30, 2023: \$568,269 reflected in net position as expendable scholarships and fellowships.

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Land Department. The annual proceeds from assets held by the State Land Commissioner are deposited into the University's operating fund at the State Treasury and are used for current operating purposes.

Note 5 – Capital & Intangible Assets

Capital asset activity for the year ended June 30, 2023 are as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	\$ 10,552,252				\$ 10,552,252
Construction in Progress	71,792,419	\$ 58,060,324		\$ (568,526)	129,284,217
Total non-depreciable capital assets	\$ 82,344,671	\$ 58,060,324	\$ -	\$ (568,526)	\$ 139,836,469
Land Improvements/infrastructure	\$ 74,536,339	\$ 2,470,668			\$ 77,007,007
Buildings	649,440,559	6,120,467	\$ -	\$ 417,126	655,978,152
Furniture, fixtures, and equipment	167,005,494	15,740,340	\$ 5,459,538	\$ 151,400	177,437,696
Intangibles:					
Computer Software	1,119,708	20,636	902,419		237,925
Right-to-use on leased assets	19,400,048	1,005,528	1,577,416		18,828,160
SBITA right-to-use Intangible		2,633,178			2,633,178
Other	642,410				642,410
Library Materials	16,485,043	107,991	69,272		16,523,762
Total Depreciable Capital Assets	\$928,629,601	\$ 28,098,808	\$ 8,008,645	\$ 568,526	\$ 949,288,290
Less accumulated depreciation and amortization					
Land Improvements/infrastructure	\$ 42,247,383	\$ 1,537,851			\$ 43,785,234
Buildings	256,861,294	16,812,401	\$ (2,281,394)		275,955,089
Furniture, fixtures, and equipment	112,343,974	8,690,208	4,827,205		116,206,977
Intangibles:					
Computer Software	1,053,447	26,541	882,780		197,208
Right-of-use leased assets	4,107,738	2,876,365	1,511,806		5,472,297
SBITA right-of-use Accumulated Amortization		751,582			751,582
Other	392,117	32,120			424,237
Library Materials	15,668,910	167,145	69,272		15,766,783
Total accumulated depreciation and amortization	\$432,674,863	\$ 30,894,213	\$ 5,009,669	\$ -	\$ 458,559,407
Total depreciable capital assets, net	\$495,954,738	\$ (2,795,405)	\$ 2,998,976	\$ 568,526	\$ 490,728,883
Capital Assets, net	\$578,299,409	\$ 55,264,919	\$ 2,998,976	\$ -	\$ 630,565,352

Notes to the Financial Statements – June 30, 2023

Construction in progress for the year ended June 30, 2023 was as follows:

Project	Amount <u>Authorized</u>	Expended <u>(CIP Balance)</u>	Expended (non-capitalized to bldgs) <u>to bldgs)</u>	Authorized <u>Balance</u>
<u>Building Projects:</u>				
Main Campus				
Indoor Practice Facility	50,000,000	45,741,436	50,841	\$ 4,207,723
Dunbar Hall II (Sugihara Hall)	51,200,000	47,382,519	133,886	\$ 3,683,595
Dunbar Hall II (Sugihara Hall) - HVAC	34,085	34,085		\$ -
Agriculture Products Development Center	85,000,000	34,782,294	96,128	\$50,121,578
Indoor Softball Facility	2,600,000	133,472		\$ 2,466,528
Ag Experiment Station				
CGREC New Pasture Facility	200,000	0		\$ 200,000
CGREC New Residence	325,000	18,656		\$ 306,344
CREC Feedlot Facility	450,000	32,128		\$ 417,872
HREC New Machine Shed	300,000	0		\$ 300,000
DREC Agronomy Lab	2,200,000	424,442		\$ 1,775,558
Central Grassland Livestock Facility	1,963,000	123,546		\$ 1,839,454
Hettinger Livestock Processing Facility	1,529,000	398,591		\$ 1,130,409
Hettinger Sheep Processing Facility	1,891,000	206,248		\$ 1,684,752
Carrington Pen Expansion	325,000	4,000		\$ 321,000
Carrington Bulk Feed Commodity Storage	446,000	2,800		\$ 443,200
Construction in Progress Total	<u>\$ 198,463,085</u>	<u>\$129,284,217</u>	<u>\$ 280,855</u>	<u>\$68,898,013</u>

Additional information on SBITA right-of-use asset is provided in Note 7. Additional information on leased right of-use assets is provided in Note 12.

Note 6 – Accounts Payable & Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

Statement of Net Position

Accounts Payable	\$ 17,936,176
Due to other state agencies	4,269,900
Sales Tax Payable	30,712
Accrued Interest	882,269
Contractor Payable/Retainage	5,781,586
Total Payables & Accrued Liabilities	<u>\$ 28,900,643</u>

Statement of Fiduciary Net Position

Accounts Payable	\$ 42,905
Total Payables & Accrued Liabilities	<u>\$ 42,905</u>

Note 7 – Subscription-Based Information Technology Arrangements Liabilities (SBITAs)

The future subscription payments under SBITA agreements are as follows.

Fiscal Year	Principal	Interest	Total
2024	885,570	58,545	944,115
2025	348,056	21,816	369,872
2026	170,101	7,724	177,825
2027	11,639	495	12,134
	<u>\$ 1,415,366</u>	<u>\$ 88,580</u>	<u>\$ 1,503,946</u>

Note 8 – Long-Term Liabilities

The changes in long-term liabilities during fiscal year 2023 are as follows:

Notes to the Financial Statements – June 30, 2023

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Non-Current Portion
Bonds Payable	\$102,136,370	\$ -	\$ 5,717,755	\$ 96,418,615	\$ 5,662,755	\$ 90,755,860
Bonds Payable to component units	10,610,000	-	925,000	9,685,000	950,000	8,735,000
Notes Payable	615,184	404,891	205,315	814,760	193,761	620,999
Notes Payable to component units	3,000,000	-	300,000	2,700,000	310,000	2,390,000
Leases Payable	5,550,467	1,047,415	1,851,601	4,746,281	1,073,658	3,672,623
Leases Payable with component units	9,687,933	-	787,582	8,900,351	815,631	8,084,720
Special Assessments	5,615,860	-	166,250	5,449,610	173,486	5,276,125
Compensated Absences	15,121,161	154,853	-	15,276,014	1,280,130	13,995,884
Total	\$152,336,975	\$1,607,159	\$ 9,953,502	\$143,990,632	\$10,459,420	\$133,531,212

Note 9 – Bonds Payable

Revenue bonds are limited obligations of the University. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Amounts held by the trustee specifically for payment on bonds are reflected in Net Position, Restricted for Debt Service.

The summary of outstanding obligations of NDSU, as of June 30, 2023 is presented below.

<u>Bond Issue</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Original Amount of Issue</u>	<u>Bonds Outstanding 6/30/2022</u>	<u>Bond Principal paid this Fiscal Year</u>	<u>Bonds Outstanding 6/30/2023</u>
<u>Housing and Auxiliary System Revenue Bonds:</u>						
2012A Refunding (Series 2002 LLC Bonds)	3/1/2012	4/1/2027	\$ 5,730,000	\$ 2,130,000	\$ 405,000	\$ 1,725,000
2014A Refunding (Series 2004 Bison Court)	4/1/2014	4/1/2034	8,340,000	5,600,000	385,000	5,215,000
2015A Refunding (Series 2005, 2006A & B)	2/5/2015	4/1/2036	21,195,000	9,790,000	1,910,000	7,880,000
2015B Aquatic Addition (Series 2004 Bison Court)	6/24/2015	4/1/2035	9,355,000	6,925,000	415,000	6,510,000
2016A Refunding (Series 2007 LLCE/Ceres)	8/2/2016	4/1/2037	10,405,000	8,035,000	440,000	7,595,000
2017A Cater Hall (New Issue)	7/26/2017	4/1/2047	48,770,000	45,785,000	1,095,000	44,690,000
2017B Refunding (Series 2009 Niskanen/WDC)	7/26/2017	4/1/2039	22,755,000	19,485,000	800,000	18,685,000
Subtotal - NDSU			\$126,550,000	\$ 97,750,000	\$ 5,450,000	\$ 92,300,000
<u>NDSU Research & Tech Park, Inc.</u>						
Series 2016 Refunding, Research 1 and 2 (Series 2007A & B, R1 and R2)	7/27/2016	5/1/2032	\$ 18,790,000	\$ 10,610,000	\$ 925,000	\$ 9,685,000
Subtotal - NDSU Research & Tech Park, Inc.			\$ 18,790,000	\$ 10,610,000	\$ 925,000	\$ 9,685,000
GRAND TOTAL BONDS PAYABLE			\$145,340,000	\$108,360,000	\$ 6,375,000	\$101,985,000

Notes to the Financial Statements – June 30, 2023

At June 30, 2023, NDSU had pledged \$9.7 million of assets as collateral for bonds payable issued for the Research I and Research II buildings.

The NDSU bonds payable to component units are payable through the monies received from the operating lease between the component unit and NDSU. In the event of NDSU's failure to pay the rent under the lease, the component unit may declare all rent due and payable for the remaining term of the lease, subject to available appropriations. The component unit may take possession of the facilities.

Scheduled Maturities of Bonds Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	6,612,755	3,637,550	10,250,305
2025	5,622,755	3,373,160	8,995,915
2026	5,852,755	3,145,041	8,997,796
2027	6,061,718	2,918,599	8,980,317
2028	5,823,608	2,691,750	8,515,358
2029 - 2033	30,183,039	10,321,814	40,504,853
2034 - 2038	22,810,851	5,975,211	28,786,062
2039 - 2043	12,733,628	3,013,325	15,746,953
2044 - 2048	10,402,507	908,600	11,311,107
	<u>\$106,103,615</u>	<u>\$35,985,050</u>	<u>\$ 142,088,665</u>

Note 10 – Certificates of Participation

The University does not have any outstanding certificates of participation as of June 30, 2023.

Notes to the Financial Statements – June 30, 2023

Note 11 – Notes Payable

The summary of outstanding Notes Payable of NDSU, as of June 30, 2023 is presented below.

Start Date	DESCRIPTION	Terms (in Months)	BALANCE DUE			BALANCE DUE
			6/30/2022	NEW NOTES	PAID	6/30/2023
Notes Payable						
04/01/20	Bank of America - Tractor Case Puma IH 200	61	87,942		28,997	58,946
07/21/20	Bank of America - Spectrometer Ultivo Triple Quadruple LC/MS	48	87,857		87,857	-
08/21/20	Bank of America - John Deere Utility Tractor	60	64,799		15,959	48,841
08/20/21	Bank of America - Plot Combine	60	238,255		46,482	191,773
03/11/22	Bank of America - Extruder TwinLab	60	136,330		26,020	110,310
12/01/22	Bank of America - Zurn Plot Combine Harvester 150	60		208,264		208,264
02/10/23	Bank of America - Caterpillar Wheel Loader 926M	60		196,627		196,627
			<u>\$ 615,184</u>	<u>\$ 404,891</u>	<u>\$ 205,315</u>	<u>\$ 814,760</u>
Due to Component Units - Notes Payable						
07/01/05	NDSU Foundation-Renaissance Hall	303	3,000,000		300,000	2,700,000
			<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 2,700,000</u>
	Grand Total		<u>\$ 3,615,184</u>	<u>\$ 404,891</u>	<u>\$ 505,315</u>	<u>\$ 3,514,760</u>

The NDSU note to Bank of America Public Capital Corp contains a clause that upon default, the lender may declare all payments immediately due and payable and may retake possession or require return of equipment. The lender may then sell or lease the equipment. The NDSU Foundation for the Renaissance Hall Project note contains a nonappropriation clause. In the event of nonappropriation, NDSU may, upon prior written notice to the Foundation, terminate the lease at the end of the then current biennium. The Foundation may take any available remedy by law to enforce payment of the outstanding bonds.

Scheduled Maturities of Notes Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	503,761	127,385	631,146
2025	528,491	110,122	638,612
2026	513,416	92,011	605,427
2027	516,519	73,246	589,765
2028	457,573	54,314	511,887
2029 - 2033	995,000	60,098	1,055,098
	<u>\$ 3,514,760</u>	<u>\$ 517,176</u>	<u>\$ 4,031,936</u>

Note 12 – Leases Payable

NDSU leases land, office space and equipment from external parties. NDSU records right-to-use assets and lease liabilities based on the present value of expected payments over the term of the leases. The expected payments are discounted using the interest rate charged in the lease, if available, or the System's incremental borrowing rate. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life.

For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. NDSU does not have any leases with variable payments or any leases subject to residual value guarantees. There were no commitments under leases before the start of the lease term. Additionally, there were no sales-leaseback or lease-leaseback transactions in fiscal year 2023. NDSU has five subleases with five external parties by which NDSU subleases space in a NDSU Research & Technology Park building. NDSU recognized revenue of \$208,000 for the rent received on these subleases.

A summary of the Leases Payable activity for fiscal 2023 is as follows:

Lease		DESCRIPTION	Terms (in Months)	BALANCE DUE			BALANCE DUE
LEASE	Start			6/30/2022	NEW LEASES	PAID	6/30/2023
NUMBER	Date						
Leases Payable							
264	06/24/12	Bank of America-Energy Savings Performance Contract	168	\$ 2,438,920		\$ 579,068	\$ 1,859,852
265	08/17/16	Wells Fargo-Athletics Scoreboard/Media System	84	180,607		180,607	-
243/250	11/01/18	Pat Copenhaver - Land	53	3,798		3,798	-
251	08/01/08	JPR Investments - Stop N Go Center	180	685,731		631,914	53,818
151/252	01/01/08	Bullinger Enterprises - Building	240	985,961	910,051	125,638	1,770,374
254	10/10/05	City of Fargo - Fargodome	360	647,826		32,842	614,984
255	11/01/18	3DomFuel, Inc. - Building	55	13,363		13,363	-
158/256	10/01/20	NDDOT - Office Space	60	18,810		4,413	14,397
257	01/01/21	Fessenden Co-op Association - Land	36	12,792		12,792	-
261	11/01/20	Innosoft Canada - Fusion Servers	60	10,678		3,302	7,377
262	10/30/20	Clear Channel Airports - Lit Tension Display	36	14,404		15,042	(638)
173	07/01/21	Pinnacle Development II - Gateway Building	24	26,975		26,975	-
174	01/01/22	Overlook, LLC - Forest Service Field Office	48	123,606		39,500	84,107
175	01/01/22	Overlook, LLC - Forest Service Firehall	48	196,144		62,680	133,465
176	11/01/21	Fetch Farms - Land	36	11,051		5,410	5,640
177-180	11/01/21	Edward J Lechner Trust / Edward J Lechner - Land	36	49,299		24,136	25,162
183	09/01/21	Elim Lutheran Church - Parking	24	32,724		27,949	4,775
184	03/25/22	Fireside - Wells Fargo - Kyocera Printer/Copier	48	7,364		1,896	5,468
185	03/28/22	Newman Signs	36	24,299		8,957	15,341
208/209	11/01/21	Municipal Airport Authority - City of Fargo - Land	36	66,114		33,690	32,424
274	01/01/23	Newman Signs	24	-	61,698	12,989	48,709
275	09/01/22	Fort Berthold Extension Office	48	-	25,936	4,639	21,297
276	01/01/22	Adams City Airport Authority FY23	60	-	24,178		24,178
308	04/01/23	Pat Copenhaver - Land	48	-	25,553		25,553
				\$ 5,550,467	\$ 1,047,415	\$ 1,851,601	\$ 4,746,281
Leases Payable with component units							
266	05/01/12	US Bank for NDSU Foundation-Barry & Klai Hall	295	7,337,311		391,637	6,945,675
253	07/01/16	NDSU Research & Tech Park - Research II Building	190	1,632,584		136,776	\$ 1,495,808
260	01/01/21	NDSU Foundation - Criminal Justice & Public Policy Building	36	206,710		80,072	\$ 126,638
182	05/01/22	NDSU Research & Tech Park - Research I Building	36	511,329		179,098	\$ 332,231
				\$ 9,687,933	\$ -	\$ 787,582	\$ 8,900,351
Grand Total				\$ 15,238,400	\$ 1,047,415	\$ 2,639,183	\$ 13,646,632

Scheduled Maturities of Lease Obligations

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	1,889,289	478,121	2,367,410
2025	1,733,370	405,840	2,139,210
2026	1,447,355	346,202	1,793,557
2027	828,079	294,227	1,122,306
2028	851,183	263,488	1,114,671
2029 - 2033	4,423,056	821,391	5,244,447
2034 - 2038	2,474,300	177,582	2,651,882
	<u>\$ 13,646,632</u>	<u>\$ 2,786,851</u>	<u>\$ 16,433,483</u>

Note 13 – Other Long-Term Liabilities

SPECIAL ASSESSMENTS

NDSU receives special assessments from the city or county for improvements made to roads and infrastructure owned by the city or county that are adjacent to or on campus property.

Scheduled Maturities of Special Assessments

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	173,485	234,170	407,655
2025	181,040	226,616	407,656
2026	188,926	218,730	407,656
2027	197,158	210,498	407,656
2028	205,753	201,903	407,656
2029 - 2033	1,144,707	868,890	2,013,597
2034 - 2038	1,297,676	604,659	1,902,335
2039 - 2043	1,447,951	316,786	1,764,737
2044 - 2048	612,914	39,457	652,371
	<u>\$ 5,449,610</u>	<u>\$ 2,921,709</u>	<u>\$ 8,371,319</u>

Compensated Absences

The compensated absences liability as of June 30, 2023 consists of accumulated unpaid annual leave, compensatory time, payable portion of accumulated sick leave, personal holiday hours, and Saturday/legal holiday hours earned and vested. Compensated absences for employees at June 30, 2023 and 2022 totaled \$15,276,016 and \$15,121,161, respectively. Leave policies restrict the accumulation of unused vacation and limit the actual payments made to employees upon termination or retirement.

Note 14 – Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows as of June 30, 2023 consist of the following:

Deferred Outflows

Pension	\$ 53,326,224
Other post-employment retirement benefits	1,591,176
Debt Refunding	1,802,239
	<u>\$ 56,719,639</u>

Deferred Inflows

Pension	\$ 33,322,905
Other post-employment retirement benefits	162,918
Lease receivable	8,065
Debt Refunding	2,294
Grant amounts received prior to meeting time requirements	94,542
	<u>\$ 33,590,724</u>

Note 15 – Retirement Benefits

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM (NDPERS)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7 percent and employer contribution rates are 7.12 percent of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7 percent and employer contribution rates are 8.26 percent of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or \$25

13 to 24 months of service – Greater of two percent of monthly salary or \$25

25 to 36 months of service – Greater of three percent of monthly salary or \$25

Longer than 36 months of service – Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For additional information on this topic see the audited NDUS Financial Statements for the year ended June 30, 2023.

NDUS RETIREMENT PLAN

Description of Plan

This is a privately administered defined contribution retirement plan which provides individual retirement fund contracts for eligible employees as defined by the SBHE in its approved retirement resolution with Teachers Insurance and Annuity Association of America (TIAA) as recordkeeper of the plan. All benefits vest immediately to the participant. The SBHE has the authority for establishing or amending plan provision and establishing or amending contribution requirements. Further information can be obtained by writing North Dakota University System Office, 600 E. Blvd, Bismarck, North Dakota 58505.

Funding Policy

The plan requires employee and employer contributions be based on a classification system and years of service based on the following schedule. Beginning, January 1, 2014 contributions in class I and II increased from 3.5 percent to 4.5 percent for participant contributions and from 11.5 percent to 12.5 percent for institution contributions for employees with zero to ten years of service. Contributions for employees with more than ten years of service increased from 4.0 percent to 5.0 percent for participant contributions for employee contributions and from 12.0 percent to 13.0 percent for institution contributions.

Employment Class	Years of Service	Contributions by the Participant	Contributions by the Institution
I and III	0 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
II	0 thru 2	3.5%	7.5%
	3 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
IV	Closed to new participants	4.0%	12.0%
President/Chancellor (additional employer contribution)	less than 3	0.0%	0.0%
	3 to less than 6	0.0%	4.0%
	6 yrs and over	0.0%	8.0%

Plan contributions are made on a tax-deferred basis in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. NDSU has no further liability once annual contributions are made. NDSU contributed \$17 million to TIAA-CREF during the fiscal year ending June 30, 2023.

Note 16 – Post-Employment Benefits

State Group Health Plan

The following description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Notes to the Financial Statements – June 30, 2023

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14 percent of covered compensation.

See the audited NDUS Financial Report for the year ended June 30, 2023 for additional information.

Note 17 – Termination Benefits

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, because of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates. NDSU recorded a liability of \$98,041 for these arrangements at June 30, 2023.

Note 18 - Construction Commitments and Financing

The institutions have contracted for various construction projects as of June 30, 2023.

Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Project	Construction Commitments June 30, 2023			Funding for remaining costs			
	Contracts Awarded	Expended Through June 30, 2023	Total Cost To Complete	Federal Sources	State Sources	Institutional Funds	Other Sources
Main Campus							
Sugihara (Science) Hall	\$ 42,560,611	\$ 42,359,773	200,838		\$ 200,838		
Nodak Ins Co Football Perf Ctr (IPF)	45,185,814	42,285,545	2,900,268				2,900,268
Peltier Complex	79,059,625	34,438,018	44,621,607		6,816,329		37,805,278
15th Ave Albrecht to Univ.	2,848,588	1,015,092	1,833,496		611,104	\$ 1,222,392	
Dacotah Field Press Box	790,505	294,304	496,201				496,201
Grandmother Earth Garden	395,800	86,258	309,542				309,542
SHAC 2nd floor offices	358,204	42,298	315,906				315,906
Ladd eSports/Bathrooms	892,400	116,000	776,400		72,408	\$ 603,992	100,000
Ag Experiment Station							
DREC Agronomy Lab	1,702,530	297,396	1,405,134	1,405,134			
HREC Sheep Efficiency	1,358,950	70,650	1,288,300	1,288,300			
HREC Livestock	1,296,359	148,085	1,148,274	1,148,274			
	<u>\$ 176,449,386</u>	<u>\$ 121,153,420</u>	<u>\$ 55,295,966</u>	<u>\$ 3,841,708</u>	<u>\$ 7,700,679</u>	<u>\$ 1,826,384</u>	<u>\$ 41,927,195</u>

Note 19 - Component Unit Transactions

MAJOR COMPONENT UNITS

NDSU Research and Technology Park, Inc. (NDSU RTP)

On December 30, 1999, NDSU through the State of North Dakota and the SBHE entered into a ground lease, whereby the NDSU RTP leases 40 acres of land for \$1 per year for the next seventy-five years.

On July 1, 2002, NDSU and NDSU RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2017, NDSU and NDSU RTP entered into renewed agreements, whereby NDSU leases the Research Buildings I and II through May 1, 2022 and May, 2032. On May 1, 2022, NDSU and NDSU RTP entered into an annual service agreement for Research Building I to continue the services provided as the bonds related to Research Building I have been paid in full and NDSU exercised its option to terminate the Research Building I Lease and purchase Research Building I. During fiscal year 2023, total annual rent of \$402,000 was paid by NDSU for these two buildings, in addition to the \$1.27 million of principal and interest paid by NDSU directly to the bond trustee. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU Foundation (The Foundation)

Renaissance Hall

The former Northern School Supply building was donated to the Foundation by NDSU alumni in December of 2001. During fiscal year 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation, permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$417,000 in fiscal year 2023 for debt service under this agreement. As of June 30, 2023, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$2.7 million.

Barry Hall Business Building and Klai Hall Architecture Building

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of twenty-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payments on the fixed rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property.

The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for the entire amount of the previously issued bonds. During fiscal year 2023, NDSU paid \$621,000 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2023, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$6.9 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$888,052 for the fiscal year ending December 31, 2022.

In addition to the debt service payments on Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$123,000 during the fiscal year ending December 31, 2022.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2023.

The Foundation's fiscal year end is December 31, NDSU's year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

Note 20 – Pledged Revenues

Pledged revenue required for
future principal and interest
on existing bonds

\$ 126,532,484

Term of commitment ranging from

2024-2047

Percentage of revenue pledged

7%

Current year pledged revenue, by
source:

Net revenues from auxiliaries

Pledged
Revenue

\$ 7,861,756

Recognized
Revenue

\$ 45,940,268

Percentage of Pledged
Revenue to Recognized
Revenue

17%

Tuition and student fees

1,084,402

120,451,016

1%

Other

-

-

Total

\$ 8,946,158

\$ 166,391,284

5%

Current year principal and interest paid \$ 8,946,158

Note 21 – Functional Expense Classification

The System reports operating expenses using the “natural classification” on the Statement of Revenues, Expenses and Changes in Net Position. Operating expenses for the year ending June 30, 2023, using the “functional classification” are presented below:

Operating Expenses

Instruction	\$ 99,188,964
Academic Support	27,651,382
Student Services	40,535,269
Institutional Support	19,729,909
Physical Plant	39,345,719
Scholarships & Fellowships	21,006,651
Auxiliary Services	38,645,476
Public Service	43,475,188
Research	106,760,503
Depreciation & Amortization	30,894,213
Total	<u>\$ 467,233,274</u>

Note 22 – Contingencies

Amounts received and expended by the System under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the System.

In the normal course of its activities, the institutions of the System are party to various legal actions. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the System. Therefore, an estimated liability has not been recorded.

Note 23 – Risk Management

The System is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following programs have been established to address some of these risks and loss exposures.

RISK MANAGEMENT FUND

The Risk Management Fund (N.D.C.C. ch.32-12.2) was established by the 1995 North Dakota Legislature as a result of a court decision that eliminated the State's sovereign immunity. The Risk Management Division of the Office of Management and Budget administers the Fund.

The Fund provides liability coverage and defense of a claim/lawsuit brought against the state of North Dakota, its agencies and employees acting within the scope of employment. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person and \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person and \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 per person and \$2.0 million per occurrence.

The Fund is a risk retention pool that is funded by contributions paid by all State agencies, boards and commissions. The contributions are calculated by an actuary based on various factors, including the agency's loss history and number of full-time employees.

NORTH DAKOTA FIRE AND TORNADO AND STATE BONDING FUND

The System also participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The System pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is determined in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the System with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Risk Management Workers Compensation Program

The Risk Management Workers Compensation Program (N.D.C.C. § 65-04-03.1) was established by the 2001 North Dakota Legislature and created a single workers' compensation account for all state agencies. This cross-agency program is designed to save premium dollars through a deductible program while enhancing recovery of injured employees. The program is administered by the Risk Management Division of the Office of Management and Budget.

Workers' compensation provides money and medical benefits to an employee who has an injury as a result of an accident, injury or occupational disease on-the-job. The question of negligence or fault is usually not at issue.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and will determine experience rates, dividends, assessments, and the premiums payable by State entities for workers' compensation coverage. Effective July 1, 2001, workers' compensation premiums are paid to the Risk Management Division rather than to WSI.

Note 24 – Subsequent Events

On September 30, 2023, the NDSU Foundation converted a line of credit for the Nodak Football Performance to a note payable in the amount of \$25.2 million. The interest rate on the note is 0.95 percent and the note matures December 31, 2033.

North Dakota State University
Supplementary Information - Component Units
Statement of Financial Position
For Year Ended June 30, 2023

FASB BASIS

	Major Component Units	
	NDSU Foundation December 31, 2022	NDSU Research & Technology Park June 30, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,223,564	\$ 970,449
Short-term investments	9,545,895	-
Accounts receivable, net	721,902	21,010
Receivable from primary institution	547,713	-
Notes Receivable, net	65,987	-
Unconditional promises to give, net	18,323,521	-
Current Portion of net investment in direct financing leases	-	859,508
Other assets	318,647	273,919
Total Current Assets	\$ 36,747,229	\$ 2,124,886
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 127,703	\$ -
Investments, net of current portion	454,966,418	623,384
Real estate and equipment held for investment, net	25,950,157	-
Other long-term investments	17,248,153	-
Contracts for deed and notes receivable, ne	516,413	-
Long term pledges receivable	35,930,156	\$ -
Notes Receivable, net	-	\$ 8,585,000
Net investment in direct financing leases, net of current portion	-	8,387,956
Other noncurrent assets	1,083,800	434,800
Capital assets, net	3,372,751	7,304,519
Total Noncurrent Assets	\$ 539,195,551	\$ 25,335,659
Total Assets	\$ 575,942,780	\$ 27,460,545

Statement of Financial Position - Continued

FASB BASIS

	Major Component Units	
	NDSU Foundation December 31, 2022	NDSU Research & Technology Park June 30, 2023
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 714,669	\$ 105,360
Payable to primary institution	2,769,731	-
Accrued payroll	-	26,564
Current portion of gifts annuities and life income agreements	996,566	-
Deferred revenue	-	36,190
Other current liabilities	1,088,540	-
Long-term liabilities—current portion	3,024,117	972,767
Total Current Liabilities	\$ 8,593,623	\$ 1,140,881
Noncurrent Liabilities		
Long-term portion of split-interest agreements	7,144,228	-
Other noncurrent liabilities	-	124,265
Long-term liabilities	24,966,833	17,646,645
Total Noncurrent Liabilities	\$ 32,111,061	\$ 17,770,910
Total Liabilities	\$ 40,704,684	\$ 18,911,791
NET ASSETS		
Without donor restrictions	\$ 30,808,646	\$ 8,548,754
With donor restrictions	504,429,450	-
Total Net Assets	\$ 535,238,096	\$ 8,548,754
Total Liabilities and Net Assets	\$ 575,942,780	\$ 27,460,545

North Dakota State University
Supplementary Information - Component Units
Statement of Activities
For Year Ended June 30, 2023

FASB BASIS

	Major Component Units	
	NDSU Foundation December 31, 2022	NDSU Research & Technology Park June 30, 2023
Support and revenue		
Gifts and contributions	\$ 31,221,856	\$ 546,220
Investment Income	25,408,165	496,111
Net realized and unrealized gains (losses) on investments	(63,603,349)	-
Program and event income	-	34,500
Other Income	1,617,592	1,076,165
Total support and revenue	\$ (5,355,736)	\$ 2,152,996
Expenses		
Program Services	\$ 45,970,074	\$ 943,642
Supporting Services	6,313,639	742,680
Fundraising expense	3,848,501	-
Total expenses	\$ 56,132,214	\$ 1,686,322
Change in Net Assets	\$ (61,487,950)	\$ 466,674
Net Assets, Beginning of Year	\$ 596,726,046	\$ 8,082,080
Net Assets, End of Year	\$ 535,238,096	\$ 8,548,754