

**AUDIT REPORT  
OF THE  
NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)**

**For the Years Ended June 30, 2023 and 2022**

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**Issued on December 11, 2023**

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

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## NEBRASKA STATE COLLEGE SYSTEM (A COMPONENT UNIT OF THE STATE OF NEBRASKA)

### INDEPENDENT AUDITOR'S REPORT

Board of Trustees of the Nebraska State College System  
Lincoln, NE

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the discretely presented component units of the Nebraska State College System (NSCS) (a component unit of the State of Nebraska), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Nebraska State College System's basic financial statements, as listed in the Table of Contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component units of the NSCS, as of June 30, 2023 and 2022, and December 31, 2022 and 2021, (Peru State College Foundation), and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the accompanying financial statements of the Chadron State College, Peru State College, and Wayne State College Foundations (Foundations), discretely presented component units of the NSCS, as of and for the years ended June 30, 2023 and 2022, December 31, 2022 and 2021, and June 30, 2023 and 2022, respectively. Those statements are presented separately on pages 20 through 22, 24 through 28, and 31 through 33. We also did not audit the financial statements of the Nebraska State Colleges Facilities Corporation, a blended component unit of the NSCS, and the activity of the Nebraska State College System Revenue and Refunding Bond Program, which represent 26 percent and 27 percent, respectively, of total assets, and 84 percent and 85 percent, respectively, of total liabilities, and 0 percent and 0 percent, respectively, of total net position at June 30, 2023 and 2022, and total revenues constituting 20 percent and 19 percent, respectively, of the primary government for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, along with the Foundations' reports, which appear herein, and our opinion, insofar as it relates to the amounts included for the Foundations, the Nebraska State College System Revenue and Refunding Bond Program, and the Nebraska State Colleges Facilities Corporation, is based solely on the report of the other auditors. The financial statements of the Foundations, Nebraska State College System Revenue and Refunding Bond Program, and the Nebraska State Colleges Facilities Corporation were not audited in accordance with *Government Auditing Standards*.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in

the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NSCS and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in fiscal year 2023 the NSCS adopted new accounting guidance for subscription-based information technology arrangements in Governmental Accounting Standards Board (GASB) Statement No. 96. Additionally, as discussed in Note 1 to the financial statements, the fiscal year 2022 financial statements have been restated. Our opinion is not modified with respect to these matters.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the NSCS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 10 through 17, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the report. The other information comprises the schedules presented on pages 105 through 112 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the NSCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NCSC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NSCS's internal control over financial reporting and compliance.

December 7, 2023



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, Nebraska

## Independent Auditor's Report

Board of Directors  
Chadron State Foundation  
Chadron, Nebraska

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Chadron State Foundation (a non-profit organization) (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Activities by Fund are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota  
October 4, 2023

## Independent Auditor's Report

Board of Directors  
Peru State College Foundation  
Peru, Nebraska

### ***Opinion***

We have audited the financial statements of the Peru State College Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Peru State College Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

**FORVIS, LLP**

Lincoln, Nebraska  
August 21, 2023



CPAs & Consultants | Wealth Management

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Trustees  
Wayne State Foundation  
Wayne, Nebraska

### ***Opinion***

We have audited the financial statements of Wayne State Foundation, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wayne State Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



Lincoln, Nebraska  
September 29, 2023

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED**

This section of the Nebraska State College System’s (NSCS) financial report presents a narrative overview and analysis of the financial activities of the NSCS for the fiscal years ended June 30, 2023 and 2022. The analysis has been prepared by management of the NSCS and is intended to be read with the financial statements and the related footnotes that follow this section.

Management’s discussion and analysis relates only to the NSCS and does not include any overview of the financial position and activities of the Chadron State Foundation, Peru State College Foundation, and Wayne State Foundation, which are considered component units of the NSCS.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the NSCS’s basic financial statements, which include: 1) Statements of Net Position; 2) Statements of Revenues, Expenses, and Changes in Net Position; 3) Statements of Cash Flows; and 4) Notes to Financial Statements. This report also contains information in addition to the basic financial statements.

The Statements of Net Position present information on all of the NSCS’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the NSCS is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the NSCS’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Statements of Cash Flows present the NSCS’s flows of cash by defined categories. The primary purpose of the Statements of Cash Flows is to provide information about the NSCS’s cash receipts and payments during the year.

The Notes to Financial Statements provides additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL ANALYSIS OF THE NSCS**

The NSCS includes Chadron State College (CSC), Peru State College (PSC), Wayne State College (WSC), and the NSCS Office in Lincoln. The designation as a single entity reflects the general governing authority of the Board of Trustees, including the authority to distribute the State appropriation among the Colleges and the NSCS Office.

The audited financials for the NSCS include information on the Nebraska State Colleges Facilities Corporation (Corporation), a non-profit corporation statutorily created to allow the NSCS to finance State building projects of the Board of Trustees of the Nebraska State College System on any of its campuses, through the issuance of notes, bonds, or other obligations. The members of the Board of Trustees serve as the Board of Directors of the Corporation. Outstanding bonds issued by the Corporation are those authorized under LB 957, passed in 2016, LB 297, passed in 2019, and LB384, passed in 2021. Repayment is from legislative appropriations and student fees. The long-term debt of the Corporation accrues to the NSCS Office, while the assets acquired as the result of renovations and new construction appear as assets at the individual Colleges.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

Audit information from the Chadron State Foundation, Peru State College Foundation, and Wayne State Foundation is included in the report as well. With implementation of Governmental Accounting Standards Board (GASB) Statement No. 39, the Foundations have been deemed to be component units of the NSCS. Those Foundations' financial statements are presented separately on pages 20 through 22, 24 through 28, and 31 through 33 of this report.

Condensed statements are presented below for the NSCS for the years ended June 30, 2023, 2022, and 2021.

**Nebraska State College System**  
**Net Position as of June 30**

|                                       | <b>2023</b>           | <b>2022</b><br><b>As Restated</b> | <b>2021*</b>          |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|
| <b>Current Assets</b>                 | \$ 73,767,778         | \$ 75,546,906                     | \$ 74,437,588         |
| <b>Non-current Assets</b>             |                       |                                   |                       |
| Right to Use Assets, Net              | 1,301,154             | 648,287                           | 902,830               |
| Right to Use Subscription Assets, Net | 1,571,706             | 969,838                           | -                     |
| Capital Assets, Net                   | 267,439,360           | 260,636,986                       | 248,374,402           |
| Other Non-current Assets              | 25,480,556            | 27,836,616                        | 21,588,812            |
| Total Assets                          | <u>369,560,554</u>    | <u>365,638,633</u>                | <u>345,303,632</u>    |
| <b>Deferred Outflow of Resources</b>  | <u>17,068</u>         | <u>20,846</u>                     | <u>24,625</u>         |
| <b>Current Liabilities</b>            | 20,615,861            | 19,309,828                        | 21,296,825            |
| <b>Non-current Liabilities</b>        | 94,213,432            | 97,986,275                        | 85,747,623            |
| Total Liabilities                     | <u>114,829,293</u>    | <u>117,296,103</u>                | <u>107,044,448</u>    |
| <b>Deferred Inflow of Resources</b>   | <u>845,334</u>        | <u>965,381</u>                    | <u>-</u>              |
| <b>Net Position</b>                   |                       |                                   |                       |
| Net Investment in Capital Assets      | 191,429,532           | 184,296,422                       | 178,896,338           |
| Restricted                            | 38,174,915            | 33,548,976                        | 29,209,300            |
| Unrestricted                          | 24,298,548            | 29,552,597                        | 30,178,171            |
| Total Net Position                    | <u>\$ 253,902,995</u> | <u>\$ 247,397,995</u>             | <u>\$ 238,283,809</u> |

\*Amounts reported above for fiscal year 2021 have not been restated due to implementation of GASB 96, *Subscription-Based Information Technology Arrangements*.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

**Nebraska State College System**  
**Revenues, Expenses, and Changes in Net Position for Year Ended June 30**

|   | <b>2023</b>    | <b>2022</b><br><b>As Restated</b> | <b>2021*</b>   |
|---|----------------|-----------------------------------|----------------|
| <b>Operating Revenues</b>   |                |                                   |                |
| Tuition and Fees, Net   | \$ 31,486,180  | \$ 33,763,765                     | \$ 34,093,715  |
| Federal and State Grants and Contracts                                      | 3,369,783      | 2,679,009                         | 2,925,382      |
| Private Grants and Contracts  | 1,720,039      | 1,588,309                         | 416,965        |
| Auxiliary Enterprises, Net  | 19,194,786     | 19,266,832                        | 18,478,417     |
| Other Operating Revenues  | 2,031,774      | 2,726,481                         | 2,172,828      |
| Total Operating Revenues  | 57,802,532     | 60,024,396                        | 58,087,307     |
| <b>Operating Expenses</b>   | 144,391,149    | 145,373,990                       | 130,467,713    |
| <b>Operating Loss</b>   | (86,588,617)   | (85,349,594)                      | (72,380,406)   |
| <b>Non-operating Revenues (Expenses)</b>                                    |                |                                   |                |
| State Appropriations  | 65,128,113     | 60,217,270                        | 56,036,946     |
| Federal and State Grants and Contracts                                      | 17,651,204     | 27,168,210                        | 18,506,174     |
| Investment Income   | 2,409,616      | 1,080,216                         | 1,182,492      |
| Interest on Right to Use-Related Leases                                     | (62,777)       | (43,641)                          | (17,853)       |
| Interest on Capital Asset-Related Debt                                      | (3,139,471)    | (2,373,200)                       | (2,353,736)    |
| Gain (Loss) on Disposal of Asset  | 30,886         | 54,000                            | 12,845         |
| Bond Issuance Costs   | -              | (447,955)                         | -              |
| Other Non-operating Revenues (Expenses)                                     | 37,773         | 11,512                            | 565,353        |
| Net Non-operating Revenues  | 82,055,344     | 85,666,412                        | 73,932,221     |
| <b>Income (Loss) before Other Revenues, Expenses,<br/>Or Gains (Losses)</b> | (4,533,273)    | 316,818                           | 1,551,815      |
| <b>Other Revenues (Expenses) or Gains (Losses)</b>                          |                |                                   |                |
| Capital Facilities Fee  | 2,375,411      | 2,412,329                         | 2,388,363      |
| Capital Contributions   | 2,044,915      | 1,664,751                         | 668,277        |
| Capital Appropriations and Grants   | 6,617,947      | 4,720,288                         | 7,727,570      |
| Net Other Revenues (Expenses)<br>or Gains (Losses)                          | 11,038,273     | 8,797,368                         | 10,784,210     |
| <b>Increase in Net Position</b>   | 6,505,000      | 9,114,186                         | 12,336,025     |
| <b>Net Position, Beginning of Year</b>                                      | 247,397,995    | 238,283,809                       | 225,947,784    |
| <b>Net Position, End of Year</b>  | \$ 253,902,995 | \$ 247,397,995                    | \$ 238,283,809 |

\*Amounts reported above for fiscal year 2021 have not been restated due to implementation of GASB 96, *Subscription-Based Information Technology Arrangements*.

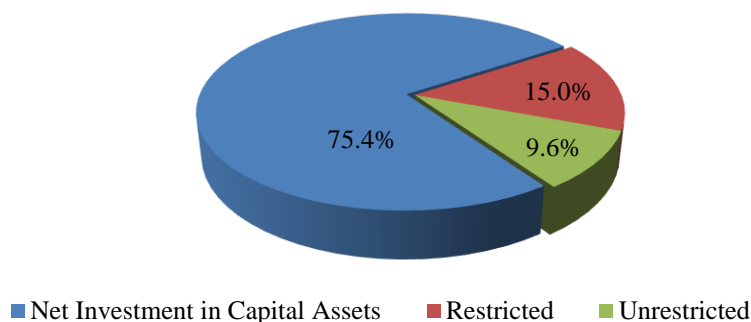
NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

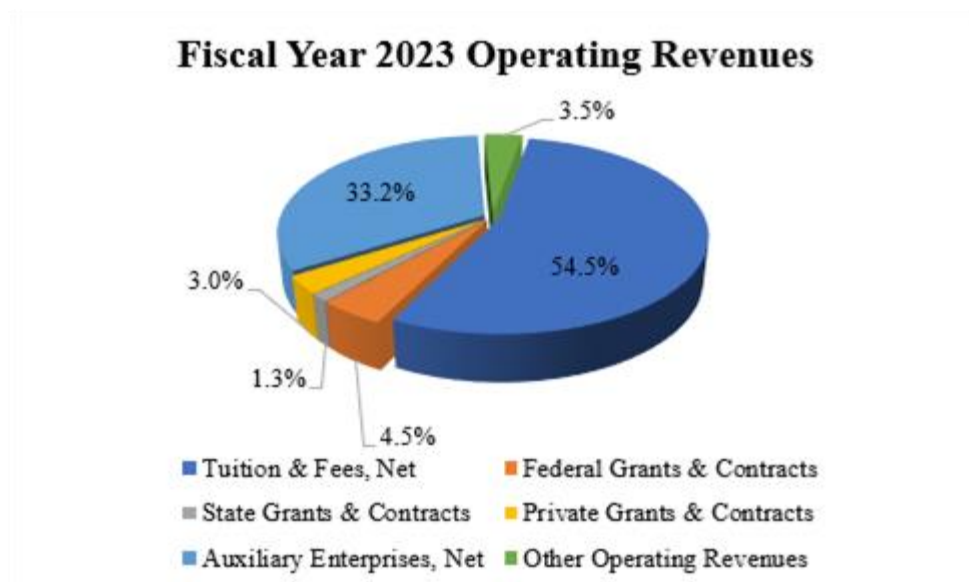
**CHANGES IN NET POSITION**

At June 30, 2023, the NSCS had a net position of \$253.9 million, an increase of \$6.5 million or 2.6% over 2022, and up 6.6% from 2021. Net position was comprised of unrestricted – \$24.3 million; restricted – \$38.2 million; and net investment in capital assets – \$191.4 million.

**Net Position at June 30, 2023**



Operating revenues for fiscal year 2023 were \$57.8 million compared to \$60.0 million in 2022, a 3.7% decrease, and were 0.5% under fiscal year 2021 operating revenues. Operating revenues for 2023 include \$31.5 million in net tuition and fees, Federal, State, and private grants and contracts of \$5.1 million, net auxiliary enterprises of \$19.2 million, and other operating revenues of \$2.0 million.

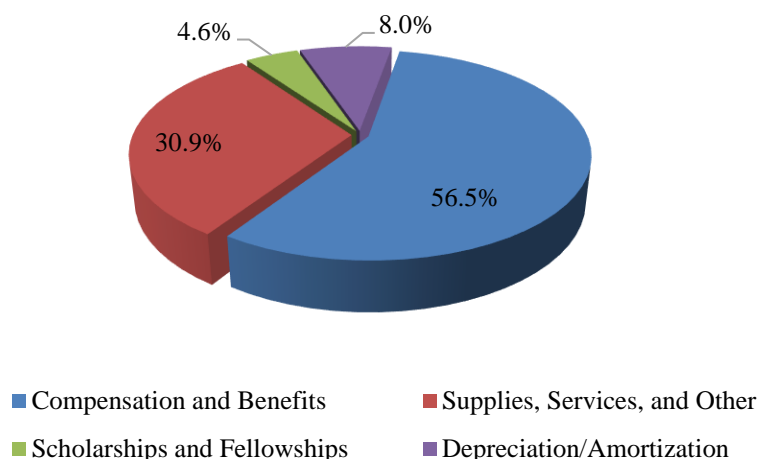


NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

Operating expenses for the year ended June 30, 2023, amounted to \$144.4 million, compared to \$145.4 million in 2022, and \$130.5 million in 2021. Compensation and benefits accounted for \$81.6 million, or 56.5% of the total; Supplies, services, and other were \$44.6 million; depreciation and amortization, \$11.5 million; and scholarships and fellowships, \$6.7 million.

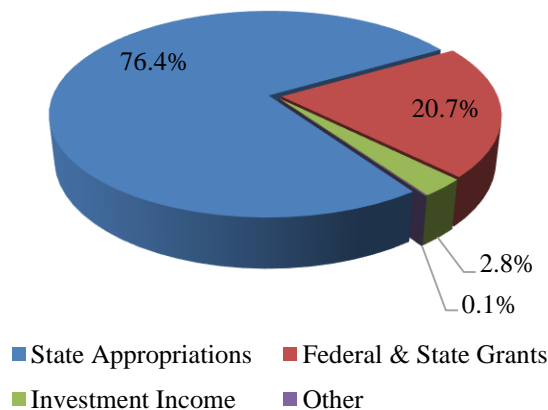
**Fiscal Year 2023 Operating Expense**



The current year operating loss amounted to \$86.6 million, compared to an operating loss of \$85.4 million in 2022 and \$72.4 million in 2021.

Non-operating revenues consist of \$65.1 million State appropriations, \$17.7 million Federal and State grants, \$2.4 million investment income, and a small amount of other non-operating revenues.

**Fiscal Year 2023 Non-Operating Revenues**





NEBRASKA STATE COLLEGE SYSTEM  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

The most significant change in the schedule of net position from the fiscal year ended June 30, 2021, to the fiscal year ended June 30, 2022, was an increase in overall cash and cash equivalents, an increase in capital assets, and an increase in long-term debt. The change in capital assets is in correlation with the construction project of the Math Science Building renovation at CSC. The changes in cash and long-term debt are in relation to the issuance of new Facilities Corporation bonds during the fiscal year. The proceeds of these bonds are for the construction projects related to the WSC Athletic and Recreation project and PSC Indoor/Outdoor Athletic Complex. The most significant change in the schedule of net position from the fiscal year ended June 30, 2022, to the fiscal year ended June 30, 2023, was a decrease in overall cash and cash equivalents, an increase in capital assets, and a decrease in long-term debt. The changes are all interrelated, as the construction project of the Math Science Building renovation at CSC was substantially completed and the construction projects at WSC and PSC for the Athletic and Recreational projects were started which would reduce cash and increase capital assets. The liability for debt decreased as bonds continue to be paid off, and there was not a new issuance during the fiscal year.

Fiscal year 2023 operating revenues decreased from prior fiscal year, tuition and fee income decreased by \$2.3 million or 6.7%, auxiliary enterprise revenues decreased \$0.1 million or 0.4%, and Federal, State, and private grants and contracts increased \$0.8 million or 19.3%. From 2023 to 2021, there was a decrease in tuition and fees of 7.6%, and an increase of 3.9% in auxiliary enterprise, and 52.3% in Federal, State, and private grants.

The decrease in operating revenues can largely be attributed to the decrease in tuition and fees, a portion of which is due to being reported net of scholarship allowances which increased around \$1.5 million during the fiscal year.

Fiscal year 2023 non-operating revenues reflect a \$4.9 million or 8.2% increase in State appropriations, 35% decrease in Federal and State grants and contracts, and an 123.1% increase in investment income over fiscal year 2022. State appropriations increased 16.2%, Federal and State grants and contracts decreased 4.6% and investment income increased 103.8% between fiscal years 2023 and 2021.

The significant decrease in Federal and State grants and contracts is largely due to the colleges receiving about \$13.5 million in 2022 and \$5.7 million in 2021, compared to about \$3.3 million in 2023 as part of the Higher Education Emergency Relief due to the COVID-19 pandemic.

Operating expenses for the year ended June 30, 2023, decreased by \$1.0 million or 0.7% from the previous fiscal year. Within the operating expenses category, compensation and benefits increased approximately \$4.7 million, supplies, services, and other operating expenses increased \$1.8 million, scholarships and fellowships decreased \$8.4 million, and depreciation and amortization increased by \$0.9 million. The decreased operating expenses is in correlation with the decrease in Federal funding received in non-operating revenue. Health insurance premiums had increased in 2020-2021, 2021-2022, and 2022-23 with the overall composite rates for medical and dental insurance increasing 6.7%, 2.96%, and 5.84% respectively.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As of June 30, 2023, the NSCS had recorded \$433.8 million in gross capital assets, \$1.9 million in gross right to use (RTU) lease assets, and \$2.4 million in RTU subscription assets. During the fiscal year ended June 30, 2023, the investment in buildings and improvements increased by \$1 million; infrastructure increased by \$1.7 million; equipment increased by \$2.3 million, land increased by \$0.2 million, and construction in progress increased by \$12.0 million. At the end of the fiscal year, the NSCS had \$166.4 million in accumulated depreciation that left \$267.4 million in net capital assets and \$1.4 million in accumulated amortization, resulting in \$1.3 million in net RTU assets and \$1.6 net RTU subscription assets. Accumulated depreciation for fiscal years 2022 and 2021 were \$156 million and \$146.4 million, respectively, and net capital assets were \$260.6 million and \$248.4 million, respectively. Accumulated amortization for fiscal year 2022 and 2021 were \$0.9 and \$0.2 million, resulting in net RTU assets of \$0.6 and \$0.9 million, respectively, and net RTU subscription assets of \$1 million for fiscal year 2022.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Continued)

The NSCS had \$100.2 million in long-term liabilities at the end of the 2023 fiscal year. These long-term liabilities consisted primarily of outstanding bonded indebtedness of \$88.7 million. Long-term liabilities were \$103.3 million and \$92.4 million at the end of fiscal years 2022 and 2021, respectively.

The NSCS had several construction projects completed, or were substantially complete, in FY23. At Chadron State College, these included the Burkhiser Roof Repair Project and the Maintenance Building Steam Line Replacement. For Wayne State College, the Carhart Science Emergency Elevator Repairs and the Morey Hall First Floor Restrooms projects were completed. The funding for these projects came from LB 309 Building Renewal Task Force funds and auxiliary maintenance funds.

Renovation and construction were in progress for the following projects: At Chadron State College, the Central Alarm Reporting System and Central HVAC Controls projects were in progress. At Peru State College, the combined Library & CATS Buildings Geothermal Conversion and the Quad ADA Upgrades projects were bid in February of 2023 and started construction in April of 2023. Completion is expected by January of 2024. At Wayne State College, the Peterson Fine Arts Renovation & Addition project was nearing substantial completion at the end of FY23, and the Athletic & Recreation Complex (ARC) project started construction in May of 2023. The ARC project is expected to reach substantial completion in December of 2024. The funding for these projects is from various sources including Facilities Corporation bonds, capital improvement fees, the LB 309 Building Renewal Task Force, College cash funds, auxiliary maintenance funds, and/or privately raised funds.

Planning & Design for several NSCS projects was in process during FY23: At Chadron State College, the Memorial Hall Renovation & Addition program statement was in development and is expected to be complete in early 2024. At Peru State College, Library/CATS Geothermal and Quad ADA Upgrades wrapped up design and bidding in February of 2023, and the Indoor Recreation Complex (IRC) project design drawings ran behind schedule, but the project was bid in June of 2023. At Wayne State College, the Brandenburg Renovation & Addition program statement was completed in August of 2022 and approved at the September 2022 Board meeting. The WSC New Student Residence Hall design development was completed in May of 2023 and received Board approval and bond sale approval at the June 2023 Board meeting.

Various smaller deferred repair and fire and life safety upgrades – primarily funded through the auxiliary maintenance programs and the LB309 Task Force for Building Renewal – are in progress at all three State Colleges.

See the notes to the financial statements for additional discussion of capital assets and long-term liabilities.

**ECONOMIC OUTLOOK AND SUBSEQUENT EVENTS THAT WILL AFFECT THE FUTURE**

The Governor and Legislature approved State funding for 2023-2024 at \$68,644,829 and 2024-2025 at \$72,780,555, increase of approximately 6.0%. Part of the increase in appropriations is the additional state aid for the Nebraska Career Scholarships, Rural Health Opportunity Program, and Public Health Early Admission Student Track scholarships. Also, LB 384 acknowledged commitment of the appropriation to continue through 2040 with the continued match from the System for the State College Facilities Program.

The Board of Trustees increased tuition rates for 2023-2024. Tuition rates for 2023-2024 are \$192 for undergraduate, \$240 for graduate resident, and \$480 for graduate non-resident. Online rates are \$309 for undergraduate and \$392 for graduate. Tuition rates for 2022-2023 were \$186 for undergraduate, \$232.50 for graduate resident, and \$465 for graduate non-resident. Online rates were \$299 for undergraduate and \$380 for graduate.

In accordance with the NSCS Bargaining Unit agreements for 2023-2024, each unit member of professional staff will receive a 4.5% and 4.25% increase in 2023-2024 and 2024-2025 fiscal years, respectively. Support staff will

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
(Concluded)

also receive a 4.5% and 4.25% increase for both the 2023-2024 and 2024-2025 fiscal years, respectively, while maintaining longevity increases. Faculty will receive a 4.25% increase for both the 2023-2024 and 2024-2025 fiscal years.

In addition to receiving notification that there will be a 6.87% increase in health insurance premium rates for the 2023-2024 year, the NSCS has been notified that there will be a 1.99% increase in premium rates for the 2024-2025 year.

Enrollment at the State Colleges (annual FTE) slightly increased for 2022-2023. Fall enrollments are expected to slightly decrease for 2023-2024. The NSCS continues to engage in an increased emphasis on enrollment management and marketing.

In August 2023, Student Fees and Facilities Revenue Refunding Bonds Series 2023 were issued for a par amount of \$24 million for Wayne State College to fund a new student residence hall project and to fund the Debt Service Reserve Fund. The New Student Residence Hall project will provide 276 new beds. Construction for this new facility started in September of 2023 and occupancy is anticipated in January of 2025.

NEBRASKA STATE COLLEGE SYSTEM - PRIMARY GOVERNMENT  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF NET POSITION**  
June 30, 2023 and 2022

|   | <b>2023</b>        | <b>2022</b><br><b>As Restated</b> |
|---|--------------------|-----------------------------------|
| <b>Assets</b>                                 |                    |                                   |
| <b>Current Assets</b>                         |                    |                                   |
| Cash and Cash Equivalents                     | \$ 34,359,605      | \$ 38,944,521                     |
| Restricted Cash and Cash Equivalents          | 35,696,971         | 33,058,200                        |
| Accounts Receivable, Net of Allowance         | 1,382,393          | 1,234,203                         |
| Other Receivables                             | 916,958            | 674,396                           |
| Inventories                                   | 76,875             | 83,009                            |
| Prepaid Expenses                              | 1,332,411          | 1,550,189                         |
| Deposits with Vendors                         | 2,565              | 2,388                             |
| Total Current Assets                          | <u>73,767,778</u>  | <u>75,546,906</u>                 |
| <b>Non-current Assets</b>                     |                    |                                   |
| Restricted Cash and Cash Equivalents          | 25,232,710         | 27,661,320                        |
| Prepaid Expenses                              | 247,846            | 175,296                           |
| Right to Use Assets, Net                      | 1,301,154          | 648,287                           |
| Right to Use Subscription Assets, Net         | 1,571,706          | 969,838                           |
| Capital Assets, Net                           | <u>267,439,360</u> | <u>260,636,986</u>                |
| Total Non-current Assets                      | <u>295,792,776</u> | <u>290,091,727</u>                |
| Total Assets                                  | <u>369,560,554</u> | <u>365,638,633</u>                |
| <b>Deferred Outflow of Resources</b>          |                    |                                   |
| Unamortized Bond Refunding Amount, Net        | <u>17,068</u>      | <u>20,846</u>                     |
| Total Deferred Outflow of Resources           | <u>17,068</u>      | <u>20,846</u>                     |
| <b>Liabilities</b>                            |                    |                                   |
| <b>Current Liabilities</b>                    |                    |                                   |
| Accounts Payable and Accrued Liabilities      | 11,370,596         | 12,129,847                        |
| Accrued Compensated Absences                  | 576,586            | 591,490                           |
| Unearned Revenue                              | 2,250,198          | 1,351,583                         |
| Interest Payable                              | 1,320,886          | 823,998                           |
| Master Lease Payable                          | 93,188             | 91,268                            |
| Long-term Debt                                | 4,205,000          | 3,525,000                         |
| Deposits Held in Custody for Others           | 42,429             | 71,421                            |
| Right to Use Lease Liability                  | 235,221            | 285,265                           |
| Right to Use Subscription Liability - Current | <u>521,757</u>     | <u>439,956</u>                    |
| Total Current Liabilities                     | <u>20,615,861</u>  | <u>19,309,828</u>                 |

(Continued)

NEBRASKA STATE COLLEGE SYSTEM - PRIMARY GOVERNMENT  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF NET POSITION**  
June 30, 2023 and 2022

|  | <b>2023</b>    | <b>2022</b><br><b>As Restated</b> |
|--|----------------|-----------------------------------|
| <b>Non-current Liabilities</b>         |                |                                   |
| Accrued Compensated Absences           | 3,731,516      | 3,668,006                         |
| Unearned Revenue                       | 17,370         | 419,055                           |
| Master Lease Payable                   | 7,854          | 101,042                           |
| Right to Use Lease Liability           | 1,091,500      | 389,270                           |
| Right to Use Subscription Liability    | 953,522        | 503,931                           |
| Long-term Debt                         | 88,411,670     | 92,904,971                        |
| Total Non-current Liabilities          | 94,213,432     | 97,986,275                        |
| Total Liabilities                      | 114,829,293    | 117,296,103                       |
| <b>Deferred Inflow of Resources</b>    |                |                                   |
| Unamortized Bond Refunding Amount, Net | 845,334        | 965,381                           |
| Total Deferred Inflow of Resources     | 845,334        | 965,381                           |
| <b>Net Position</b>                    |                |                                   |
| Net Investment in Capital Assets       | 191,429,532    | 184,296,422                       |
| Restricted for:                        |                |                                   |
| Expendable:                            |                |                                   |
| Debt service                           | 3,125,807      | 2,221,506                         |
| Plant                                  | 8,509,482      | 7,604,483                         |
| Other                                  | 26,539,626     | 23,722,987                        |
| Unrestricted                           | 24,298,548     | 29,552,597                        |
| Total Net Position                     | \$ 253,902,995 | \$ 247,397,995                    |
|  |                | (Concluded)                       |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**CHADRON STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

|   | <b>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Cash and Cash Equivalents                               | \$ 1,365,706         | \$ 2,162,487         |
| Investments   | 28,990,853           | 26,090,621           |
| Certificates of Deposit                                 | 150,000              | -                    |
| Pledges Receivable, Net of Allowance and Discount       | 309,134              | 391,027              |
| Prepaid Expenses  | 21,114               | 22,895               |
| Beneficial Interest in Estate Bequest                   | -                    | 55,597               |
| Other Assets  | 39,075               | 39,075               |
| Property and Equipment, Net of Accumulated Depreciation | 38,500               | 38,500               |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 30,914,382</b> | <b>\$ 28,800,202</b> |
| <b>LIABILITIES AND NET ASSETS</b>                       |                      |                      |
| Accounts Payable  | \$ 8,729             | \$ 5,440             |
| Accrued Salaries and Benefits                           | 24,665               | 40,069               |
| Scholarships Payable                                    | 761,881              | 833,310              |
| Refundable Advances                                     | 48,709               | 54,845               |
| Annuity Liability                                       | 411                  | 1,491                |
| Total Liabilities                                       | 844,395              | 935,155              |
| Net Assets Without Donor Restrictions:                  |                      |                      |
| Operating Fund  | 393,108              | 397,190              |
| CSC General Fund  | 548,771              | 544,293              |
| Quasi Endowments  | 2,478,976            | 2,114,667            |
| Greatest Need   | 578,251              | 547,617              |
| Total Net Assets Without Donor Restrictions             | 3,999,106            | 3,603,767            |
| Net Assets with Donor Restrictions:                     |                      |                      |
| Restricted by Time or Purpose                           | 4,758,005            | 3,629,650            |
| Restricted in Perpetuity                                | 21,312,876           | 20,631,630           |
| Total Net Assets with Donor Restrictions                | 26,070,881           | 24,261,280           |
| Total Net Assets  | 30,069,987           | 27,865,047           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                 | <b>\$ 30,914,382</b> | <b>\$ 28,800,202</b> |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**PERU STATE COLLEGE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2022 and 2021

|  | 2022                 | 2021                 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Current Assets   |                      |                      |
| Cash and cash equivalents                                      | \$ 1,023,209         | \$ 1,298,402         |
| Contributions receivable, current portion                      | 20,410               | 78,015               |
| Interest receivable  | 371                  | 614                  |
| Total current assets   | <u>1,043,990</u>     | <u>1,377,031</u>     |
| Property and Equipment   |                      |                      |
| Land   | 60,948               | 60,948               |
| Office furniture and fixtures                                  | 176,301              | 176,301              |
| Vehicles   | 43,375               | 43,375               |
|  | <u>280,624</u>       | <u>280,624</u>       |
| Less accumulated depreciation                                  | 61,656               | 41,267               |
| Total property and equipment                                   | <u>218,968</u>       | <u>239,357</u>       |
| Investments and Other Assets                                   |                      |                      |
| Investments  | 17,119,903           | 20,460,834           |
| Contributions receivable, net of current portion and allowance |                      |                      |
| 2022 - \$150,585 and 2021 - \$62,686                           | -                    | 23,050               |
| Other assets   | 38,830               | 98,572               |
| Total investments and other assets                             | <u>17,158,733</u>    | <u>20,582,456</u>    |
| Total assets   | <u>\$ 18,421,691</u> | <u>\$ 22,198,844</u> |
| <b>Liabilities and Net Assets</b>                              |                      |                      |
| Current Liabilities  |                      |                      |
| Accounts payable   | \$ 43,852            | \$ 67,771            |
| Current portion of long-term debt                              | 9,267                | 9,267                |
| Refundable deposits  | 43,401               | 45,389               |
| Total current liabilities                                      | <u>96,520</u>        | <u>122,427</u>       |
| <b>Note Payable, net of Current Portion</b>                    | <u>6,950</u>         | <u>16,216</u>        |
| <b>Net Assets</b>  |                      |                      |
| Without donor restrictions                                     | 120,804              | 440,649              |
| With donor restrictions  | 18,197,417           | 21,619,552           |
| Total net assets   | <u>18,318,221</u>    | <u>22,060,201</u>    |
| Total liabilities and net assets                               | <u>\$ 18,421,691</u> | <u>\$ 22,198,844</u> |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**WAYNE STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

ASSETS

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| ASSETS  |                      |                      |
| Cash and cash equivalents, unrestricted (note A, H and N) | \$ 38,256            | \$ 125,140           |
| Cash and cash equivalents, restricted (note A and N)      | 2,705,142            | 3,110,438            |
| Unconditional promises to give (notes A, B and C)         | 2,945,899            | 1,674,399            |
| Investments (notes A and C)                               | 33,928,892           | 31,901,806           |
| Prepaid expenses  | 2,403                | 5,259                |
| Property and equipment (notes A and D)                    | 280,867              | 425,042              |
| Cash surrender value of life insurance                    | 88,068               | 93,856               |
| Assets restricted for annuity contracts (notes C and E)   | 101,394              | 121,738              |
| Assets held in perpetual trust (note F)                   | 988,043              | 946,417              |
|   | <u>41,078,964</u>    | <u>38,404,095</u>    |
| Total assets  | <u>\$ 41,078,964</u> | <u>\$ 38,404,095</u> |

LIABILITIES AND NET ASSETS

|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| LIABILITIES                           |                      |                      |
| Accounts payable and accrued expenses | \$ 116,519           | \$ 80,605            |
| Payable for capital improvements      | 40,100               | 16,874               |
| Unearned event revenue                | 7,169                | 2,980                |
| Annuities payable (notes C and E)     | 96,693               | 110,390              |
|                                       | <u>260,481</u>       | <u>210,849</u>       |
| Total liabilities                     | <u>260,481</u>       | <u>210,849</u>       |
| NET ASSETS (notes A and F)            |                      |                      |
| Without donor restrictions            | 3,246,279            | 3,797,402            |
| With donor restrictions               | 37,572,204           | 34,395,844           |
|                                       | <u>40,818,483</u>    | <u>38,193,246</u>    |
| Total net assets                      | <u>40,818,483</u>    | <u>38,193,246</u>    |
| Total liabilities and net assets      | <u>\$ 41,078,964</u> | <u>\$ 38,404,095</u> |

The accompanying notes are an integral part of the financial statements.



NEBRASKA STATE COLLEGE SYSTEM - PRIMARY GOVERNMENT  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
Fiscal Years Ended June 30, 2023 and 2022

|   | <b>2023</b>    | <b>2022</b><br><b>As Restated</b> |
|---|----------------|-----------------------------------|
| <b>Operating Revenues</b>   |                |                                   |
| Tuition and Fees Net of Scholarship Allowances and Institutional<br>Waivers Totaling \$16,706,886 in 2023 and \$15,507,433 in 2022    | \$ 31,486,180  | \$ 33,763,765                     |
| Federal Grants and Contracts  | 2,638,301      | 2,271,249                         |
| State Grants and Contracts  | 731,482        | 407,760                           |
| Private Grants and Contracts  | 1,720,039      | 1,588,309                         |
| Auxiliary Enterprises Net of Scholarship Allowances and Institutional<br>Waivers Totaling \$6,642,450 in 2023 and \$5,754,400 in 2022 | 19,194,786     | 19,266,832                        |
| Other Operating Revenues  | 2,031,744      | 2,726,481                         |
| Total Operating Revenues  | 57,802,532     | 60,024,396                        |
| <b>Operating Expenses</b>   |                |                                   |
| Compensation and Benefits   | 81,576,681     | 76,842,478                        |
| Supplies, Services, and Other   | 44,620,632     | 42,785,168                        |
| Scholarships and Fellowships  | 6,656,673      | 15,094,103                        |
| Depreciation  | 10,551,019     | 9,867,750                         |
| Amortization  | 986,144        | 784,491                           |
| Total Operating Expenses  | 144,391,149    | 145,373,990                       |
| <b>Operating Loss</b>   | (86,588,617)   | (85,349,594)                      |
| <b>Non-operating Revenues (Expenses)</b>  |                |                                   |
| State Appropriations  | 65,128,113     | 60,217,270                        |
| Federal Grants and Contracts  | 14,880,225     | 24,808,960                        |
| State Grants and Contracts  | 2,770,979      | 2,359,250                         |
| Investment Income   | 2,409,616      | 1,080,216                         |
| Interest on Right to Use-Related Leases   | (62,777)       | (43,641)                          |
| Interest on Capital Asset-Related Debt  | (3,139,471)    | (2,373,200)                       |
| Gain (Loss) on Disposal of Asset  | 30,886         | 54,000                            |
| Bond Issuance Costs   | -              | (447,955)                         |
| Other Non-operating Revenue (Expense)   | 37,773         | 11,512                            |
| Net Non-operating Revenues (Expenses)   | 82,055,344     | 85,666,412                        |
| <b>Income (Loss) Before Other Revenues, Expenses, or Gains (Losses)</b>   | (4,533,273)    | 316,818                           |
| <b>Other Revenues (Expenses) or Gains (Losses)</b>  |                |                                   |
| Capital Facilities Fees   | 2,375,411      | 2,412,329                         |
| Capital Contributions   | 2,044,915      | 1,664,751                         |
| Capital Appropriations and Grants   | 6,617,947      | 4,720,288                         |
| Net Other Revenues (Expenses) or Gains (Losses)   | 11,038,273     | 8,797,368                         |
| <b>Increase in Net Position</b>   | 6,505,000      | 9,114,186                         |
| <b>Net Position, Beginning of Year</b>  | 247,397,995    | 238,283,809                       |
| <b>Net Position, End of Year</b>  | \$ 253,902,995 | \$ 247,397,995                    |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**CHADRON STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)  
**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2023 and 2022

|  | 2023                         |                                  |                             |               |
|--|------------------------------|----------------------------------|-----------------------------|---------------|
|  | Without Donor<br>Restriction | With Donor Restriction           |                             | Total         |
|  |                              | Restricted by Time<br>or Purpose | Restricted in<br>Perpetuity |               |
| <b>REVENUES, GAINS (LOSSES),<br/>AND OTHER SUPPORT</b> |                              |                                  |                             |               |
| Contributions  | \$ 209,960                   | \$ 653,618                       | \$ -                        | \$ 863,578    |
| Contributions-Gifts In-kind                            | 10,648                       | -                                | -                           | 10,648        |
| Principle Contributions to Named Endowments            | -                            | -                                | 674,846                     | 674,846       |
| State Income   | 263,466                      | -                                | -                           | 263,466       |
| Investment Loss  | 603,099                      | 2,350,199                        | -                           | 2,953,298     |
| Event Income   | 420                          | 85,133                           | -                           | 85,553        |
| Miscellaneous Income                                   | 2,752                        | 4,687                            | -                           | 7,439         |
| Total Revenues and Other Support                       | 1,090,345                    | 3,093,637                        | 674,846                     | 4,858,828     |
| Transfer Between Net Assets                            | 17                           | (6,387)                          | 6,370                       | -             |
| Released from Restriction:                             |                              |                                  |                             |               |
| Released for Management Fees                           | 439,498                      | (439,498)                        | -                           | -             |
| Purpose Restrictions Accomplished                      | 1,519,397                    | (1,519,397)                      | -                           | -             |
| Total Support and Reclassifications                    | 3,049,257                    | 1,128,355                        | 681,216                     | 4,858,828     |
| <b>EXPENSES</b>  |                              |                                  |                             |               |
| Program Services                                       | 2,123,421                    | -                                | -                           | 2,123,421     |
| General and Management                                 | 211,718                      | -                                | -                           | 211,718       |
| Fundraising  | 318,779                      | -                                | -                           | 318,779       |
| Total Expenses   | 2,653,918                    | -                                | -                           | 2,653,918     |
| <b>CHANGE IN NET ASSETS</b>                            | 395,339                      | 1,128,355                        | 681,216                     | 2,204,910     |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                   | 3,603,767                    | 3,629,650                        | 20,631,630                  | 27,865,047    |
| <b>NET ASSETS, END OF YEAR</b>                         | \$ 3,999,106                 | \$ 4,758,005                     | \$ 21,312,846               | \$ 30,069,957 |

The accompanying notes are an integral part of the financial statements. - 24 -

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**CHADRON STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)  
**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2023 and 2022

|  | 2022                         |                                  |                             |               |
|--|------------------------------|----------------------------------|-----------------------------|---------------|
|  | Without Donor<br>Restriction | With Donor Restriction           |                             | Total         |
|  |                              | Restricted by Time<br>or Purpose | Restricted in<br>Perpetuity |               |
| <b>REVENUES, GAINS (LOSSES),<br/>AND OTHER SUPPORT</b> |                              |                                  |                             |               |
| Contributions  | \$ 270,176                   | \$ 632,867                       | \$ -                        | \$ 903,043    |
| Contributions-Gifts In-kind                            | 9,854                        | -                                | -                           | 9,854         |
| Principle Contributions to Named Endowments            | -                            | -                                | 1,097,825                   | 1,097,825     |
| State Income   | 227,269                      | -                                | -                           | 227,269       |
| Investment Loss  | (564,275)                    | (2,357,463)                      | -                           | (2,921,738)   |
| Event Income   | 1,208                        | 95,547                           | -                           | 96,755        |
| Miscellaneous Income                                   | 87,828                       | 2,480                            | -                           | 90,308        |
| Total Revenues and Other Support                       | 32,060                       | (1,626,569)                      | 1,097,825                   | (496,684)     |
| Transfer Between Net Assets                            | -                            | (43,756)                         | 43,756                      | -             |
| Released from Restriction:                             |                              |                                  |                             |               |
| Released for Management Fees                           | 473,828                      | (473,828)                        | -                           | -             |
| Purpose Restrictions Accomplished                      | 1,798,868                    | (1,798,868)                      | -                           | -             |
| Total Support and Reclassifications                    | 2,304,756                    | (3,943,021)                      | 1,141,581                   | (496,684)     |
| <b>EXPENSES</b>  |                              |                                  |                             |               |
| Program Services                                       | 2,233,057                    | -                                | -                           | 2,233,057     |
| General and Management                                 | 198,088                      | -                                | -                           | 198,088       |
| Fundraising  | 229,579                      | -                                | -                           | 229,579       |
| Total Expenses   | 2,660,724                    | -                                | -                           | 2,660,724     |
| <b>CHANGE IN NET ASSETS</b>                            | (355,968)                    | (3,943,021)                      | 1,141,581                   | (3,157,408)   |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                   | 3,959,735                    | 7,572,671                        | 19,490,049                  | 31,022,455    |
| <b>NET ASSETS, END OF YEAR</b>                         | \$ 3,603,767                 | \$ 3,629,650                     | \$ 20,631,630               | \$ 27,865,047 |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**PERU STATE COLLEGE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2022

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions  | Total                       |
|--|-------------------------------|-----------------------------|-----------------------------|
| <b>Revenues, Gains and Other Support</b> |                               |                             |                             |
| Contributions                            | \$ -                          | \$ 1,061,300                | \$ 1,061,300                |
| Special events                           | 11,272                        | 27,997                      | 39,269                      |
| Net investment return                    | (166,755)                     | (3,371,406)                 | (3,538,161)                 |
| Miscellaneous income                     | 14,832                        | -                           | 14,832                      |
| Net assets released from restrictions    | 1,140,026                     | (1,140,026)                 | -                           |
| Total revenues, gains and other support  | <u>999,375</u>                | <u>(3,422,135)</u>          | <u>(2,422,760)</u>          |
| <b>Expenses</b>                          |                               |                             |                             |
| Program services                         | 656,864                       | -                           | 656,864                     |
| Management and general                   | 535,879                       | -                           | 535,879                     |
| Fundraising                              | 126,477                       | -                           | 126,477                     |
| Total expenses                           | <u>1,319,220</u>              | <u>-</u>                    | <u>1,319,220</u>            |
| <b>Change in Net Assets</b>              | (319,845)                     | (3,422,135)                 | (3,741,980)                 |
| <b>Net Assets, Beginning of Year</b>     | <u>440,649</u>                | <u>21,619,552</u>           | <u>22,060,201</u>           |
| <b>Net Assets, End of Year</b>           | <u><u>\$ 120,804</u></u>      | <u><u>\$ 18,197,417</u></u> | <u><u>\$ 18,318,221</u></u> |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**PERU STATE COLLEGE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions  | Total                       |
|--|-------------------------------|-----------------------------|-----------------------------|
| <b>Revenues, Gains and Other Support</b> |                               |                             |                             |
| Contributions                            | \$ 180,792                    | \$ 629,883                  | \$ 810,675                  |
| Special events                           | 11,119                        | 14,841                      | 25,960                      |
| Net investment return                    | 59,447                        | 2,114,940                   | 2,174,387                   |
| Miscellaneous income                     | 70,168                        | -                           | 70,168                      |
| Net assets released from restrictions    | 793,390                       | (793,390)                   | -                           |
| Total revenues, gains and other support  | <u>1,114,916</u>              | <u>1,966,274</u>            | <u>3,081,190</u>            |
| <b>Expenses</b>                          |                               |                             |                             |
| Program services                         | 556,232                       | -                           | 556,232                     |
| Management and general                   | 350,034                       | -                           | 350,034                     |
| Fundraising                              | 68,364                        | -                           | 68,364                      |
| Total expenses                           | <u>974,630</u>                | <u>-</u>                    | <u>974,630</u>              |
| <b>Change in Net Assets</b>              | <u>140,286</u>                | <u>1,966,274</u>            | <u>2,106,560</u>            |
| <b>Net Assets, Beginning of Year</b>     | <u>300,363</u>                | <u>19,653,278</u>           | <u>19,953,641</u>           |
| <b>Net Assets, End of Year</b>           | <u><u>\$ 440,649</u></u>      | <u><u>\$ 21,619,552</u></u> | <u><u>\$ 22,060,201</u></u> |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**WAYNE STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)  
**STATEMENT OF ACTIVITIES**

Years ended June 30, 2023 and 2022

|  | 2023                          |                            |               | 2022                          |                            |               |
|--|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|---------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
| <b>REVENUE AND SUPPORT</b>   |                               |                            |               |                               |                            |               |
| Contributions  | \$ 527,891                    | \$ 4,447,245               | \$ 4,975,136  | \$ 572,460                    | \$ 4,539,044               | \$ 5,111,504  |
| Interest and dividends, net of fees                                | 220,632                       | 1,083,565                  | 1,304,197     | 44,344                        | 204,937                    | 249,281       |
| Net gain (loss) on investments                                     | 202,654                       | 1,827,706                  | 2,030,360     | (439,961)                     | (4,022,991)                | (4,462,952)   |
| Other income   | 30,234                        | 59,218                     | 89,452        | 16,933                        | 65,379                     | 82,312        |
| Net assets released from restrictions                              | 3,744,790                     | (3,744,790)                | -             | 3,502,956                     | (3,502,956)                | -             |
| Total revenue and support  | 4,726,201                     | 3,672,944                  | 8,399,145     | 3,696,732                     | (2,716,587)                | 980,145       |
| <b>EXPENSES</b>  |                               |                            |               |                               |                            |               |
| Program services   | 4,914,090                     | -                          | 4,914,090     | 4,021,583                     | -                          | 4,021,583     |
| Management and general   | 397,976                       | -                          | 397,976       | 397,521                       | -                          | 397,521       |
| Fundraising  | 458,558                       | -                          | 458,558       | 392,408                       | -                          | 392,408       |
|  | 5,770,624                     | -                          | 5,770,624     | 4,811,512                     | -                          | 4,811,512     |
| Amortization on annuity contracts                                  | -                             | 3,284                      | 3,284         | -                             | 16,627                     | 16,627        |
| Total expenses   | 5,770,624                     | 3,284                      | 5,773,908     | 4,811,512                     | 16,627                     | 4,828,139     |
| Increase (decrease) in net assets<br>before other income (expense) | (1,044,423)                   | 3,669,660                  | 2,625,237     | (1,114,780)                   | (2,733,214)                | (3,847,994)   |
| Other income (expense)   |                               |                            |               |                               |                            |               |
| Extinguished debt income   | -                             | -                          | -             | 121,363                       | -                          | 121,363       |
| Administrative support fee   | 493,300                       | (493,300)                  | -             | 438,806                       | (438,806)                  | -             |
| Total other income (expense)                                       | 493,300                       | (493,300)                  | -             | 560,169                       | (438,806)                  | 121,363       |
| Increase (decrease) in net assets                                  | (551,123)                     | 3,176,360                  | 2,625,237     | (554,611)                     | (3,172,020)                | (3,726,631)   |
| Net assets at beginning of year                                    | 3,797,402                     | 34,395,844                 | 38,193,246    | 4,352,013                     | 37,567,864                 | 41,919,877    |
| Net assets at end of year  | \$ 3,246,279                  | \$ 37,572,204              | \$ 40,818,483 | \$ 3,797,402                  | \$ 34,395,844              | \$ 38,193,246 |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM - PRIMARY GOVERNMENT  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**STATEMENT OF CASH FLOWS**

Fiscal Years Ended June 30, 2023 and 2022

|   | <b>2023</b>   | <b>2022</b><br><b>As Restated</b> |
|---|---------------|-----------------------------------|
| <b>Cash Flows From Operating Activities</b>                     |               |                                   |
| Tuition and Fees  | \$ 31,447,114 | \$ 33,089,707                     |
| Grants and Contracts  | 5,970,790     | 4,375,442                         |
| Payments to Suppliers   | (45,436,090)  | (42,222,453)                      |
| Payments to Employees   | (81,226,119)  | (76,983,548)                      |
| Sales and Services of Auxiliary Enterprises                     | 18,843,693    | 18,652,818                        |
| Other Payments  | (4,630,157)   | (12,226,137)                      |
| Net Cash Used in Operating Activities                           | (75,030,769)  | (75,314,171)                      |
| <b>Cash Flows From Non-capital Financing Activities</b>         |               |                                   |
| State Appropriations  | 65,128,113    | 60,217,270                        |
| Grants and Contracts  | 17,601,564    | 27,398,267                        |
| Direct Lending Receipts   | 28,360,037    | 27,686,114                        |
| Direct Lending Payments   | (28,360,037)  | (27,686,114)                      |
| Other Receipts (Payments)                                       | 34,866        | (137,519)                         |
| Net Cash Provided by Non-capital Financing Activities           | 82,764,543    | 87,478,018                        |
| <b>Cash Flows From Capital and Related Financing Activities</b> |               |                                   |
| Proceeds from Capital Debt                                      | -             | 18,809,301                        |
| Transfer to Bond Escrow Agent                                   | -             | (1,493,303)                       |
| Capital Contributions   | 2,081,355     | 1,659,351                         |
| Purchase of Capital Assets                                      | (17,590,666)  | (22,650,096)                      |
| Disposal of Capital Assets                                      | (5,478)       | -                                 |
| Principal Paid on Lease Obligations                             | (309,643)     | (276,317)                         |
| Principal Paid on Subscription Obligations                      | (747,658)     | (528,193)                         |
| Principal Paid on Capital Debt                                  | (3,525,000)   | (5,220,000)                       |
| Interest Paid on Capital Debt                                   | (3,107,180)   | (2,761,718)                       |
| Bond Issuance Costs   | -             | (312,880)                         |
| Capital Facilities Fees   | 2,354,464     | 2,413,613                         |
| Other   | (42,660)      | (78,327)                          |
| Capital Appropriations  | 6,543,926     | 4,720,288                         |
| Net Cash Used by Capital and Related Financing Activities       | (14,348,540)  | (5,718,281)                       |
| <b>Cash Flows From Investing Activities</b>                     |               |                                   |
| Purchase/Sale of Investments                                    | -             | 494,000                           |
| Investment Income   | 2,240,011     | 1,084,354                         |
| Net Cash Provided by Investing Activities                       | 2,240,011     | 1,578,354                         |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>         | (4,374,755)   | 8,023,920                         |
| <b>Cash and Cash Equivalents, Beginning of Year</b>             | 99,664,041    | 91,640,121                        |
| <b>Cash and Cash Equivalents, End of Year</b>                   | \$ 95,289,286 | \$ 99,664,041                     |

NEBRASKA STATE COLLEGE SYSTEM - PRIMARY GOVERNMENT  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF CASH FLOWS**  
Fiscal Years Ended June 30, 2023 and 2022

|  | <b>2023</b>            | <b>2022</b><br><b>As Restated</b> |
|--|------------------------|-----------------------------------|
| <b>Reconciliation of Cash and Cash Equivalents<br/>to the Statement of Net Position</b>  |                        |                                   |
| Cash and Cash Equivalents  | \$ 34,359,605          | \$ 38,944,521                     |
| Restricted Cash and Cash Equivalents - Current   | 35,696,971             | 33,058,200                        |
| Restricted Cash and Cash Equivalents - Non-current                                       | 25,232,710             | 27,661,320                        |
| Total Cash and Cash Equivalents  | <u>\$ 95,289,286</u>   | <u>\$ 99,664,041</u>              |
| <b>Reconciliation of Net Operating Loss to Net Cash<br/>Used in Operating Activities</b> |                        |                                   |
| Operating Loss   | \$ (86,588,617)        | \$ (85,349,594)                   |
| Depreciation and Amortization Expense  | 11,537,163             | 10,652,241                        |
| Changes in Operating Assets and Liabilities:   |                        |                                   |
| Receivables, Net   | (128,148)              | (126,035)                         |
| Inventories  | 6,134                  | 4,040                             |
| Accounts Payable and Accrued Liabilities   | (516,654)              | (196,065)                         |
| Accrued Compensated Absences   | 48,606                 | (213,033)                         |
| Other Assets and Liabilities   | 610,747                | (85,725)                          |
| <b>Net Cash Used in Operating Activities</b>   | <u>\$ (75,030,769)</u> | <u>\$ (75,314,171)</u>            |
| <b>Non-Cash Transactions</b>   |                        |                                   |
| Accounts Payable Incurred for Capital Asset Purchases                                    | \$ 3,080,504           | \$ 3,449,011                      |
| Refunding Bond Proceeds Delivered to Escrow Agent  | -                      | 20,394,934                        |
| Acquisitions of Right-to-Use Asset Through Lease Obligations                             | 961,831                | 27,706                            |
| Acquisitions of Right-to-Use Asset Through Subscription Obligations                      | 1,279,049              | 782,763                           |
|  |                        | (Concluded)                       |

The accompanying notes are an integral part of the financial statements.



NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**CHADRON STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2023 and 2022

|  | <u>2023</u>                | <u>2022</u>                |
|--|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                            |
| Change in Net Assets   | \$ 2,204,940               | \$ (3,157,408)             |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided (Used) by Operating Activities |                            |                            |
| Change in Allowance for Doubtful Accounts  | 8,087                      | (29,877)                   |
| Non-Cash (Return) Loss on Investments  | (2,270,123)                | 3,420,919                  |
| Donation of Estate Bequest   | -                          | (55,597)                   |
| Donated Investments  | (11,165)                   | -                          |
| Proceeds from Contributions Restricted for Investment<br>in Named Endowments                         | (674,876)                  | (1,097,825)                |
| Changes In:  |                            |                            |
| Contributions Receivable   | 73,806                     | 224,307                    |
| Prepaid Assets   | 1,781                      | (3,809)                    |
| Accounts Payable   | 3,289                      | (21,395)                   |
| Accrued Salaries and Benefits  | (15,404)                   | (19,061)                   |
| Scholarships Payable   | (71,429)                   | 313,679                    |
| Proceeds from Refundable Advances  | (6,136)                    | (68,831)                   |
| Net Cash Used by Operating Activities  | <u>(757,230)</u>           | <u>(494,898)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                            |
| Proceeds from Estate Bequest   | 55,597                     | 265,929                    |
| Purchases of Investments   | (618,944)                  | (1,537,698)                |
| Payments of Annuities  | (1,080)                    | (1,270)                    |
| Purchases of Certificates of Deposit   | (150,000)                  | -                          |
| Sales of Certificates of Deposit   | -                          | 263,726                    |
| Net Cash Used by Investing Activities  | <u>(714,427)</u>           | <u>(1,009,313)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                            |                            |
| Proceeds from Contributions Restricted<br>for Investment in Named Endowments                         | <u>674,876</u>             | <u>1,097,825</u>           |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | (796,781)                  | (406,386)                  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>  | <u>2,162,487</u>           | <u>2,568,873</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <u><u>\$ 1,365,706</u></u> | <u><u>\$ 2,162,487</u></u> |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**PERU STATE COLLEGE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENT OF CASH FLOWS**

For the Years Ended December 31, 2022 and 2021

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ (3,741,980)      | \$ 2,106,560        |
| Adjustments to reconcile change in net assets to net cash<br>from operating activities |                     |                     |
| Depreciation   | 20,389              | 14,896              |
| Unrealized (gain) loss on investments  | 4,053,383           | (1,280,422)         |
| Realized (gain) loss on investments  | 81,546              | (645,732)           |
| Contributions and net investment return restricted for<br>long-term investment         | 2,310,106           | (2,744,823)         |
| Dividends/interest on investment   | (333,729)           | (788,247)           |
| Investment fees  | 68,255              | 74,033              |
| Change in interest receivable  | 243                 | 325                 |
| Change in contributions receivable   | 80,655              | 109,063             |
| Change in accounts payable   | (23,919)            | 27,447              |
| Change in refundable deposits  | (1,988)             | (8,011)             |
| Net cash provided by (used in) operating activities                                    | <u>2,512,961</u>    | <u>(3,134,911)</u>  |
| <b>Investing Activities</b>  |                     |                     |
| Proceeds from investment sales   | 4,860,747           | 4,157,398           |
| Purchase of investments  | (5,389,271)         | (3,133,626)         |
| Purchase of equipment  | -                   | (6,518)             |
| Net cash provided by (used in) investing activities                                    | <u>(528,524)</u>    | <u>1,017,254</u>    |
| <b>Financing Activities</b>  |                     |                     |
| Contributions and investment income received restricted for<br>long-term investment    | (2,310,106)         | 2,744,823           |
| Payments on note payable   | (9,266)             | (2,317)             |
| Other financing receipts   | 59,742              | 2,448               |
| Net cash provided by (used in) financing activities                                    | <u>(2,259,630)</u>  | <u>2,744,954</u>    |
| <b>Change in Cash and Cash Equivalents</b>   | (275,193)           | 627,297             |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                    | <u>1,298,402</u>    | <u>671,105</u>      |
| <b>Cash and Cash Equivalents, End of Year</b>  | <u>\$ 1,023,209</u> | <u>\$ 1,298,402</u> |
| <b>Supplemental Cash Flows Information</b>   |                     |                     |
| Note payable incurred for acquisition of equipment                                     | \$ -                | \$ 27,800           |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**WAYNE STATE FOUNDATION**  
(A COMPONENT UNIT OF THE NEBRASKA STATE COLLEGE SYSTEM)

**STATEMENTS OF CASH FLOWS**

Years ended June 30, 2023 and 2022

|  | <u>2023</u>  | <u>2022</u>    |
|--|--------------|----------------|
| Cash flows from operating activities   |              |                |
| Increase (decrease) in net assets  | \$ 2,625,237 | \$ (3,726,631) |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash provided by operating activities |              |                |
| Depreciation   | 9,205        | 9,205          |
| Amortization of annuity contracts  | 3,284        | 16,627         |
| Realized and unrealized (gains) losses on investments  | (2,030,360)  | 4,462,952      |
| Non-cash contributions   | (6,000)      | (6,000)        |
| Property gifted to college and others  | 630,642      | -              |
| Gain on extinguished debt  | -            | (121,363)      |
| Write-off of unconditional promise to give   | -            | -              |
| (Increase) decrease in assets  |              |                |
| Unconditional promises to give   | (1,271,500)  | (117,061)      |
| Prepaid expenses   | 2,856        | (3,428)        |
| Cash surrender value of life insurance   | 5,788        | (1)            |
| Increase (decrease) in liabilities   |              |                |
| Accounts payable and accrued expenses  | 35,914       | (41,740)       |
| Payable for capital improvements   | 23,226       | 12,783         |
| Unearned event revenue   | 4,189        | 280            |
| Total adjustment to increase in net assets   | (2,592,756)  | 4,212,254      |
| Net cash provided by operating activities  | 32,481       | 485,623        |
| Cash flows from investing activities   |              |                |
| Proceeds from sale of investments  | 1,160,992    | 34,126,355     |
| Purchases of investments   | (1,185,344)  | (34,204,900)   |
| Purchases of property and equipment  | (495,673)    | (166,810)      |
| Net cash used by investing activities  | (520,025)    | (245,355)      |
| Cash flows from financing activities   |              |                |
| Payments on annuities  | (4,636)      | (4,702)        |
| Net increase (decrease) in cash and cash equivalents   | (492,180)    | 235,566        |
| Cash and cash equivalents unrestricted<br>and restricted, beginning of year                                | 3,235,578    | 3,000,012      |
| Cash and cash equivalents unrestricted<br>and restricted, end of year                                      | \$ 2,743,398 | \$ 3,235,578   |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2023

|                                      | <u>Private-Purpose<br/>Trust Fund</u> | <u>Custodial<br/>Funds</u> |
|--------------------------------------|---------------------------------------|----------------------------|
| <b>Assets</b>                        |                                       |                            |
| <b>Current Assets</b>                |                                       |                            |
| Cash and Cash Equivalents            |                                       |                            |
| Restricted Cash and Cash Equivalents | \$ 136,436                            | \$ 181,620                 |
| Other Receivables                    | 28,437                                | -                          |
| Total Current Assets                 | <u>164,873</u>                        | <u>181,620</u>             |
| Total Assets                         | <u>164,873</u>                        | <u>181,620</u>             |
| <b>Liabilities</b>                   |                                       |                            |
| <b>Current Liabilities</b>           |                                       |                            |
| Health and Other insurance Claims    | 5,728                                 | -                          |
| Total Current Liabilities            | <u>5,728</u>                          | <u>-</u>                   |
| Total Liabilities                    | <u>5,728</u>                          | <u>-</u>                   |
| <b>Net Position</b>                  |                                       |                            |
| Restricted for Individuals           | 159,145                               | 181,620                    |
| Total Net Position                   | <u>\$ 159,145</u>                     | <u>\$ 181,620</u>          |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2022

|                                      | <u>Private-Purpose<br/>Trust Fund</u> | <u>Custodial<br/>Funds</u> |
|--------------------------------------|---------------------------------------|----------------------------|
| <b>Assets</b>                        |                                       |                            |
| <b>Current Assets</b>                |                                       |                            |
| Cash and Cash Equivalents            |                                       |                            |
| Restricted Cash and Cash Equivalents | \$ 171,539                            | \$ 146,917                 |
| Other Receivables                    | 77                                    | -                          |
| Total Current Assets                 | <u>171,616</u>                        | <u>146,917</u>             |
| Total Assets                         | <u>171,616</u>                        | <u>146,917</u>             |
| <b>Liabilities</b>                   |                                       |                            |
| <b>Current Liabilities</b>           |                                       |                            |
| Health and Other insurance Claims    | <u>11,160</u>                         | <u>-</u>                   |
| Total Current Liabilities            | <u>11,160</u>                         | <u>-</u>                   |
| Total Liabilities                    | <u>11,160</u>                         | <u>-</u>                   |
| <b>Net Position</b>                  |                                       |                            |
| Restricted for Individuals           | <u>160,456</u>                        | <u>146,917</u>             |
| Total Net Position                   | <u><u>\$ 160,456</u></u>              | <u><u>\$ 146,917</u></u>   |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Fiscal Year Ended June 30, 2023

|   | <u>Private-Purpose<br/>Trust Fund</u> | <u>Custodial<br/>Funds</u> |
|---|---------------------------------------|----------------------------|
| <b>Additions</b>                          |                                       |                            |
| Investment Income                         | \$ 4,781                              | \$ -                       |
| Employee Flex Spending Plan Contributions | 348,744                               | -                          |
| Scholarship Receipts                      | -                                     | 2,954,266                  |
| Total Additions                           | <u>353,525</u>                        | <u>2,954,266</u>           |
| <b>Deductions</b>                         |                                       |                            |
| Employee Flex Spending Plan Deductions    | 354,586                               | -                          |
| Scholarship Expense                       | -                                     | 2,919,563                  |
| Other Deductions                          | 250                                   | -                          |
| Total Deductions                          | <u>354,836</u>                        | <u>2,919,563</u>           |
| <b>Increase in Net Position</b>           | (1,311)                               | 34,703                     |
| <b>Net Position</b>                       |                                       |                            |
| Net Position, Beginning of Year           | 160,456                               | 146,917                    |
| Net Position, End of Year                 | <u>\$ 159,145</u>                     | <u>\$ 181,620</u>          |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Fiscal Year Ended June 30, 2022

|   | <u>Private-Purpose<br/>Trust Fund</u> | <u>Custodial<br/>Funds</u> |
|---|---------------------------------------|----------------------------|
| <b>Additions</b>                          |                                       |                            |
| Investment Income                         | \$ 127                                | \$ -                       |
| Employee Flex Spending Plan Contributions | 366,670                               | -                          |
| Scholarship Receipts                      | -                                     | 3,034,956                  |
| Total Additions                           | <u>366,797</u>                        | <u>3,034,956</u>           |
| <b>Deductions</b>                         |                                       |                            |
| Employee Flex Spending Plan Deductions    | 351,245                               | -                          |
| Scholarship Expense                       | -                                     | 3,102,739                  |
| Other Deductions                          | 250                                   | -                          |
| Total Deductions                          | <u>351,495</u>                        | <u>3,102,739</u>           |
| <b>Increase in Net Position</b>           | 15,302                                | (67,783)                   |
| <b>Net Position</b>                       |                                       |                            |
| Net Position, Beginning of Year           | 145,154                               | 214,700                    |
| Net Position, End of Year                 | <u>\$ 160,456</u>                     | <u>\$ 146,917</u>          |

The accompanying notes are an integral part of the financial statements.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Years Ended June 30, 2023 and 2022

**1. Summary of Significant Accounting Policies**

***Organization***

The Nebraska State College System (NSCS) is a governmental institution established under and governed by the laws of the State of Nebraska. The NSCS operates under the jurisdiction of the Board of Trustees of the Nebraska State Colleges. The NSCS includes Chadron State College (CSC), Peru State College (PSC), Wayne State College (WSC), the NSCS Office, and the Nebraska State Colleges Facilities Corporation (a blended component unit). The NSCS is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The financial statements include all funds of the NSCS. The major accounting principles and practices followed by the NSCS and its separately reported foundation component units are presented below to assist the reader in evaluating the financial statements and accompanying notes.

***Reporting Entity***

The NSCS has considered all potential component units for which it is financially accountable and other organizations that are fiscally dependent on the NSCS, or the significance of their relationship with the NSCS is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the NSCS to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the NSCS. The NSCS is also considered financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the NSCS regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the NSCS and its component units. The component units are included in the NSCS reporting entity because of the significance of their operational or financial relationships with the NSCS.

***Blended Component Unit***

The Nebraska State Colleges Facilities Corporation (Corporation) is a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the NSCS. This component unit is included in the NSCS's reporting entity because of the significance of its operational or financial relationships with the NSCS. This component unit is an entity that is legally separate from the NSCS, but is so intertwined with the NSCS that it is, in substance, the same as the NSCS. Debt of the Corporation is expected to be repaid entirely with resources from either the NSCS or the State. Management of the NSCS also has operational responsibility for the activities of the Corporation. The Corporation's balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the NSCS itself. The separately issued audit report for the Corporation can be obtained by contacting the Nebraska State College System at 1233 Lincoln Mall, Suite 100, Lincoln, Nebraska, 68508.



NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

Condensed statements showing NSCS and Corporation balances and transactions are as follows for fiscal year ended June 30, 2023:

**Condensed Statement of Net Position**

|  | <b>NSCS</b>           | <b>Corporation</b>     | <b>2023 Total</b>     |
|--|-----------------------|------------------------|-----------------------|
| <b>Current Assets</b>                    | \$ 72,218,959         | \$ 1,548,819           | \$ 73,767,778         |
| <b>Non-current Assets</b>                |                       |                        |                       |
| Right to Use Assets, Net                 | 1,301,154             | -                      | 1,301,154             |
| Right to Use Subscription Assets, Net    | 1,571,706             | -                      | 1,571,706             |
| Capital Assets, Net                      | 267,439,360           | -                      | 267,439,360           |
| Other Non-current Assets                 | 8,319,059             | 17,161,497             | 25,480,556            |
| Total Assets                             | <u>350,850,238</u>    | <u>18,710,316</u>      | <u>369,560,554</u>    |
| <br><b>Deferred Outflow of Resources</b> | <br><u>17,068</u>     | <br><u>-</u>           | <br><u>17,068</u>     |
| <br><b>Current Liabilities</b>           | <br>16,145,597        | <br>4,470,264          | <br>20,615,861        |
| <b>Non-current Liabilities</b>           | <u>35,306,045</u>     | <u>58,907,387</u>      | <u>94,213,432</u>     |
| Total Liabilities                        | <u>51,451,642</u>     | <u>63,377,651</u>      | <u>114,829,293</u>    |
| <br><b>Deferred Inflow of Resources</b>  | <br><u>-</u>          | <br><u>845,334</u>     | <br><u>845,334</u>    |
| <br><b>Net Position</b>                  |                       |                        |                       |
| Net Investment in Capital Assets         | 237,618,067           | (46,188,535)           | 191,429,532           |
| Restricted                               | 37,499,049            | 675,866                | 38,174,915            |
| Unrestricted                             | <u>24,298,548</u>     | <u>-</u>               | <u>24,298,548</u>     |
| Total Net Position                       | <u>\$ 299,415,664</u> | <u>\$ (45,512,669)</u> | <u>\$ 253,902,995</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

|   | NSCS           | Corporation     | 2023 Total     |
|---|----------------|-----------------|----------------|
| <b>Operating Revenues</b>   |                |                 |                |
| Tuition and Fees, Net   | \$ 31,486,180  | \$ -            | \$ 31,486,180  |
| Federal and State Grants and Contracts                                  | 3,369,783      | -               | 3,369,783      |
| Private Grants and Contracts  | 1,720,039      | -               | 1,720,039      |
| Auxiliary Enterprises, Net  | 19,194,786     | -               | 19,194,786     |
| Other Operating Revenues  | 2,031,744      | -               | 2,031,744      |
| Total Operating Revenues  | 57,802,532     | -               | 57,802,532     |
| <b>Operating Expenses</b>   |                |                 |                |
| Depreciation and Amortization   | 11,537,163     | -               | 11,537,163     |
| Other Operating Expenses  | 132,853,986    | -               | 132,853,986    |
| Total Operating Expenses  | 144,391,149    | -               | 144,391,149    |
| <b>Operating Loss</b>   | (86,588,617)   | -               | (86,588,617)   |
| <b>Non-operating Revenues (Expenses)</b>                                |                |                 |                |
| State Appropriations  | 65,128,113     | -               | 65,128,113     |
| Federal and State Grants and Contracts                                  | 17,651,204     | -               | 17,651,204     |
| Investment Income   | 1,798,771      | 610,845         | 2,409,616      |
| Interest on Right to Use-Related Leases                                 | (62,777)       | -               | (62,777)       |
| Interest on Capital Asset-Related Debt                                  | (992,974)      | (2,146,497)     | (3,139,471)    |
| Gain (Loss) on Disposal of Asset  | 30,886         | -               | 30,886         |
| Other Non-operating Revenues (Expenses)                                 | 81,312         | (43,539)        | 37,773         |
| Net Non-operating Revenues (Expenses)                                   | 83,634,535     | (1,579,191)     | 82,055,344     |
| <b>Income (Loss) Before Other Revenues, Expenses, Or Gains (Losses)</b> | (2,954,082)    | (1,579,191)     | (4,533,273)    |
| <b>Other Revenues (Expenses) or Gains (Losses)</b>                      |                |                 |                |
| Capital Facilities Fee  | 2,375,411      | -               | 2,375,411      |
| Capital Contributions   | 2,044,915      | -               | 2,044,915      |
| Operating Transfers In (Out)  | 1,188,379      | (1,188,379)     | -              |
| Capital Appropriations and Grants                                       | 5,492,947      | 1,125,000       | 6,617,947      |
| Net Other Revenues (Expenses) Or Gains (Losses)                         | 11,101,652     | (63,379)        | 11,038,273     |
| <b>Increase (Decrease) in Net Position</b>                              | 8,147,570      | (1,642,570)     | 6,505,000      |
| <b>Net Position, Beginning of Year</b>                                  | 291,268,094    | (43,870,099)    | 247,397,995    |
| <b>Net Position, End of Year</b>  | \$ 299,415,664 | \$ (45,512,669) | \$ 253,902,995 |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

**Condensed Statement of Cash Flows**

|  | <u>NSCS</u>          | <u>Corporation</u>   | <u>2023 Total</u>    |
|--|----------------------|----------------------|----------------------|
| Cash Flows from Operating Activities                     | \$ (75,030,769)      | \$ -                 | \$ (75,030,769)      |
| Cash Flows from Non-capital Financing Activities         | 82,764,543           | -                    | 82,764,543           |
| Cash Flows from Capital and Related Financing Activities | (10,739,597)         | (3,608,943)          | (14,348,540)         |
| Cash Flows from Investing Activities                     | <u>1,692,303</u>     | <u>547,708</u>       | <u>2,240,011</u>     |
| Increase (Decrease) in Cash and Cash Equivalents         | (1,313,520)          | (3,061,235)          | (4,374,755)          |
| Cash and Cash Equivalents, Beginning of Year             | <u>78,014,361</u>    | <u>21,649,680</u>    | <u>99,664,041</u>    |
| Cash and Cash Equivalents, End of Year                   | <u>\$ 76,700,841</u> | <u>\$ 18,588,445</u> | <u>\$ 95,289,286</u> |

Condensed statements showing NSCS and Corporation balances and transactions are as follows for fiscal year ended June 30, 2022:

**Condensed Statement of Net Position**

|                                       | <u>NSCS</u>           | <u>Corporation</u>     | <u>Restated<br/>2022 Total</u> |
|---------------------------------------|-----------------------|------------------------|--------------------------------|
| Current Assets                        | \$ 75,526,556         | \$ 20,350              | \$ 75,546,906                  |
| Non-current Assets                    |                       |                        |                                |
| Right to Use Assets, Net              | 648,287               | -                      | 648,287                        |
| Right to Use Subscription Assets, Net | 969,838               | -                      | 969,838                        |
| Capital Assets, Net                   | 260,636,986           | -                      | 260,636,986                    |
| Other Non-current Assets              | <u>6,145,223</u>      | <u>21,691,393</u>      | <u>27,836,616</u>              |
| Total Assets                          | <u>343,926,890</u>    | <u>21,711,743</u>      | <u>365,638,633</u>             |
| Deferred Outflow of Resources         | <u>20,846</u>         | <u>-</u>               | <u>20,846</u>                  |
| Current Liabilities                   | 15,842,307            | 3,467,521              | 19,309,828                     |
| Non-current Liabilities               | <u>36,837,335</u>     | <u>61,148,940</u>      | <u>97,986,275</u>              |
| Total Liabilities                     | <u>52,679,642</u>     | <u>64,616,461</u>      | <u>117,296,103</u>             |
| Deferred Inflow of Resources          | <u>-</u>              | <u>965,381</u>         | <u>965,381</u>                 |
| Net Position                          |                       |                        |                                |
| Net Investment in Capital Assets      | 228,420,439           | (44,124,017)           | 184,296,422                    |
| Restricted                            | 33,295,058            | 253,918                | 33,548,976                     |
| Unrestricted                          | <u>29,552,597</u>     | <u>-</u>               | <u>29,552,597</u>              |
| Total Net Position                    | <u>\$ 291,268,094</u> | <u>\$ (43,870,099)</u> | <u>\$ 247,397,995</u>          |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

|   | NSCS           | Corporation     | Restated<br>2022 Total |
|---|----------------|-----------------|------------------------|
| <b>Operating Revenues</b>   |                |                 |                        |
| Tuition and Fees, Net   | \$ 33,763,765  | \$ -            | \$ 33,763,765          |
| Federal and State Grants and Contracts                                  | 2,679,009      | -               | 2,679,009              |
| Private Grants and Contracts  | 1,588,309      | -               | 1,588,309              |
| Auxiliary Enterprises, Net  | 19,266,832     | -               | 19,266,832             |
| Other Operating Revenues  | 2,726,481      | -               | 2,726,481              |
| Total Operating Revenues  | 60,024,396     | -               | 60,024,396             |
| <b>Operating Expenses</b>   |                |                 |                        |
| Depreciation and Amortization   | 10,652,241     | -               | 10,652,241             |
| Other Operating Expenses  | 134,721,749    | -               | 134,721,749            |
| Total Operating Expenses  | 145,373,990    | -               | 145,373,990            |
| <b>Operating Loss</b>   | (85,349,594)   | -               | (85,349,594)           |
| <b>Non-operating Revenues (Expenses)</b>                                |                |                 |                        |
| State Appropriations  | 60,217,270     | -               | 60,217,270             |
| Federal and State Grants and Contracts                                  | 27,168,210     | -               | 27,168,210             |
| Investment Income   | 962,796        | 117,420         | 1,080,216              |
| Interest on Right to Use-Related Leases                                 | (43,641)       | -               | (43,641)               |
| Interest on Capital Asset-Related Debt                                  | (1,041,860)    | (1,331,340)     | (2,373,200)            |
| Gain (Loss) on Disposal of Asset  | 54,000         | -               | 54,000                 |
| Bond Issuance Cost  | -              | (447,955)       | (447,955)              |
| Other Non-operating Revenues (Expenses)                                 | 79,661         | (68,149)        | 11,512                 |
| Net Non-operating Revenues (Expenses)                                   | 87,396,436     | (1,730,024)     | 85,666,412             |
| <b>Income (Loss) Before Other Revenues, Expenses, Or Gains (Losses)</b> | 2,046,842      | (1,730,024)     | 316,818                |
| <b>Other Revenues (Expenses) or Gains (Losses)</b>                      |                |                 |                        |
| Capital Facilities Fee  | 2,412,329      | -               | 2,412,329              |
| Capital Contributions   | 1,664,751      | -               | 1,664,751              |
| Operating Transfers In (Out)  | 9,734,406      | (9,734,406)     | -                      |
| Capital Appropriations and Grants                                       | 3,595,288      | 1,125,000       | 4,720,288              |
| Net Other Revenues (Expenses) Or Gains (Losses)                         | 17,406,774     | (8,609,406)     | 8,797,368              |
| <b>Increase (Decrease) in Net Position</b>                              | 19,453,616     | (10,339,430)    | 9,114,186              |
| <b>Net Position, Beginning of Year</b>                                  | 271,814,478    | (33,530,669)    | 238,283,809            |
| <b>Net Position, End of Year</b>  | \$ 291,268,094 | \$ (43,870,099) | \$ 247,397,995         |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

**Condensed Statement of Cash Flows**

|   | <u>NSCS</u>          | <u>Corporation</u>   | <u>Restated<br/>2022 Total</u> |
|---|----------------------|----------------------|--------------------------------|
| Cash Flows from Operating Activities                        | \$ (75,314,171)      | \$ -                 | \$ (75,314,171)                |
| Cash Flows from Non-capital Financing Activities            | 87,478,018           | -                    | 87,478,018                     |
| Cash Flows from Capital and Related<br>Financing Activities | (8,516,885)          | 2,798,604            | (5,718,281)                    |
| Cash Flows from Investing Activities                        | <u>1,452,126</u>     | <u>126,228</u>       | <u>1,578,354</u>               |
| Increase (Decrease) in Cash and Cash Equivalents            | 5,099,088            | 2,924,832            | 8,023,920                      |
| Cash and Cash Equivalents, Beginning of Year                | <u>72,915,273</u>    | <u>18,724,848</u>    | <u>91,640,121</u>              |
| Cash and Cash Equivalents, End of Year                      | <u>\$ 78,014,361</u> | <u>\$ 21,649,680</u> | <u>\$ 99,664,041</u>           |

***Discretely Presented Component Units***

In implementing GASB Statement No. 39, the NSCS determined Chadron State College, Peru State College, and Wayne State College Foundations (Foundations) are legally separate, tax-exempt nonprofit foundations incorporated in the State of Nebraska. The Foundations act primarily as fund-raising organizations to supplement the resources available to each Foundation's respective College in support of its programs. Although the Colleges do not control the timing or amount of receipts from the Foundations, the majority of resources or income the Foundations hold and invest is restricted to the activities of each Foundation's respective College by its donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, their respective Colleges, the Foundations are considered component units of the NSCS and are discretely presented on separate pages in this report.

The Foundations report under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundations' audited financial information as it is presented (see Note 14).

During the years ended June 30, 2023 and 2022, the Foundations distributed \$1,869,802, \$846,029, and \$4,152,645; and \$1,651,219, \$485,707, and \$3,747,112, to CSC, PSC, and WSC respectively, for both restricted and unrestricted purposes. These distributions included scholarships to students. Separate audit reports were issued by each foundation and can be obtained from their respective administrative offices or by contacting the Nebraska State College System at 1233 Lincoln Mall, Suite 100, Lincoln, Nebraska 68508.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

***Basis of Accounting and Presentation***

The NSCS statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. The NSCS follows the “business-type” activities reporting format of GASB Statement No. 34. This reporting format requires the following elements:

- Management’s Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
- Notes to Financial Statements

The financial statements of the NSCS have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange activities are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non-exchange transactions. Government-mandated non-exchange transactions that are not program-specific (such as State appropriations), investment income, and interest on capital asset-related debt are included in non-operating revenues and expenses. The NSCS first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

*Unrestricted Net Position* – Net position not subject to stipulation, including designated departmental balances, encumbrances, and working capital funds.

*Restricted Net Position* – Net position restricted by creditors, grantors, or contributors and includes grant and research funds, student loan programs, funds for plant construction, and debt service on bond obligations.

The NSCS reports the following fund types on its fiduciary fund financial statements:

*Private-Purpose Trust Funds* – These funds account for the NSCS’s flexible spending account program available to employees. Employee contributions to this program are reported as fiduciary activity.

*Custodial Funds* – These funds account for assets held by the NSCS for outside scholarships.

***Use of Estimates***

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

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

***Implementation of New Accounting Principle***

In 2023, the NSCS adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

***Reclassifications***

The non-current portion of restricted cash and cash equivalents, along with the net position of the NSCS, include reclassifications for the Corporation's current restricted cash and cash equivalents of \$17,118,108 and unrestricted net position deficit of \$46,188,535 in 2023. Reclassifications for 2022 included the Corporation's current restricted cash and cash equivalents of \$21,645,229 and unrestricted net position deficit of \$44,124,017. Although the Corporation issues debt to finance construction and renovation projects, the assets that are constructed and/or renovated using Corporation debt are owned by the NSCS. In order to properly present the NSCS's non-current restricted cash and cash equivalents and net investment in capital assets, a portion of the current restricted cash and cash equivalents and the unrestricted net position of the Corporation is reclassified when blended with the NSCS.

Certain other reclassifications have been made to the 2022 financial statements to conform to the 2023 financial presentation. These reclassifications had no effect on change in net position.

***Cash and Cash Equivalents***

The NSCS cash and cash equivalents are stated at cost. Cash and cash equivalents held by the Nebraska State Treasurer are deposited on a pooled basis in a state fund. Income earned by the pool is allocated to the NSCS based upon average daily balances. From time to time, the Nebraska State Investment Officer, as allowed by statute, participates in securities lending transactions, which makes use of amounts on deposit from the NSCS. Securities lending transactions cannot be specifically identified to amounts on deposit from the NSCS and, as such, are not included in the financial statements for the year ended June 30, 2023 and 2022.

The NSCS considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers.

Restricted cash and cash equivalents consist mainly of funds held by the trustee, which are restricted by bond covenants. Remaining restricted cash and cash equivalents are either restricted by outside sources or legislatively restricted for certain purposes.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

***Income Tax Status***

As a State institution, the income of the NSCS is generally exempt from Federal and State income taxes under Section 115(a) of the Internal Revenue Code and provisions of State law. However, the NSCS is subject to Federal income tax on any unrelated business taxable income.

***Investments and Investment Income***

NSCS investments, including those held by a trustee and restricted by bond covenants, are carried at fair value. Fair value is determined using quoted market prices.

Investment income consists of interest income and the net change for the year in the fair value of investments carried at fair value.

***Accounts Receivable***

The NSCS's accounts receivable consist mainly of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables are recorded net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$279,923 and \$584,183 at June 30, 2023 and 2022, respectively, and is identified by College, as follows:

|             | <u>2023</u> | <u>2022</u> |
|-------------|-------------|-------------|
| CSC         | \$ 115,001  | \$ 102,430  |
| PSC         | 72,585      | 283,414     |
| WSC         | 87,918      | 189,583     |
| NSCS Office | 4,419       | 8,756       |

***Unamortized Bond Premiums and Discounts***

The NSCS's bond premiums and discounts on the revenue bond and Corporation bond issues are being amortized over the life of the bonds using the straight-line method. Total amortization for the year ended June 30, 2023 and 2022, was \$300,454 and \$444,527 for premiums and \$12,153 and \$12,154 for discounts, respectively, and it is identified by College, as follows:

|              | <u>2023</u>       |                  | <u>2022</u>       |                  |
|--------------|-------------------|------------------|-------------------|------------------|
|              | <u>Premiums</u>   | <u>Discounts</u> | <u>Premiums</u>   | <u>Discounts</u> |
| CSC          | \$ 2,786          | \$ 4,767         | \$ 2,786          | \$ 4,768         |
| PSC          | -                 | 4,940            | -                 | 4,940            |
| WSC          | 6,115             | 2,446            | 6,114             | 2,446            |
| NSCS Office  | 291,553           | -                | 435,627           | -                |
| <b>Total</b> | <u>\$ 300,454</u> | <u>\$ 12,153</u> | <u>\$ 444,527</u> | <u>\$ 12,154</u> |

***Inventories***

The NSCS's inventories, consisting mainly of expendable supplies, are stated at cost. Cost is determined using the first-in, first-out (FIFO) method.



NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

***Capital Assets***

The NSCS's capital assets are recorded at cost as of the date of acquisition, or acquisition value at the date of donation if acquired by gift. The NSCS follows the capitalization policy set forth by the Board. Generally, equipment that has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Also, all land, buildings, infrastructure, and construction in progress are capitalized if they are expected to meet the NSCS's capitalization threshold as dictated by the capitalization policy. Art objects, specimens, artifacts and collections, including library materials, are expensed so long as the items meet three conditions in accordance with GASB Statement No. 34. Depreciation/amortization is computed using the straight-line method over the estimated useful life of each asset beginning with the month of purchase. The following estimated useful lives are being used by the NSCS:

|                                    |               |
|------------------------------------|---------------|
| Buildings and improvements         | 25 – 50 years |
| Infrastructure                     | 10 – 30 years |
| Furniture, fixtures, and equipment | 3 – 10 years  |

***Leases***

The NSCS determines if an arrangement is a lease at inception. Finance leases are included in Right-to-Use (RTU) Assets and RTU lease liability on the Statement of Net Position.

RTU assets represent the NSCS's right to use an underlying asset for the lease term and lease liabilities represent the NSCS's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the present value of the lease payments over the lease term. The NSCS has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right to use assets.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the NSCS has elected to use their incremental borrowing rate.

***Subscription Assets***

The NSCS determines if an arrangement is a Subscription-based information technology agreements (SBITAs) at inception. SBITAs are included in Right-to-Use (RTU) Subscription Assets and RTU Subscription liability on the Statement of Net Position.

SBITAs represent the NSCS's right to use another party's (a SBITA vendor's) information technology (IT) software for the contract term and the liabilities represent the NSCS's obligation to make a subscription payment arising from the contract. RTU subscription assets and liabilities are recognized at the present value of the subscription payments over the contract term. The NSCS has elected to recognize payments for short-term subscriptions with a contract term of 12 months or less as an expense as incurred, and these subscriptions are not included as subscription liabilities or right-to-use subscription assets.

The individual subscription contracts do not provide information about the discount rate implicit in the lease. Therefore, the NSCS has elected to use their incremental borrowing rate.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

***Deferred Outflows of Resources and Deferred Inflows of Resources***

A deferred outflow of resources is a consumption of net position by the NSCS that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the NSCS that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statements of Net Position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. Deferred inflows and outflows of resources of the NSCS consist of unamortized bond refunding amounts.

***Compensated Absences***

The NSCS's policies permit most employees to accumulate vacation benefits. Staff earn 12 to 25 days of vacation each year and may accrue vacation up to the maximums established in Board policy and/or in the respective bargaining agreements. An employee's accrued vacation is paid out to the employee upon termination. Expense and the related liability are recognized as vacation benefits when earned, whether the employee is expected to realize the benefit as time off or cash. In addition, professional and support staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the NSCS. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as an expense when the time off occurs.

***Unearned Revenue***

Unearned revenue represents unearned student tuition and fees, advances on grants and contract awards for which the NSCS has not met all of the applicable eligibility requirements, which totaled \$1,848,513 and \$949,898 at fiscal year end 2023 and 2022, respectively, and longevity bonus revenues and investment (improvement) revenues from food service and/or vending contractors, which are being amortized over the life of the contracts, totaling \$419,055 and \$820,740 at fiscal year end 2023 and 2022, respectively.

***Classification of Revenues***

The NSCS has classified its revenues as either operating or non-operating revenues according to the following criteria.

*Operating revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

*Non-operating revenues* – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as State appropriations, Pell grants, and investment income.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies** (Concluded)

***Scholarship Discounts and Allowances***

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and institutional waiver allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Such allowances are the difference between the stated charge for goods and services provided by the NSCS and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other similar Federal and State grants, are recorded as non-operating revenues in the NSCS's financial statements. To the extent revenues from such programs are used to satisfy tuition and fees and other student charges, the NSCS has recorded a scholarship allowance.

The NSCS has elected to adopt, for calculation of scholarship allowances, an allocation methodology provided in the National Association of College and University Business Officers (NACUBO) industry guidance (student institutional waivers, which are also netted similar to scholarship allowances, continue to be based on actual contra-account financial activity). The scholarship allowances and institutional waivers on tuition and fees and auxiliary enterprises for the year ended June 30, 2023 and 2022, as calculated under the NACUBO method, were \$16,706,886 and \$6,642,450; and \$15,507,433 and \$5,754,400, respectively, and are identified by College, as follows:

|     | <b>2023</b>             |                              | <b>2022</b>             |                              |
|-----|-------------------------|------------------------------|-------------------------|------------------------------|
|     | <b>Tuition and Fees</b> | <b>Auxiliary Enterprises</b> | <b>Tuition and Fees</b> | <b>Auxiliary Enterprises</b> |
| CSC | \$ 5,437,290            | \$ 1,836,426                 | \$ 4,623,625            | \$ 1,565,918                 |
| PSC | 3,471,866               | 1,612,033                    | 3,284,342               | 1,218,931                    |
| WSC | 7,797,730               | 3,193,991                    | 7,599,466               | 2,969,551                    |

***Restatement of Prior Year Net Position***

The fiscal year 2022 ending net position was restated to report retroactively the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. As a result, the net position was restated, as follows:

|   |                       |
|---|-----------------------|
| Net position at June 30, 2022, as previously reported | \$ 247,388,664        |
| Adjustment for leases as defined by GASB 96           | 9,331                 |
| Net position at June 30, 2022, as restated            | <u>\$ 247,397,995</u> |

**2. Deposits, Investments, and Investment Return**

***Deposits***

Per Board policy and State statute, all money received by the NSCS must be paid over to the State Treasurer, except that each College may retain in its possession a sum to make settlement and equitable adjustments with students so entitled, to make payments for day-to-day operations calling for immediate payment, and to provide for contingencies. All funds not paid over to the State Treasurer must be maintained in an interest-bearing account, such as a money market fund account. The NSCS has no policy regarding custodial credit risk for deposits.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**2. Deposits, Investments, and Investment Return** (Continued)

All of the NSCS's deposits are either insured or collateralized. By State statute, the State Treasurer is required to ensure that all State funds are either insured by Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The NSCS's deposits with the State Treasurer are pooled with the funds of other State agencies and then, in accordance with statutory limitations, deposited in banks or invested as the State Treasurer may determine. Interest on funds held by the State Treasurer is periodically disbursed to the participating agencies. These funds are considered to be cash and cash equivalents, which are available for expenditures as needed.

At June 30, 2023 and 2022, cash and cash equivalents of \$53,161,411 and \$71,725,699, respectively, on the Statements of Net Position represents the NSCS's equity position in the State Treasurer's Short-Term Investment Pool (STIP). Additional information on the deposit and investment risk associated with the State Treasurer's Investment Pool is included in the State of Nebraska's Annual Comprehensive Financial Report (ACFR). A copy of this report may be obtained on the Nebraska Department of Administrative Services' (DAS) website at [das.nebraska.gov](http://das.nebraska.gov). Information may also be obtained by writing to DAS, 1526 K Street, Suite 240, Lincoln, NE 68508, or by calling 402-471-6500.

Cash on hand at June 30, 2023 and 2022, was \$5,792. The carrying amounts of the NSCS's deposits not with the State Treasurer at June 30, 2023 and 2022, were \$2,071,689 and \$1,501,694, respectively, and the bank balances were \$2,078,327 and \$1,508,263, respectively. Of the carrying amounts noted above, \$115,437 and \$120,159, respectively, were covered by FDIC or collateral held in the NSCS's name. The remaining carrying amounts were covered by collateral held in the trustee's name.

***Investments***

Management of the assets of the Corporation, the revenue bond program, and the Flex Spending program is delegated to the trustees appointed by the Corporation Board of Directors or the NSCS Board of Trustees. All investments are held by the trustees and invested in accordance with the bond resolutions and Flex Spending custodial agreements. The bond resolutions and Flex custodial agreements allow investment of bond proceeds and employee flexible spending accounts in various securities and obligations, including: U.S. government and U.S. agency obligations; bonds, notes or other obligations of the State or any political subdivision thereof; bank repurchase agreements; certificates of deposit or other securities or investments within the State investing guidelines.

The NSCS's investments consisted of money market mutual funds and debt securities. At June 30, 2023 and 2022, money market mutual funds totaling \$40,050,394 and \$24,773,486, respectively, were held by the trustees, and had weighted average maturities of 3-36 days and 12-53 days, respectively. All money market mutual funds were reported as cash equivalents.

At June 30, 2022, the NSCS had an investment in U.S. Treasury Bill totaling \$1,657,370, that matured on July 14, 2022. This investment held an original maturity date of three months or less and was therefore reported as cash equivalents.

***Interest Rate Risk.*** The NSCS does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**2. Deposits, Investments, and Investment Return** (Concluded)

*Credit Risk.* The NSCS may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. The money market mutual funds are rated Aaa-mf by Moody's and AAAM by S&P. The investment in the U.S. Treasury Bill was rated Aaa by Moody's and AA+ by S&P.

*Concentration of Credit Risk.* The NSCS places no limit on the amount that may be invested in any one issuer. Of the NSCS's investments, at June 30, 2023, 54% were in U.S. Treasury Money Market Funds and 46% were in Government Money Market Funds compared to 27% were in U.S. Treasury Money Market Funds, 67% were in Government Money Market Funds, and 6% were in U.S. Treasury Bill at June 30, 2022.

*Custodial Risk.* For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the NSCS will be able to recover the value of its investments that are in the possession of an outside party. The NSCS does not have a formal policy for custodial credit risk. All securities are held by the investment's counterparty, not in the name of the NSCS.

***Summary of Carrying Values***

The carrying values of deposits and investments shown above are included in the Statements of Net Position, as follows:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Carrying Value                             |                      |                      |
| Cash                                       | \$ 5,792             | \$ 5,792             |
| Deposits:                                  |                      |                      |
| Bank Deposits                              | 2,071,689            | 1,501,694            |
| Short Term Investment Pool                 | 53,161,411           | 71,725,699           |
| Trustee Money Market Mutual Funds          | 40,050,394           | 24,773,486           |
| U.S. Treasury Bill                         | -                    | 1,657,370            |
| Total as of June 30                        | <u>\$ 95,289,286</u> | <u>\$ 99,664,041</u> |
| Included in the Statements of Net Position |                      |                      |
| Cash and Cash Equivalents                  | \$ 34,359,605        | \$ 38,944,521        |
| Restricted Cash and Cash Equivalents       | <u>60,929,681</u>    | <u>60,719,520</u>    |
| Total                                      | <u>\$ 95,289,286</u> | <u>\$ 99,664,041</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**3. Capital Assets**

The NSCS capital assets activity for the year ended June 30, 2023, was:

***Capital Assets***

|   | Beginning<br>Balance | Additions    | Disposals   | Transfers   | Ending<br>Balance |
|---|----------------------|--------------|-------------|-------------|-------------------|
| Capital Assets Not Being Depreciated            |                      |              |             |             |                   |
| Land  | \$ 1,191,350         | \$ 189,275   | \$ -        | \$ -        | \$ 1,380,625      |
| CIP   | 7,934,162            | 14,775,595   | -           | (2,766,595) | 19,943,162        |
| Total Capital Assets Not Being Depreciated      | 9,125,512            | 14,964,870   | -           | (2,766,595) | 21,323,787        |
| Other Capital Assets                            |                      |              |             |             |                   |
| Buildings and Improvements                      | 344,083,617          | -            | (35,332)    | 1,009,698   | 345,057,983       |
| Infrastructure                                  | 42,112,619           | 30,469       | -           | 1,669,136   | 43,812,224        |
| Furniture, Fixtures, and Equipment              | 21,287,574           | 2,399,385    | (170,007)   | 87,761      | 23,604,713        |
| Leased Building                                 | 256,315              | 961,831      | -           | -           | 1,218,146         |
| Leased Equipment and Fixtures                   | 891,670              | -            | (228,747)   | -           | 662,923           |
| Subscription Assets                             | 1,392,578            | 1,279,049    | (318,939)   | -           | 2,352,688         |
| Total Other Capital Assets at Historical Cost   | 410,024,373          | 4,670,734    | (753,025)   | 2,766,595   | 416,708,677       |
| Less Accumulated Depreciation for               |                      |              |             |             |                   |
| Buildings and Improvements                      | (113,905,575)        | (7,988,555)  | -           | -           | (121,894,130)     |
| Infrastructure                                  | (23,966,002)         | (1,682,912)  | -           | -           | (25,648,914)      |
| Equipment                                       | (18,100,759)         | (879,551)    | 164,007     | -           | (18,816,303)      |
| Less Accumulated Amortization for               |                      |              |             |             |                   |
| Leased Building                                 | (150,038)            | (107,080)    | -           | -           | (257,118)         |
| Leased Equipment and Fixtures                   | (349,660)            | (201,884)    | 228,747     | -           | (322,797)         |
| Subscription Assets                             | (422,740)            | (677,181)    | 318,939     | -           | (780,982)         |
| Total Accumulated Depreciation and Amortization | (156,894,774)        | (11,537,163) | 711,693     | -           | (167,720,244)     |
| Other Capital Assets, Net                       | 253,129,599          | (6,866,429)  | (41,332)    | 2,766,595   | 248,988,433       |
| Total Capital Assets, Net                       | \$ 262,255,111       | \$ 8,098,441 | \$ (41,332) | \$ -        | \$ 270,312,220    |

***Net Capital Assets by College***

|                                    | CSC                  | PSC                  | WSC                   | NSCS<br>Office    | Total                 |
|------------------------------------|----------------------|----------------------|-----------------------|-------------------|-----------------------|
| Land                               | 49,395               | 17,761               | 1,313,469             | -                 | \$ 1,380,625          |
| CIP                                | 41,446               | 3,279,823            | 16,621,893            | -                 | 19,943,162            |
| Buildings and Improvements         | 75,249,770           | 48,744,227           | 99,169,856            | -                 | 223,163,853           |
| Infrastructure                     | 4,537,631            | 3,144,273            | 10,481,406            | -                 | 18,163,310            |
| Furniture, Fixtures, and Equipment | 1,464,149            | 451,605              | 2,872,656             | -                 | 4,788,410             |
| Leased Building                    | -                    | -                    | -                     | 961,028           | 961,028               |
| Leased Equipment and Fixtures      | 13,649               | 108,481              | 214,730               | 3,266             | 340,126               |
| Subscription Assets                | 626,880              | 204,534              | 723,983               | 16,309            | 1,571,706             |
|                                    | <u>\$ 81,982,920</u> | <u>\$ 55,950,704</u> | <u>\$ 131,397,993</u> | <u>\$ 980,603</u> | <u>\$ 270,312,220</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**3. Capital Assets** (Concluded)

The NSCS capital assets activity for the year ended June 30, 2022, was:

*Capital Assets*

|   | Beginning<br>Balance | Additions     | Disposals | Transfers    | Ending<br>Balance |
|---|----------------------|---------------|-----------|--------------|-------------------|
| Capital Assets Not Being Depreciated            |                      |               |           |              |                   |
| Land  | \$ 1,191,350         | \$ -          | \$ -      | \$ -         | \$ 1,191,350      |
| CIP   | 24,376,797           | 8,261,092     | -         | (24,703,727) | 7,934,162         |
| Total Capital Assets Not Being Depreciated      | 25,568,147           | 8,261,092     | -         | (24,703,727) | 9,125,512         |
| Other Capital Assets                            |                      |               |           |              |                   |
| Buildings and Improvements                      | 307,845,787          | 13,163,373    | -         | 23,074,457   | 344,083,617       |
| Infrastructure                                  | 40,483,349           | -             | -         | 1,629,270    | 42,112,619        |
| Furniture, Fixtures, and Equipment              | 20,931,121           | 705,869       | (349,416) | -            | 21,287,574        |
| Leased Building                                 | 256,315              | -             | -         | -            | 256,315           |
| Leased Equipment and Fixtures                   | 863,964              | 27,706        | -         | -            | 891,670           |
| Subscription Assets                             | -                    | 1,472,080     | (79,502)  | -            | 1,392,578         |
| Total Other Capital Assets at Historical Cost   | 370,380,536          | 15,369,028    | (428,918) | 24,703,727   | 410,024,373       |
| Less Accumulated Depreciation for               |                      |               |           |              |                   |
| Buildings and Improvements                      | (106,470,570)        | (7,435,005)   | -         | -            | (113,905,575)     |
| Infrastructure                                  | (22,379,179)         | (1,586,823)   | -         | -            | (23,966,002)      |
| Equipment                                       | (17,604,253)         | (845,922)     | 349,416   | -            | (18,100,759)      |
| Less Accumulated Amortization for               |                      |               |           |              |                   |
| Leased Building                                 | (75,019)             | (75,019)      | -         | -            | (150,038)         |
| Leased Equipment and Fixtures                   | (142,430)            | (207,230)     | -         | -            | (349,660)         |
| Subscription Assets                             | -                    | (502,242)     | 79,502    | -            | (422,740)         |
| Total Accumulated Depreciation and Amortization | (146,671,451)        | (10,652,241)  | 428,918   | -            | (156,894,774)     |
| Other Capital Assets, Net                       | 223,709,085          | 4,716,787     | -         | 24,703,727   | 253,129,599       |
| Total Capital Assets, Net                       | \$ 249,277,232       | \$ 12,977,879 | \$ -      | \$ -         | \$ 262,255,111    |

*Net Capital Assets by College*

|                                    | CSC           | PSC           | WSC            | NSCS<br>Office | Total          |
|------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Land                               | 49,395        | 17,761        | 1,124,194      | -              | \$ 1,191,350   |
| CIP                                | 361,883       | 505,185       | 7,067,094      | -              | 7,934,162      |
| Buildings and Improvements         | 77,534,313    | 50,657,496    | 101,986,233    | -              | 230,178,042    |
| Infrastructure                     | 4,654,995     | 3,468,702     | 10,022,920     | -              | 18,146,617     |
| Furniture, Fixtures, and Equipment | 1,010,566     | 417,788       | 1,758,461      | -              | 3,186,815      |
| Leased Building                    | -             | -             | -              | 106,277        | 106,277        |
| Leased Equipment and Fixtures      | 88,065        | 148,734       | 300,311        | 4,900          | 542,010        |
| Subscription Assets                | 282,305       | 102,916       | 584,617        | -              | 969,838        |
|                                    | \$ 83,981,522 | \$ 55,318,582 | \$ 122,843,830 | \$ 111,177     | \$ 262,255,111 |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. Accounts Payable and Accrued Liabilities**

The NSCS accounts payable and accrued liabilities are presented in aggregate in the financial statements at June 30, and consist of the following:

|              | <b>2023</b>                         |                                |  |                           |
|--------------|-------------------------------------|--------------------------------|--|---------------------------|
|              | <b>Payroll and<br/>Withholdings</b> | <b>Payables to<br/>Vendors</b> | <b>Payable to<br/>Other<br/>Government</b> | <b>Total<br/>Payables</b> |
| CSC          | \$ 1,434,574                        | \$ 610,631                     | \$ 135,964                                 | \$ 2,181,169              |
| PSC          | 822,330                             | 812,136                        | 36,726                                     | 1,671,192                 |
| WSC          | 2,278,887                           | 1,524,689                      | 349,382                                    | 4,152,958                 |
| NSCS Office  | -                                   | 3,224,577                      | 140,700                                    | 3,365,277                 |
| <b>Total</b> | <b>\$ 4,535,791</b>                 | <b>\$ 6,172,033</b>            | <b>\$ 662,772</b>                          | <b>\$ 11,370,596</b>      |

|              | <b>2022</b>                         |                                |  |                           |
|--------------|-------------------------------------|--------------------------------|--|---------------------------|
|              | <b>Payroll and<br/>Withholdings</b> | <b>Payables to<br/>Vendors</b> | <b>Payable to<br/>Other<br/>Government</b> | <b>Total<br/>Payables</b> |
| CSC          | \$ 1,364,911                        | \$ 838,185                     | \$ 107,983                                 | \$ 2,311,079              |
| PSC          | 816,008                             | 548,182                        | 83,985                                     | 1,448,175                 |
| WSC          | 2,089,031                           | 2,523,981                      | 375,193                                    | 4,988,205                 |
| NSCS Office  | -                                   | 3,241,728                      | 140,660                                    | 3,382,388                 |
| <b>Total</b> | <b>\$ 4,269,950</b>                 | <b>\$ 7,152,076</b>            | <b>\$ 707,821</b>                          | <b>\$ 12,129,847</b>      |

**5. Long-term Liabilities**

The following is a summary of long-term obligation transactions for the NSCS for the year ended June 30, 2023:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Deductions</b>     | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion</b> |
|--|------------------------------|---------------------|-----------------------|---------------------------|----------------------------|
| Master Lease Payable                   | \$ 192,310                   | \$ -                | \$ (91,268)           | \$ 101,042                | \$ 93,188                  |
| Right to Use Lease                     | 674,535                      | 961,831             | (309,645)             | 1,326,721                 | 235,221                    |
| Right to Use Subscription<br>Liability | 943,887                      | 1,279,051           | (747,659)             | 1,475,279                 | 521,757                    |
| Revenue and Refunding<br>Bonds         | 33,965,000                   | -                   | (2,210,000)           | 31,755,000                | 2,255,000                  |
| Corporation Bonds                      | 58,220,000                   | -                   | (1,315,000)           | 56,905,000                | 1,950,000                  |
| Total Long-term Debt                   | 93,995,732                   | 2,240,882           | (4,673,572)           | 91,563,042                | 5,055,166                  |
| Accrued Compensated<br>Absences        | 4,259,496                    | 604,473             | (555,867)             | 4,308,102                 | 576,586                    |
| Unamortized Bond Premium               | 4,407,406                    | -                   | (300,454)             | 4,106,952                 | -                          |
| Unamortized Bond Discount              | (162,435)                    | -                   | 12,153                | (150,282)                 | -                          |
| Unearned Revenue                       | 820,740                      | -                   | (401,685)             | 419,055                   | 401,685                    |
| Total Other Long-term<br>Liabilities   | 9,325,207                    | 604,473             | (2,865,318)           | 9,325,207                 | 993,175                    |
| Total Long-term Liabilities            | <b>\$103,320,939</b>         | <b>\$ 2,845,355</b> | <b>\$ (5,919,425)</b> | <b>\$100,246,869</b>      | <b>\$ 6,033,437</b>        |



NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

The following is a summary of long-term obligation transactions for the NSCS for the year ended June 30, 2022:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>            | <b>Deductions</b>             | <b>Ending<br/>Balance</b>   | <b>Current<br/>Portion</b> |
|--|------------------------------|-----------------------------|-------------------------------|-----------------------------|----------------------------|
| Master Lease Payable                   | \$ 281,698                   | \$ -                        | \$ (89,388)                   | \$ 192,310                  | \$ 91,268                  |
| Right to Use Lease                     | 923,146                      | 27,707                      | (276,318)                     | 674,535                     | 285,265                    |
| Right to Use Subscription<br>Liability | -                            | 1,472,080                   | (528,193)                     | 943,887                     | 439,956                    |
| Revenue and Refunding<br>Bonds         | 36,130,000                   | -                           | (2,165,000)                   | 33,965,000                  | 2,210,000                  |
| Corporation Bonds                      | 44,850,000                   | 36,020,000                  | (22,650,000)                  | 58,220,000                  | 1,315,000                  |
| Total Long-term Debt                   | <u>82,184,844</u>            | <u>37,519,787</u>           | <u>(25,708,899)</u>           | <u>93,995,732</u>           | <u>4,341,489</u>           |
| Accrued Compensated<br>Absences        | 4,472,528                    | 293,489                     | (506,521)                     | 4,259,496                   | 591,490                    |
| Unamortized Bond Premium               | 4,663,945                    | 1,668,820                   | (1,925,359)                   | 4,407,406                   | -                          |
| Unamortized Bond Discount              | (174,589)                    | -                           | 12,154                        | (162,435)                   | -                          |
| Refundable Government<br>Grants        | 43,908                       | -                           | (43,908)                      | -                           | -                          |
| Unearned Revenue                       | <u>1,179,000</u>             | <u>43,424</u>               | <u>(401,684)</u>              | <u>820,740</u>              | <u>401,685</u>             |
| Total Other Long-term<br>Liabilities   | <u>10,184,792</u>            | <u>2,005,733</u>            | <u>(2,865,318)</u>            | <u>9,325,207</u>            | <u>993,175</u>             |
| Total Long-term Liabilities            | <u><u>\$ 92,369,636</u></u>  | <u><u>\$ 39,525,520</u></u> | <u><u>\$ (28,574,217)</u></u> | <u><u>\$103,320,939</u></u> | <u><u>\$ 5,334,664</u></u> |

***Termination Benefits***

The NSCS has two programs for support staff in the Nebraska Association of Public Employees Local 61 of the American Federation of State, County, and Municipal Employees (NAPE/AFSCME) bargaining unit and support staff excluded from the NAPE/AFSCME bargaining unit, which must be accounted for under GASB Statement No. 47, *Accounting for Termination Benefits*, the Voluntary Retirement Settlement Program and the Early Retirement Incentive Program.

Under the voluntary retirement settlement program, an eligible employee who is 55 years of age or more on July 1 of the year in which he or she chooses to retire, and has 10 or more years of consecutive service within the NSCS, will be paid 25% of his or her final year base salary in 12 equal monthly installments following termination of employment. In addition, employees will be permitted to remain in the group medical and dental insurance plan offered retirees by Blue Cross/Blue Shield at the time of the employee's retirement. The NSCS will pay the employee's health/dental insurance (State and employee burden) costs for the 12-month period following termination of employment. If the retired employee reaches the age of 65 at any time during the 12-month period, at which time eligibility to participate in the Blue Cross/Blue Shield retiree plan ceases, the NSCS will pay an amount equivalent to the full cost of the Nebraska State Education Association (NSEA) Medicare Supplemental Plan that the employee selects for the payout period remaining. Under the current bargaining agreement and Board policy, this plan was only available to those employees who retired on June 30, 2022. Similar voluntary retirement settlement programs were also offered to support staff in the NAPE/AFSCME bargaining unit who retired on specific days in the past.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

Under the early retirement incentive program, eligible employees who have completed at least 10 years of continuous service within the NSCS and are 60 years of age or older will receive paid premiums in the group medical and dental health insurance program offered retirees by Blue Cross/Blue Shield at the time of the eligible employees' retirement. The payment of premiums will continue until the retired employees become eligible for coverage under the Federal Medicare program, at which time the paid premiums will cease.

At June 30, 2023, four employees at CSC, one employee at PSC, and eight employees at WSC were participating in the NSCS's voluntary/early retirement programs. As of June 30, 2022, five employees at CSC, one employee at PSC, and ten employees at WSC were participating. Liability amounts associated with these retirements are shown below. Liability amounts are reflected in the accrued compensated absences line item on the Statements of Net Position and the long-term liability schedule above. All termination benefits are shown at present cost.

|       | <b>2023</b>               |                            | <b>2022</b>               |                            |
|-------|---------------------------|----------------------------|---------------------------|----------------------------|
|       | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion</b> | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion</b> |
| CSC   | \$ 125,300                | \$ 53,833                  | \$ 124,624                | \$ 49,125                  |
| PSC   | 30,969                    | 20,646                     | 51,615                    | 20,646                     |
| WSC   | 166,373                   | 104,243                    | 291,177                   | 147,185                    |
| Total | <u>\$ 322,642</u>         | <u>\$ 178,722</u>          | <u>\$ 467,416</u>         | <u>\$ 216,956</u>          |

***Student Fees and Facilities Revenue Refunding Bonds Series 2012***

In April 2012, the NSCS Board of Trustees authorized the issuance of \$8,750,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2012. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue and Refunding Bonds Series 2002. On July 1, 2012, the net proceeds from Series 2012 bonds were used to redeem the Series 2002 bonds. This advanced refunding reduced total debt service payments over the remaining 15 years by \$2,264,673. Bond refunding resulted in an estimated economic gain of \$1,515,352. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is amortized over the remaining life of the new debt, which is the same as the life of the refunded debt. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The amounts for WSC's and PSC's portions of the bond obligations were \$6,045,000 and \$2,705,000, respectively, bearing interest at rates from 0.3% to 3.2%, with payments due from fiscal years 2013 to 2028. Bonds maturing on or after July 1, 2018, can be redeemed, in part or in whole, on or after July 1, 2017.

***Student Fees and Facilities Revenue Bonds Series 2013***

In September 2012, the NSCS Board of Trustees authorized the issuance of \$7,735,000 of Student Fees and Facilities Revenue Bonds Series 2013. The purpose of the issuance was to finance the construction of CSC's Eagle Ridge housing and maintenance to several revenue bond building roofs. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$7,735,000 in bonds bear interest at rates from 0.6% to 3.0%, with payments due from fiscal years 2014 to 2034. Bonds maturing on or after July 1, 2018, can be redeemed, in part or in whole, on or after January 3, 2018.

***Student Fees and Facilities Revenue Refunding Bonds Series 2014***

In April 2014, the NSCS Board of Trustees authorized the issuance of \$4,270,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2014. The purpose of the issuance was to redeem in full the outstanding principal amount of CSC's Student Fees and Facilities Revenue Bonds Series 2003A. On June 5, 2014, the net proceeds from Series 2014 bonds were used to redeem the Series 2003A bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$1,085,523. Bond refunding resulted in an estimated economic gain of \$654,661. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and is being amortized over the remaining life of the new debt, which is the same as the life of the refunded debt. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$4,270,000 in bonds bear interest at rates from 0.35% to 4.0%, with payments due from fiscal years 2015 to 2029. Bonds maturing on or after July 1, 2020, can be redeemed, in part or in whole, on or after July 1, 2019.

***Student Fees and Facilities Revenue Bonds Series 2015***

In November 2015, the Board authorized the issuance of \$8,935,000 of Student Fees and Facilities Revenue Bonds Series 2015. The purpose of the issuance was to finance improvements to Peru State's Delzell Hall. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$8,935,000 in bonds bear interest at rates from 1.1% to 3.75%, with payments due from fiscal years 2017 to 2047. Bonds maturing on or after July 1, 2026, can be redeemed, in part or in whole, on or after July 1, 2025.

***Student Fees and Facilities Revenue Bonds Series 2016***

In November 2015, the Board authorized the issuance of \$11,270,000 of Student Fees and Facilities Revenue Bonds Series 2016. The purpose of the issuance was to finance improvements to Wayne State's Bowen Hall. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$11,270,000 in bonds bear interest at rates from 2.0% to 5.0%, with payments due from fiscal years 2017 to 2047. Bonds maturing on or after July 1, 2026, can be redeemed, in part or in whole, on or after January 1, 2026.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

***Student Fees and Facilities Revenue Refunding Bonds Series 2016B***

In January 2016, the Board authorized the issuance of \$3,810,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016B. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2010. On March 18, 2016, the net proceeds from Series 2016B bonds were used to redeem the Series 2010 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$611,743. Bond refunding resulted in an estimated economic gain of \$380,673. The reacquisition price equaled the net carrying amount of the old debt and, therefore, no amount was required to be deferred and amortized. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$3,810,000 in bonds bear interest at rates from 0.65% to 2.8%, with payments due from fiscal years 2017 to 2031. Bonds maturing on or after July 1, 2021, can be redeemed, in part or in whole, on or after March 18, 2021.

***Student Fees and Facilities Revenue Refunding Bonds Series 2016C***

In November 2016, the Board authorized the issuance of \$2,865,000 of Student Fees and Facilities Revenue Refunding Bonds Series 2016C. The purpose of the issuance was to redeem in full the outstanding principal amount of the Student Fees and Facilities Revenue Bonds Series 2011. On December 19, 2016, the net proceeds from Series 2016C bonds were used to redeem the Series 2011 bonds. This current refunding reduced total debt service payments over the remaining 14 years by \$604,271. Bond refunding resulted in an estimated economic gain of \$407,674. The reacquisition price equaled the net carrying amount of the old debt and, therefore, no amount was required to be deferred and amortized. Under the bond resolution for Student Fees and Facilities Bonds, revenues and earnings derived from operations of all revenue facilities and special student fees are pledged for payment of the principal and interest amounts of the bonds. The bonds are not obligations of the State of Nebraska, and no tax funds may be appropriated for payment of principal and interest. The \$2,865,000 in bonds bear interest at rates from 0.95% to 3.2%, with payments due from fiscal years 2018 to 2032. Bonds maturing on or after July 1, 2022, can be redeemed, in part or in whole, on or after December 19, 2021.

The official Revenue bond statements define an event of default as missing principal and/or interest payments, discontinuation, unreasonable delay, or fail to construct the Project or acquire the facility, promptly repair destroyed or damaged buildings and facilities, or the Board become insolvent. In the event of such default, the outstanding bonds contain a provision stating that the registered owners of 25% of the aggregate principal amount of the Bonds then outstanding may declare the principal of all bonds then outstanding to be due and payable immediately.

***Corporation Bonds***

In June 2016, the Corporation authorized the issuance of \$26,655,000 of Deferred Maintenance Refunding Bonds Series 2016, of which \$19,295,000 was related to new bonds and \$7,360,000 was related to refunding bonds. The purpose of the issuance was to redeem in full the outstanding principal amount of the Deferred Maintenance Series 2006 bonds and allow for the issuance of new bond proceeds to help fund the renovation of the stadium at CSC, the renovation of the Theatre/Event Center at PSC, and the construction of applied

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

technology programmatic space at WSC. On September 19, 2016, the Series 2006 bonds were advance refunded. This refunding of the Series 2006 bonds resulted in a reduction of total debt service payments by \$854,784 and an estimated economic gain of \$471,674. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and amortized over the old bonds' remaining life. On April 20, 2022, the Corporation issued \$18,815,000 in 2022A Facilities Program Refunding Bonds. Settlement of these bonds took place on May 4, 2022. The bond proceeds were used to provide for payment of the principal and interest on the \$19,595,000 outstanding Series 2016 Bonds, through the redemption date of July 15, 2026, and to redeem any remaining balance of the Series 2016 Bonds on that redemption date. The refunding reduced total debt service payments by approximately \$9,800,000 and resulted in an economic gain of approximately \$1,500,000. The difference between the reacquisition price and the net carrying amount of the old debt has been deferred and amortized over the old bonds' remaining life. At June 30, 2023, \$17,715,000 of Series 2016 bonds remain outstanding. This bond issue is a general obligation of the Corporation, which is a separate legal entity that is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The financial resources used to repay the bonds are appropriations and special student fees.

In May 2020, the Corporation issued \$23,465,000 of Series 2020 Bonds, which was authorized in February 2020 by the Corporation. Proceeds from the issuance of these bonds will be used to renovate the Math Science Building at Chadron State College. The bonds are not obligations of the State of Nebraska, and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon. The bonds do not constitute debt of the Board of Trustees of the Nebraska State Colleges, but the first two interest payments will be paid with funds from Chadron State College and the remaining debt payments shall be payable solely out of moneys derived from legislative appropriations. The bonds bear interest, payable semiannually, at rates of 3.00% to 5.00%. Principal maturities, due in annual installments, begin June 15, 2022, and continue until June 15, 2035. The bonds are not subject to redemption prior to maturity.

In February 2022, the Corporation authorized the issuance of Facilities Program Bonds Series 2022. On May 4, 2022, the Corporation issued \$17,205,000 in 2022B Facilities Program Bonds. The bonds bear interest, payable semiannually, at rates of 4.00% to 5.00%. Principal maturities, due in annual installments, begin July 15, 2023, and continue until July 15, 2040. Proceeds from the issuance of these bonds will be used to help fund the Wayne State College Athletic and Recreation Project and the Peru State College Indoor/Outdoor Athletic Complex. The bonds are not obligations of the State of Nebraska, and no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon. The bonds do not constitute debt of the Board of Trustees of the Nebraska State Colleges but shall be payable out of moneys derived from legislative appropriations and capital improvement fees. Bonds maturing on or after July 15, 2033, are able to be redeemed, in part or in whole, on or after July 15, 2032.

The official Corporation bond statements define an event of default as missing principal and/or interest payments on the due date for a period of 60 days after written notice has been given to the Corporation by any registered owner. In the event of such default, the outstanding bonds contain a provision stating that the registered owners of 25% of the aggregate principal amount of the Bonds then outstanding may declare the principal of all bonds then outstanding to be due and payable immediately.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

***Master Lease Purchasing Program***

The State of Nebraska, through the Department of Administrative Services (DAS) – Accounting Division, has a Master Lease Purchasing Agreement to be used by various agencies to purchase equipment. CSC used this financing arrangement to finance the acquisition of equipment in fiscal year 2020. The master lease obligations bear interest payable at a rate of 2.08%. The Master Lease expires in fiscal year 2025. The firewall system was completed during fiscal year 2021, the equipment purchased totaling \$53,382 was included as capital assets, with accumulated depreciation of \$53,382 in 2023.

The official statement of the master lease agreement defines an event of default as failure to pay any rental payment or other payment required to be paid, failure to observe or perform any covenant, condition or agreement on its part, or representation or warranty made in the Lease was untrue in any material respects. In event of such default, with or without termination of the lease, all rental payments for which funds have been appropriated may be declared due, equipment may become repossessed and dispose of such equipment, or any other remedy available at law or in equity with respect to such event of default.

***Right to Use Leases***

The NSCS leases equipment and office space, the terms of which expire in various years through 2033. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

During the years ended June 30, 2023, and 2022, the NSCS recognized \$152,428 and \$127,593, respectively, of rental expense for variable payments not previously included in the measurement of the lease liability.

***Right to Use Subscription-Based Information Technology Arrangements***

The NSCS utilizes multiple SBITAs for IT software, the terms of which expire in various years through 2028.

During the years ended June 30, 2023, and 2022, the NSCS recognized \$0 and \$5,366, respectively, of rental expense for variable payments not previously included in the measurement of the subscription liability.

***Long-term Liability Maturity Schedules***

Debt service, lease, and subscription liability requirements to maturity for all long-term liabilities of the NSCS are as follows:

| CSC Master Lease Obligation Summary |                   |                 |                   |
|-------------------------------------|-------------------|-----------------|-------------------|
| Year Ending<br>June 30              | Principal         | Interest        | Total             |
| 2024                                | \$ 93,188         | \$ 1,219        | \$ 94,407         |
| 2025                                | 7,854             | 14              | 7,868             |
| Total                               | <u>\$ 101,042</u> | <u>\$ 1,233</u> | <u>\$ 102,275</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

**CSC Right to Use Lease Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |
|--------------------------------|------------------|-----------------|------------------|
| 2024                           | \$ 5,170         | \$ 287          | \$ 5,457         |
| 2025                           | 5,303            | 154             | 5,457            |
| 2026                           | 4,007            | 27              | 4,034            |
| Total                          | <u>\$ 14,480</u> | <u>\$ 468</u>   | <u>\$ 14,948</u> |

**CSC Right to Use Subscription Liability Summary**

| <b>Year Ending June<br/>30</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2024                           | \$ 187,693        | \$ 9,688         | \$ 197,381        |
| 2025                           | 131,242           | 6,537            | 137,779           |
| 2026                           | 132,707           | 3,901            | 136,608           |
| 2027                           | 105,702           | 1,682            | 107,384           |
| 2028                           | 6,214             | 27               | 6,241             |
| Total                          | <u>\$ 563,558</u> | <u>\$ 21,835</u> | <u>\$ 585,393</u> |

**CSC Revenue and Refunding Bonds**

| <b>Year Ending June<br/>30</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|--------------------------------|---------------------|-------------------|---------------------|
| 2024                           | \$ 700,000          | \$ 179,642        | \$ 879,642          |
| 2025                           | 715,000             | 162,907           | 877,907             |
| 2026                           | 740,000             | 144,630           | 884,630             |
| 2027                           | 760,000             | 125,145           | 885,145             |
| 2028                           | 780,000             | 103,965           | 883,965             |
| 2029 – 2033                    | 2,610,000           | 255,420           | 2,865,420           |
| 2034                           | 500,000             | 7,500             | 507,500             |
| Total                          | <u>\$ 6,805,000</u> | <u>\$ 979,209</u> | <u>\$ 7,784,209</u> |

**PSC Right to Use Lease Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>      |
|--------------------------------|-------------------|-----------------|-------------------|
| 2024                           | \$ 40,608         | \$ 2,308        | \$ 42,916         |
| 2025                           | 41,651            | 1,265           | 42,916            |
| 2026                           | 26,776            | 328             | 27,104            |
| 2027                           | 5,827             | 81              | 5,908             |
| Total                          | <u>\$ 114,862</u> | <u>\$ 3,982</u> | <u>\$ 118,844</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

**PSC Right to Use Subscription Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>      |
|--------------------------------|-------------------|-----------------|-------------------|
| 2024                           | \$ 72,064         | \$ 4,039        | \$ 76,103         |
| 2025                           | 47,446            | 2,390           | 49,836            |
| 2026                           | 37,503            | 1,167           | 38,670            |
| 2027                           | 33,533            | 89              | 33,622            |
| Total                          | <u>\$ 190,546</u> | <u>\$ 7,685</u> | <u>\$ 198,231</u> |

**PSC Revenue and Refunding Bonds**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|--------------------------------|----------------------|---------------------|----------------------|
| 2024                           | \$ 605,000           | \$ 336,083          | \$ 941,083           |
| 2025                           | 620,000              | 322,346             | 942,346              |
| 2026                           | 635,000              | 307,026             | 942,026              |
| 2027                           | 655,000              | 290,152             | 945,152              |
| 2028                           | 650,000              | 272,195             | 922,195              |
| 2029 – 2033                    | 2,225,000            | 1,137,209           | 3,362,209            |
| 2034 – 2038                    | 1,600,000            | 832,982             | 2,432,982            |
| 2039 – 2043                    | 1,910,000            | 517,623             | 2,427,623            |
| 2044 – 2047                    | 1,795,000            | 137,719             | 1,932,719            |
| Total                          | <u>\$ 10,695,000</u> | <u>\$ 4,153,335</u> | <u>\$ 14,848,335</u> |

**WSC Right to Use Lease Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b> | <b>Total</b>      |
|--------------------------------|-------------------|-----------------|-------------------|
| 2024                           | \$ 86,560         | \$ 4,662        | \$ 91,222         |
| 2025                           | 88,793            | 2,428           | 91,221            |
| 2026                           | 47,738            | 364             | 48,102            |
| Total                          | <u>\$ 223,091</u> | <u>\$ 7,454</u> | <u>\$ 230,545</u> |

**WSC Right to Use Subscription Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2024                           | \$ 254,118        | \$ 14,779        | \$ 268,897        |
| 2025                           | 167,438           | 9,385            | 176,823           |
| 2026                           | 150,833           | 4,653            | 155,486           |
| 2027                           | 132,505           | 639              | 133,144           |
| Total                          | <u>\$ 704,894</u> | <u>\$ 29,456</u> | <u>\$ 734,350</u> |



NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Continued)

**WSC Revenue and Refunding Bonds**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|--------------------------------|----------------------|---------------------|----------------------|
| 2024                           | \$ 950,000           | \$ 441,505          | \$ 1,391,505         |
| 2025                           | 980,000              | 411,929             | 1,391,929            |
| 2026                           | 1,005,000            | 379,850             | 1,384,850            |
| 2027                           | 1,045,000            | 345,346             | 1,390,346            |
| 2028                           | 1,040,000            | 313,203             | 1,353,203            |
| 2029 – 2033                    | 2,600,000            | 1,296,025           | 3,896,025            |
| 2034 – 2038                    | 2,025,000            | 966,206             | 2,991,206            |
| 2039 – 2043                    | 2,385,000            | 599,047             | 2,984,047            |
| 2044 – 2047                    | 2,225,000            | 158,987             | 2,383,987            |
| Total                          | <u>\$ 14,255,000</u> | <u>\$ 4,912,098</u> | <u>\$ 19,167,098</u> |

**NSCS Office Right to Use Lease Liability Summary**

| <b>Year Ending June<br/>30</b> | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>        |
|--------------------------------|-------------------|-------------------|---------------------|
| 2024                           | \$ 102,883        | \$ 29,848         | \$ 132,731          |
| 2025                           | 75,529            | 27,293            | 102,822             |
| 2026                           | 79,776            | 24,774            | 104,550             |
| 2027                           | 86,256            | 22,078            | 108,334             |
| 2028                           | 93,118            | 19,164            | 112,282             |
| 2029 - 2033                    | 536,726           | 43,814            | 580,540             |
| Total                          | <u>\$ 974,288</u> | <u>\$ 166,971</u> | <u>\$ 1,141,259</u> |

**NSCS Right to Use Subscription Liability Summary**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b>     |
|--------------------------------|------------------|-----------------|------------------|
| 2024                           | \$ 7,882         | \$ 303          | \$ 8,185         |
| 2025                           | 8,399            | 23              | 8,422            |
| Total                          | <u>\$ 16,281</u> | <u>\$ 326</u>   | <u>\$ 16,607</u> |

**Corporation Bonds**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>     | <b>Interest</b>      | <b>Total</b>         |
|--------------------------------|----------------------|----------------------|----------------------|
| 2024                           | \$ 1,950,000         | \$ 2,486,482         | \$ 4,436,482         |
| 2025                           | 2,360,000            | 2,398,301            | 4,758,301            |
| 2026                           | 2,455,000            | 2,299,253            | 4,754,253            |
| 2027                           | 2,555,000            | 2,195,446            | 4,750,446            |
| 2028                           | 2,660,000            | 2,086,769            | 4,746,769            |
| 2029 - 2033                    | 15,330,000           | 8,403,112            | 23,733,112           |
| 2034 - 2038                    | 16,455,000           | 4,935,418            | 21,390,418           |
| 2039 - 2041                    | 13,140,000           | 893,638              | 14,033,638           |
| Total                          | <u>\$ 56,905,000</u> | <u>\$ 25,698,419</u> | <u>\$ 82,603,419</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**5. Long-term Liabilities** (Concluded)

| <b>NSCS Liability Obligation and Bond Summary</b> |                      |                      |                       |
|---|----------------------|----------------------|-----------------------|
| <b>Year Ending<br/>June 30</b>                    | <b>Principal</b>     | <b>Interest</b>      | <b>Total</b>          |
| 2024  | \$ 5,055,166         | \$ 3,510,845         | \$ 8,566,011          |
| 2025  | 5,248,655            | 3,344,972            | 8,593,627             |
| 2026  | 5,314,340            | 3,165,973            | 8,480,313             |
| 2027  | 5,378,823            | 2,980,658            | 8,359,481             |
| 2028  | 5,229,332            | 2,795,323            | 8,024,655             |
| 2029 – 2033                                       | 23,301,726           | 11,135,580           | 34,437,306            |
| 2034 – 2038                                       | 20,580,000           | 6,742,106            | 27,322,106            |
| 2039 – 2043                                       | 17,435,000           | 2,010,308            | 19,445,308            |
| 2044 – 2047                                       | 4,020,000            | 296,706              | 4,316,706             |
| Total   | <u>\$ 91,563,042</u> | <u>\$ 35,982,471</u> | <u>\$ 127,545,513</u> |

The bond resolutions of the Corporation Bonds, and the Revenue and Refunding Bonds specify the funds that need to be established, the required transfers between funds, and the maximum maturity limits for the funds' investments. The bond resolutions also contain certain covenants, including compliance with a ratio of net revenues to debt service. At June 30, 2023 and 2022, the NSCS was in compliance with these requirements.

**6. Retirement Plans**

The NSCS has a defined contribution retirement plan currently in effect, which was established by the Board of Trustees and may be amended by the Board in accordance with Neb. Rev. Stat. § 85-320 (Reissue 2014). The Nebraska State College System Defined Contribution Retirement Plan covers all faculty, professional staff, and support staff, and provides investment options and annuity contracts administered by the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA). The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and may be amended by action of the Board of Trustees. Contribution rates for plan members and the NSCS for 2023 and 2022, expressed as a percentage of covered payroll, 6% and 8%, respectively. Contributions actually made for the fiscal years ended June 30, 2023 and 2022, by plan members and the NSCS were \$3,135,686 and \$2,980,782; and \$4,184,717 and \$3,973,413 respectively. At June 30, 2023 and 2022, the plan had 752 and 746 contributing members, respectively. The NSCS contributions encumbered for the fiscal years ended June 30, 2023 and 2022 in the amounts of \$241,823 and \$236,769, respectively.

Membership in the plan was mandatory for all full-time faculty and staff who attained the age of thirty. Voluntary membership is permitted for all full-time faculty and staff upon reaching the second anniversary of their employment and the attainment of age 25. The plan benefits are fully vested at the date of contribution.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**6. Retirement Plans** (Concluded)

The NSCS also sponsors a supplemental retirement annuity (SRA) plan, Roth individual retirement account (403(b)), 457 deferred compensation supplemental plan, and supplemental executive retirement plan (457(f)). Plan members contributed \$714,464 to the SRA, \$291,942 to the Roth 403(b), and \$201,580 to the 457 plan in 2023, while in 2022 plan members contributed \$807,564 to the SRA, \$264,109 to the Roth 403(b), and \$151,315 to the 457 plan. The NSCS contributed \$23,610 and \$23,147 to the 457(f) supplemental plan in 2023 and 2022, respectively.

**7. Revenue Bond Program**

The Board, for the benefit of the Nebraska State Colleges, issues bonds to finance the construction, repair, and maintenance of revenue bond buildings owned and operated by the Board of Trustees of the Nebraska State College System. The Revenue Bond Program (Program) provides funding for general operations as well as funding for various construction and renovation projects as specified by the individual bond documents. The Program is designed to provide greater flexibility to finance revenue bond projects at the three Colleges. The current revenue bond master resolution was approved in 2002 by the Board.

Financial information for the Program for June 30, 2023 and 2022, is summarized as follows:

**Condensed Statement of Net Position**

|                                       | <u>2023</u>          | <u>2022</u>          |
|---------------------------------------|----------------------|----------------------|
| <b>Assets</b>                         |                      |                      |
| Current Assets                        | \$ 28,000,586        | \$ 25,486,428        |
| Non-current Assets                    | <u>49,522,943</u>    | <u>51,259,247</u>    |
| Total assets                          | <u>77,523,529</u>    | <u>76,745,675</u>    |
| <b>Deferred Outflows of Resources</b> | <u>17,068</u>        | <u>20,846</u>        |
| <b>Liabilities</b>                    |                      |                      |
| Current Liabilities                   | 3,969,781            | 3,958,090            |
| Non-current Liabilities               | <u>29,828,766</u>    | <u>32,451,804</u>    |
| Total liabilities                     | <u>33,798,547</u>    | <u>36,409,894</u>    |
| <b>Net Position</b>                   |                      |                      |
| Net investment in capital assets      | 17,689,744           | 17,309,844           |
| Restricted for                        |                      |                      |
| Debt service                          | 2,449,941            | 2,221,506            |
| By enabling legislation               | <u>23,602,365</u>    | <u>20,825,277</u>    |
| Total net position                    | <u>\$ 43,742,050</u> | <u>\$ 40,356,627</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**7. Revenue Bond Program** (Concluded)

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

|  | <b>2023</b>                 | <b>2022</b>                 |
|--|-----------------------------|-----------------------------|
| <b>Operating Revenues</b>                  |                             |                             |
| Rentals                                    | \$ 10,028,929               | \$ 9,669,622                |
| Food Service                               | 9,383,154                   | 9,030,736                   |
| Facilities                                 | 3,793,121                   | 3,651,687                   |
| Bookstore                                  | 188,181                     | 160,422                     |
| Other                                      | 366,002                     | 595,217                     |
| Total operating revenues                   | <u>23,759,387</u>           | <u>23,107,684</u>           |
| <b>Operating Expenses</b>                  |                             |                             |
| Food Service                               | 7,183,899                   | 6,531,858                   |
| Other                                      | 13,196,760                  | 12,534,280                  |
| Total operating expenses                   | <u>20,380,659</u>           | <u>19,066,138</u>           |
| <b>Operating Income (Loss)</b>             | 3,378,728                   | 4,041,546                   |
| <b>Non-operating Revenue (Expenses)</b>    | (35,360)                    | (360,262)                   |
| <b>Capital Contributions</b>               | <u>42,055</u>               | <u>-</u>                    |
| <b>Increase (Decrease) in Net Position</b> | 3,385,423                   | 3,681,284                   |
| <b>Net Position, Beginning of Year</b>     | <u>40,356,627</u>           | <u>36,675,343</u>           |
| <b>Net Position, End of Year</b>           | <u><u>\$ 43,742,050</u></u> | <u><u>\$ 40,356,627</u></u> |

**Condensed Statement of Cash Flows**

|   | <b>2023</b>                | <b>2022</b>                |
|---|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>                     | \$ 4,949,928               | \$ 5,526,968               |
| <b>Non-Capital Financing Activities</b>                         | 132,226                    | 1,717,944                  |
| <b>Cash Flows from Capital and Related Financing Activities</b> | (3,561,375)                | (3,346,742)                |
| <b>Cash Flows from Investing Activities</b>                     | <u>780,592</u>             | <u>749,805</u>             |
| <b>Change in Cash and Cash Equivalents</b>                      | 2,301,371                  | 4,647,975                  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>             | <u>28,340,466</u>          | <u>23,692,491</u>          |
| <b>Cash and Cash Equivalents, End of Year</b>                   | <u><u>\$30,641,837</u></u> | <u><u>\$28,340,466</u></u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**8. Risk Management**

The NSCS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Responsibility for the coordination of a risk and insurance management program for the NSCS is assigned to the Chancellor. The responsibility for the development and implementation of the risk and insurance management program is assigned to each of the Colleges' Presidents. Mechanisms for identifying risks and for taking appropriate action to eliminate, abate, transfer, or retain these risks is also the responsibility of each College. DAS – Risk Management Division is responsible for maintaining the self-insurance program for workers' compensation along with the motor vehicle liability insurance.

The NSCS has chosen to purchase insurance for:

- A. Health care and life insurance for eligible employees.
- B. General liability coverage (including employee benefits liability), with limits ranging from \$1,000,000 per occurrence to \$3,000,000 in aggregate
- C. Educators legal liability, with a limit of \$4,000,000 per each claim, \$4,000,000 annual aggregate, and a self-insured retention of \$200,000.
- D. Real and personal property through the Midwestern Higher Education Compact's (MHEC) property program on a blanket basis for losses up to \$500,000,000, with the program funding a self-insurance pool of \$1,000,000 per loss occurrence and a deductible of \$50,000 for the NSCS, except for tornado and hail, which is the greater of a \$300,000 deductible or a percentage of the value of the building depending upon the hazard up to a limit of \$2.5 million per location. Newly acquired properties are covered up to \$50,000,000 for 90 days from the date the insured takes ownership of the property. The perils of flood, earthquake, and acts of terrorism have various coverages and sublimits. Details of these coverages are available from the NSCS.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded through a combination of employee and NSCS contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each State agency based on total agency payroll and past experience. Tort claims; theft of, damage to, or destruction of assets; errors or omissions; and natural disasters would be funded through the State General Fund or by NSCS assessments, as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the NSCS's financial statements.

**9. Commitments and Contingencies**

***Construction Contracts***

The Board of Trustees has approximate remaining construction commitments of \$42,511,000 and \$10,664,000, as of June 30, 2023 and 2022, respectively. These projects will be funded through cash funds, LB 309 Task force funds, Foundation gifts, bond proceeds, contingency maintenance funds, and capital improvement fees. Construction commitments are identified by College, as follows:

|     | <u>2023</u>       | <u>2022</u>       |
|-----|-------------------|-------------------|
| CSC | \$ 267,000        | \$ 1,011,000      |
| PSC | 16,406,000        | 125,000           |
| WSC | 25,838,000        | 9,528,000         |
|     | <u>42,511,000</u> | <u>10,664,000</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**9. Commitments and Contingencies** (Concluded)

*Government Grants*

The NSCS is currently participating in numerous grants from various departments and agencies of the Federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the grant department or agency, the grants are considered closed.

**10. Restricted Net Position**

Restricted net position reports resources that are owned by the NSCS, but their use or purpose is restricted. Restricted net position reported on the Statements of Net Position is further classified into the following:

*Debt Service* represents Corporation and revenue bond balances reserved for debt service payments.

*Plant* represents funds reserved for capital improvements net of any related liabilities.

*Other* represents funds restricted through external constraints imposed by creditors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$32,632,324 and \$29,034,097 in fiscal years 2023 and 2022, respectively, was restricted due to enabling legislation.

**11. Joint Operation**

*Northeast Community College*

On September 14, 2006, WSC entered into an interlocal agreement with Northeast Community College (NECC) to build and operate College Center in South Sioux City (CCSSC), Nebraska, which offers classes from both NECC and WSC. CCSSC began offering classes during the fiscal year ended June 30, 2011. On September 6, 2016, WSC entered into a new interlocal agreement with NECC to continue to operate CCSSC.

NECC administers the accounts payable related to joint operation and maintenance costs and provides WSC with quarterly reports and an invoice for WSC's share of expenses accompanied by supporting documentation. Both parties agree the expense allocation between the parties shall be split equally (50%-50%) for all expenses for the term of the Agreement. CCSSC is governed by CCSSC's Administrative Council, which is a four-member voting board composed of two appointees from NECC and two appointees from WSC. In addition to the voting members, the following individuals shall serve on the Council in an ex officio capacity: Facilities Manager and two institutional leaders (one appointed by each President). The

Chairperson of the Council shall be selected on a rotating basis with a WSC representative in even-numbered years and a Northeast representative in odd-numbered years. Ownership of land and facilities is shared 50%-50% by NECC and WSC. Either party can terminate the agreement with at least twelve (12) months prior notice, giving the other party right of first refusal on purchase of the exiting party's interest in the building, contents, and land.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**12. Corrections Workforce Development Pathway Program**

On November 13, 2020, PSC entered into an interlocal agreement with the Nebraska Department of Correctional Services (NDCS) for the joint program of the Corrections Workforce Development Pathway (CWDP). The CWDP Program allows PSC Criminal Justice students to complete a baccalaureate degree with an emphasis in Corrections that combines academic coursework with on-the-job training through an embedded series of employment opportunities provided by Tecumseh State Correctional Institution (TSCI). The CWDP Program is financially supported through Nebraska Legislative Bill 1008, which appropriates funding to the Department of Correctional Services that will be used to establish scholarships for students who apply for the Program. The CWDP Program allowed for one-time costs incurred by PSC for equipment and simulation environments needed for the program. TSCI will transfer 50% of the CWCP Program funds to PSC at the beginning of each fiscal year, but no later than July 31, to assure PSC has adequate funds to apply the fall term scholarships to those students participating in the CWDP Program. TSCI will transfer the remaining 50% of the CWCP Program funds to PSC by December 31 of each year to assure funding for spring term scholarships.

This Agreement shall continue through June 30, 2025. If the agreement becomes unavailable either in full or in part due to reductions in state budget appropriations, TSCI and PSC will work cooperatively to minimize the impact on students who have been accepted to, and are participating in, the CWDP Program, should the CWDP Program terminate as specified in this Agreement.

**13. Subsequent Events**

In June 2023, the Board of Trustees authorized the issuance of \$25 million of Student Fees and Facilities Revenue Bonds, Series 2023. The purpose of the issuance is to finance the construction of Wayne State College's New Student Residence Hall project. In August 2023, Student Fees and Facilities Revenue Refunding Bonds, Series 2023 were issued for a par amount of \$24 million. Construction for this new facility started in September 2023 and occupancy is anticipated in January 2025. The payments will be made over the course of thirty years, beginning in January 2024.

**14. Component Unit Disclosures – Foundations**

On the following pages are the notes taken from the audited financial statements, for the years ended as indicated below, of the Foundations:

| <u>Foundation</u>  | <u>Years Ended</u>         | <u>Pages</u> |
|--------------------|----------------------------|--------------|
| Chadron State      | June 30, 2022 and 2021     | 70 - 83      |
| Peru State College | December 31, 2021 and 2020 | 84 - 94      |
| Wayne State        | June 30, 2022 and 2021     | 95 - 104     |

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION**

**Note 1 – Purpose of Foundation and Description of Program Services**

**Purpose**

Chadron State Foundation (the Foundation) is a nonprofit organization incorporated in the State of Nebraska in 1963 to promote the education, scientific, and benevolent purposes of Chadron State College (the College). The Foundation acts largely as a fundraising organization; soliciting and receiving contributions and pledges on behalf of the College. Assets received by the Foundation are used to acquire equipment to be used by the College, to provide financial aid for college students, or to be otherwise expended for the betterment of the College.

**Program Services**

The Foundation is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Foundation provides support to Chadron State College (the College) through scholarships and awards to the students of the College and provides institutional support for management and special projects related to the College.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Accounting**

The Foundation prepares its financial statements on the accrual basis of accounting; consequently, certain revenue and the related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

***Basis of Presentation***

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* - Net assets that are subject to donor/grantor-imposed time or purpose stipulations. Net assets with donor restrictions are broken into two categories: net assets restricted by time or purpose and net assets restricted in perpetuity.

*Net Assets Restricted by Time or Purpose* - Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

*Net Assets Restricted in Perpetuity* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.



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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**Designation Net Assets Without Donor Restrictions**

It is the policy of the Board of Directors of the Foundation to designate sums of net assets without donor restrictions to ensure adequate reserves are accumulated to help fund specific future events and the general operations of the Foundation. Accordingly, net assets without donor restrictions of the Foundation are classified and reported as follows:

*Operating Fund* - The portion of net assets without donor restrictions that is undesignated and available for the day-to-day operations, support, and management of the Foundation.

*CSC General Fund* - Represents the annual accumulation of gifts without donor restrictions of \$4,999 or less received by the Foundation. These funds must first be used to address any operating deficits for the current fiscal year. The remaining balance is transferred to the beginning fund balance of the CSC Quasi Endowment in the following fiscal year.

*CSC Quasi Endowment* - Represents gifts without donor restrictions designated by the Board of Directors that must adhere to the policies and procedures of Section IV of the Chadron State Foundation Endowment Policy & Guidelines.

*Greatest Need* - Represents gifts without donor restrictions and pledges of \$5,000 or more that will be allocated per the recommendations of the Development Committee and approved by the Board of Directors. Such recommendations are based on the initiatives and priorities of the Foundation and, when appropriate, the Campaign Leadership Committee. Such recommendations must be approved by the Board of Directors. Upon approval by the Board of Directors, these gifts and pledges are accounted for in the appropriate Board-designated fund.

**Cash and Cash Equivalents and Short-term Investments**

The Foundation considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents. Money market funds and certificates of deposits, with an original maturity of three months or less when purchased, are classified as short-term investments and are not considered to be cash equivalents for purposes of the Statement of Cash Flows.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Alternative asset funds consist of fund investment partnerships and are stated at net asset value (NAV), which has been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment fund managers, principally with respect to the net asset value of the respective investment partnerships. Because these investments are not readily marketable, their estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for such investments existed. Net gains on investments carried at fair value include realized and unrealized gains and losses. Investments in certificates of deposit are carried at cost.

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 2 – Summary of Significant Accounting Policies** (Continued)

Net investment return/loss is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and less external and direct internal investment expenses.

**Promises to Give**

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of discounted future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted for use after the due date. Promises that remain uncollected for more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

***Revenue and Revenue Recognition***

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2023, contributions approximating \$4,480,000, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met. The conditional contributions are subject to donors modifying their intent.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Foundation received cost-reimbursable grants for payroll at June 30, 2023 and 2022, conditional balances were \$48,709 and \$54,845, respectively, because qualifying expenditures had not yet been incurred in accordance with contract provisions. These amounts are reported as refundable advances in the statement of financial position.

**Contributed Materials and Services**

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. Total contributed materials and services recognized for the years ended June 30, 2023 and 2022 were \$10,648 and \$9,854, respectively.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**Property and Equipment**

Investment in property and equipment is stated at cost less accumulated depreciation or at fair value if donated. All purchases or donations of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

|                            | Estimated<br>Useful Life |
|----------------------------|--------------------------|
| Office Equipment           | 3 – 15 yrs               |
| Buildings and Improvements | 39.5 – 50 yrs            |

**Collections**

The Foundation has a collection of artwork and other memorabilia that was donated by several supporters of Chadron State College. The collection is on display and is available to those who are interested in studying Nebraska state history. The Foundation has taken steps to ensure that the collection is protected and preserved. Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the Statement of Activities. Proceeds from deaccessions or insurance recoveries are reflected on the Statement of Activities based on the absence or existence and nature of donor-imposed restrictions. If collection items are sold, the proceeds from the sale are used to purchase additional collection items.

**Income Tax Status**

The Foundation follows the accounting guidance for uncertainty in income taxes. A tax position initially needs to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the taxing authorities.

The Foundation is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private foundation under Section 509(a)(1) of the Internal Revenue Code. The Foundation is not liable for income taxes if it operates within the confines of its exempt status, though the Foundation may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Foundation could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities.

As of June 30, 2023, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation's income tax filings are subject to audit by various tax authorities. The Foundation is no longer subject to federal and state income tax examinations by taxing authorities for fiscal years before 2020. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Foundation believes its estimates are appropriate based on

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 2 – Summary of Significant Accounting Policies** (Concluded)

current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 3 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the Statement of Financial Position date, are comprised of the following as of June 30:

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| Financial Assets Available for Use:                 |                     |                     |
| Cash and Cash Equivalents                           | \$ 1,365,706        | \$ 2,162,487        |
| Investments   | 28,990,853          | 26,090,621          |
| Net Pledges Due Within One Year                     | 211,605             | 205,085             |
| Certificates of Deposit                             | 150,000             | -                   |
| Financial Assets Available as of June 30            | <u>30,718,164</u>   | <u>28,458,193</u>   |
| Less: Assets Unavailable for General Expenditures   |                     |                     |
| Within One Year for the Following Purposes:         |                     |                     |
| Quasi Endowments                                    | 2,478,976           | 2,114,667           |
| Assets Restricted by Time or Purpose                | 4,758,005           | 3,629,650           |
| Assets to be Held in Perpetuity                     | 21,312,876          | 20,631,630          |
|   | <u>28,549,857</u>   | <u>26,375,947</u>   |
| Financial Assets Available for General Expenditures | <u>\$ 2,168,307</u> | <u>\$ 2,082,246</u> |

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for management purposes. Amounts available for management purposes were \$393,108 and \$397,190 as of June 30, 2023 and 2022, respectively. The Foundation's assets are fairly liquid and are intended to be used to support the students and departments of Chadron State College.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 3 – Liquidity and Availability** (Concluded)

The Foundation's Board-designated endowment of \$2,478,976 and \$2,114,667 as of June 30, 2023 and 2022, respectively, is subject to an annual spending rate of up to 5%. Although the Foundation does not intend to spend from the Board-designated endowment (other than amounts for general expenditures as part of the Board's annual budget approval or appropriation), these amounts could be made available if necessary.

**Note 4 – Pledges Receivable**

Contributions receivable at June 30 were as follows:

|  | <b>2023</b>       | <b>2022</b>       |
|--|-------------------|-------------------|
| Receivable in Less Than One Year                 | \$ 211,605        | \$ 205,085        |
| Receivable in One to Five Years                  | 166,450           | 250,334           |
| Total Contributions Receivable                   | 378,055           | 455,419           |
| Less: Unamortized Discounts to Net Present Value | (9,899)           | (13,457)          |
| Less: Allowance for Uncollectable Accounts       | (59,022)          | (50,935)          |
| Net Contributions Receivable                     | <u>\$ 309,134</u> | <u>\$ 391,027</u> |

Unconditional pledges receivable due in more than one year are discounted based on the creditworthiness of donors. Discount rates for the year ended June 30, 2023 were between 0.29% and 4.49% based on the five-year Treasury Rate at the time each pledge was made. The discount rate used on long-term promises to give was between 0.87% and 4.0% for the year ended June 30, 2022.

**Note 5 – Fair Market Value Measurements**

The Foundation classifies assets and liabilities measured at fair market value within a hierarchy based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

*Level I* – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments that would generally be included in Level I include listed equities. The Foundation, to the extent that it holds such investments, does not adjust the quoted price of these investments.

*Level II* – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category are less-liquid and restricted-equity securities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 5 – Fair Market Value Measurements** (Continued)

*Level III* – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Foundation did not have any Level III-type investments as of June 30, 2023 and 2022.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Multi-Strategy LLCs: As a practical expedient, investments in investment partnerships may be valued as the reported NAV. Certain funds may provide the manager with the ability to suspend or postpone redemption (a gate), or a lock-in period upon initial subscription, within which the Foundation may not redeem without incurring a penalty. Investments valued using the NAV (or its equivalents) practical expedient have not been classified in the fair value hierarchy. As of June 30, 2023 and 2022, all investment partnerships have been valued at the NAV practical expedient method

The fair value of each financial instrument in the table below was measured using input guidance and valuation techniques. In addition, investments reported at NAV are included to permit reconciliation to the statement of financial position. The following table sets forth carrying amounts and estimated fair values for financial instruments at June 30:

|                            | 2023                 |               |                     |                      |
|----------------------------|----------------------|---------------|---------------------|----------------------|
|                            | Level I              | Level II      | NAV                 | Total                |
| Mutual Funds:              |                      |               |                     |                      |
| Large Cap                  | \$ 7,259,778         | \$ -          | \$ -                | \$ 7,259,778         |
| Mid Cap and Small Cap      | 2,821,041            | -             | -                   | 2,821,041            |
| International              | 6,124,314            | -             | -                   | 6,124,314            |
| Emerging Markets           | 1,916,720            | -             | -                   | 1,916,720            |
| Fixed Income               | 2,882,898            | -             | -                   | 2,882,898            |
| Defensive Fixed Income     | 460,133              | -             | -                   | 460,133              |
| Real Estate                | 1,098,664            | -             | -                   | 1,098,664            |
| Low Correlated Hedge Funds | 359,515              | -             | -                   | 359,515              |
| Other Real Assets          | 1,998,839            | -             | -                   | 1,998,839            |
| Multi-Strategy LLC Funds   | -                    | -             | 3,831,196           | 3,831,196            |
| Total Investments          | <u>\$ 24,921,902</u> | <u>\$ -</u>   | <u>\$ 3,831,196</u> | <u>\$ 28,753,098</u> |
| Short-term Investments:    |                      |               |                     |                      |
| Cash and Cash Equivalents  | <u>\$ 237,755</u>    | <u>\$ -</u>   | <u>\$ -</u>         | <u>\$ 237,755</u>    |
| Annuity Liabilities        | <u>\$ -</u>          | <u>\$ 411</u> | <u>\$ -</u>         | <u>\$ 411</u>        |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 5 – Fair Market Value Measurements** (Continued)

|                               | 2022                 |                 |                     |                      |
|-------------------------------|----------------------|-----------------|---------------------|----------------------|
|                               | Level I              | Level II        | NAV                 | Total                |
| Mutual Funds:                 |                      |                 |                     |                      |
| Large Cap                     | \$ 5,688,660         | \$ -            | \$ -                | \$ 5,688,660         |
| Mid Cap and Small Cap         | 2,389,657            | -               | -                   | 2,389,657            |
| International                 | 5,291,793            | -               | -                   | 5,291,793            |
| Emerging Markets              | 1,811,447            | -               | -                   | 1,811,447            |
| Fixed Income                  | 1,078,315            | -               | -                   | 1,078,315            |
| Defensive Fixed Income        | 308,219              | -               | -                   | 308,219              |
| Floating Rate Corporate Loans | 1,314,262            | -               | -                   | 1,314,262            |
| Real Estate                   | 1,189,553            | -               | -                   | 1,189,553            |
| Low Correlated Hedge Funds    | 526,438              | -               | -                   | 526,438              |
| Energy Funds                  | 1,890,476            | -               | -                   | 1,890,476            |
| Multi-Strategy LLC Funds      | -                    | -               | 4,504,753           | 4,504,753            |
| Total Investments             | <u>\$ 21,488,820</u> | <u>\$ -</u>     | <u>\$ 4,504,753</u> | <u>\$ 25,993,573</u> |
| Short-term Investments:       |                      |                 |                     |                      |
| Cash and Cash Equivalents     | <u>\$ 97,048</u>     | <u>\$ -</u>     | <u>\$ -</u>         | <u>\$ 97,048</u>     |
| Annuity Liabilities           | <u>\$ -</u>          | <u>\$ 1,491</u> | <u>\$ -</u>         | <u>\$ 1,491</u>      |

Multi-Strategy, LLC Funds - The fair value of the hedge funds is determined on a daily basis, based on the shares owned on that day and the net asset value (NAV) for that day.

The following table sets forth additional disclosures of the Foundation's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30:

|                               | 2023<br>Fair Value | 2022<br>Fair Value | Redemption<br>Frequency |
|-------------------------------|--------------------|--------------------|-------------------------|
| Multi-Strategy, LLC Funds (a) | \$ 3,831,196       | \$ 4,504,753       | Daily                   |

- (a) These funds invest in pooled entities that are organized in non-U.S. jurisdictions and classified as corporations for U.S. federal income tax purposes with a goal of capital appreciation and limited variability of returns.

The Foundation measures annuity assets and liabilities based on donors' life expectancies. These assets are held by a broker that specializes in this type of investment. The broker evaluates the value quarterly. However, the Foundation is at risk of funding future annuity payments should the annuitants outlive their original contributions at which time the Foundation will make the required annuity payments from funds without donor restrictions. The Foundation measures pledges receivable at fair market value on a non-recurring basis using unobservable inputs. Pledges receivable are measured at fair market value based on the expected future cash flows and the creditworthiness of the donor as explained in Note 4.

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 5 – Fair Market Value Measurements** (Concluded)

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

**Note 6 – Other Assets**

Other assets include cash surrender value of life insurance for which the Foundation is named an owner and beneficiary of each policy and several charitable gift annuities.

Under a charitable gift annuity contract, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income. The value of the charitable gift annuity contract was \$411 and \$1,491 as of June 30, 2023 and 2022, respectively. Assets held to fund these liabilities were exhausted during the year ended June 30, 2021. Future annuity payments will be made from funds without donor restrictions.

The cash surrender value of life insurance is recorded based on estimated amounts available upon surrender of the policies. Premiums paid by donors are recorded as contributions received and insurance expense. Cash surrender values of the policies were \$39,075 and \$39,075 as of June 30, 2023 and 2022, respectively.

**Note 7 – Beneficial Interest in Trusts and Estates**

The Foundation is the beneficiary of various trusts and estates created by donors. The carrying amounts (which are at fair value) of beneficial interests in trusts and estates are based on values provided by an external investment manager, quoted market values, or actuarial valuations. At the date the Foundation is notified of an irrevocable beneficial interest, a contribution is recorded based on the presence of donor restrictions at fair value of the underlying trust or estate assets. Thereafter, beneficial interests in trusts and estates are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

The Foundation may also be designated as the beneficiary of trusts, estates, and life insurance policies that are revocable and under the control of the donor. These assets are not recorded by the Foundation until they become irrevocable.



NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION (Continued)**

**Note 8 – Property and Equipment**

Property and equipment at June 30 consisted of the following:

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Land  | \$ 38,500   | \$ 38,500   |
| Office Equipment  | 97,097      | 97,097      |
|   | \$ 135,597  | \$ 135,597  |
| Less: Accumulated Depreciation                          | (97,097)    | (97,097)    |
| Property and Equipment, Net of Accumulated Depreciation | \$ 38,500   | \$ 38,500   |

**Note 9 – Related Party Transactions**

The Foundation, in the normal course of business, engages in transactions with Chadron State College. The College has been designated as the beneficiary of the Foundation. The Foundation pays all scholarships and contributions to the College's students and departments. Substantially all expenses of the Foundation directly or indirectly benefit the College.

The College also provides staff to the Foundation. The in-kind donations of employee time include services that affect all functions of the Foundation. The estimated cost to the College, or benefit to the Foundation, as a result of the College providing these in-kind staffing contributions was \$233,022 and \$176,984 for the years ended June 30, 2023 and 2022, respectively, which includes salaries and benefits..

**Note 10 – Endowment Funds**

**Investments - Board-designated Endowments**

As of June 30, 2023 and 2022, the Board of Directors had designated \$2,478,976 and \$2,114,667, respectively, of net assets without donor restrictions as a general quasi endowment fund to support the mission of the Foundation. Since those amounts are internal designations and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

Two separate policies adopted by the Board of Directors govern these types of endowments. One relates specifically to the CSC Quasi Endowment which is a Board designation of net assets without donor restrictions. The annual payout from the CSC Quasi Endowment is set by actions of the Finance Committee and ratified by the Foundation Board and must be consistent with the long-term goal of portfolio growth and perpetual support to CSC. The other policy addresses all other quasi endowments with donor restrictions. The annual payout from these endowments is based on a standard distribution that is calculated every year on a June 30 balance of the fund once it has met the minimum requirements and follows the approved payout rate set by the Board of Directors for named endowments unless otherwise set forth in the quasi endowment agreement. Special request distributions are allowed with specific procedures set forth in the Quasi Endowment Policy. In accordance with accounting principles generally accepted in the United States of America, the Foundation Board has the discretion to allow payout from the corpus and principal of any quasi endowment fund balance. See the spending policy below.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 10 – Endowment Funds** (Continued)

**Investments - Donor-designated Endowments**

The Foundation's endowment consists of approximately 386 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions - restricted in perpetuity (a) the original value of the gifts, (b) the original value of subsequent gifts, and (c) accumulations of earnings made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - restricted in perpetuity is classified as net assets with donor restrictions - restricted by time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA.

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

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

Endowment net assets, by type of fund, were comprised of the following as of June 30:

|   | <b>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
| Without Donor Restrictions                              | \$ 2,478,976         | \$ 2,114,667         |
| With Donor Restrictions - Restricted by Time or Purpose | 4,089,602            | 2,659,847            |
| With Donor Restrictions - Restricted in Perpetuity      | 21,312,876           | 20,631,630           |
| Total Funds   | <u>\$ 27,881,454</u> | <u>\$ 25,406,144</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 10 – Endowment Funds** (Continued)

Changes in endowment net assets as of June 30 were as follows:

|   |                     | With Donor Restrictions |                      | Total Net            |
|---|---------------------|-------------------------|----------------------|----------------------|
|   | Without Donor       | Restricted by           | Restricted in        | Endowment            |
|   | Restrictions        | Time or Purpose         | Perpetuity           | Assets               |
| 2023                                    |                     |                         |                      |                      |
| Endowment Net Assets, Beginning of Year | \$ 2,114,667        | \$ 2,659,847            | \$ 20,631,630        | \$ 25,406,144        |
| Contributions                           | 34,953              | 7,533                   | 674,876              | 717,362              |
| Investment Return (Loss)                | 197,507             | 2,350,199               | -                    | 2,547,706            |
| Transfers                               | 200,000             | 53,929                  | 6,370                | 260,299              |
| Management Fees                         | (48,046)            | (424,704)               | -                    | (472,750)            |
| Amounts Appropriated for Expenditures   | (20,105)            | (557,202)               | -                    | (577,307)            |
| Endowment Net Assets, End of Year       | <u>\$ 2,478,976</u> | <u>\$ 4,089,602</u>     | <u>\$ 21,312,876</u> | <u>\$ 27,881,454</u> |
|   |                     |                         |                      |                      |
|   |                     | With Donor Restrictions |                      | Total Net            |
|   | Without Donor       | Restricted by           | Restricted in        | Endowment            |
|   | Restrictions        | Time or Purpose         | Perpetuity           | Assets               |
| 2022                                    |                     |                         |                      |                      |
| Endowment Net Assets, Beginning of Year | \$ 2,207,860        | \$ 6,149,770            | \$ 19,490,049        | \$ 27,847,679        |
| Contributions                           | 26,218              | 4,210                   | 1,097,825            | 1,128,253            |
| Investment Return                       | (223,863)           | (2,357,463)             | -                    | (2,581,326)          |
| Transfers                               | 191,629             | (12,041)                | 43,756               | 223,344              |
| Management Fees                         | (45,481)            | (455,817)               | -                    | (501,298)            |
| Amounts Appropriated for Expenditures   | (41,696)            | (668,812)               | -                    | (710,508)            |
| Endowment Net Assets, End of Year       | <u>\$ 2,114,667</u> | <u>\$ 2,659,847</u>     | <u>\$ 20,631,630</u> | <u>\$ 25,406,144</u> |

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At June 30, 2023 and 2022, funds with donor restrictions reported no deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that seek to preserve its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings consistent with prudent risk limits and the Foundation's spending needs. The Foundation's spending and investment policies work together to achieve this objective. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for the endowment assets that attempt to provide long-term support to CSC. Accordingly, the investment philosophy of the Foundation is based on a disciplined, consistent, and diversified approach utilizing multiple asset classes and allowing for multiple managers. Its intent is to accommodate styles and strategies considered reasonable and prudent. The Foundation has established long-term rates of return, downside risk parameters and asset allocation ranges for each portfolio. If the total return objective is not achieved over a particular measurement period, the shortfall should be explainable in terms of general economic and capital market conditions. A temporary shortfall will not necessarily indicate failure to achieve the long-term objective. An important objective of the Foundation Board of Directors is to create an investment and spending program that allows for growth of the portfolio balance.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION** (Continued)

**Note 10 – Endowment Funds** (Concluded)

**Spending Policy and How the Investment Objectives Relate to the Spending Policy**

Distributions from Named Endowment are to be according to the Foundation's Endowment policies. Grant levels are based on the weighted average fund balance, using the adjusted pool of awarding endowments during the past three (3) fiscal years. The distribution approved by the Foundation Board shall not exceed five percent (5.0%) of the weighted average fund balance. Distribution from any individual endowment shall be according to restrictions within that controlling endowment. Distributions from the Quasi Endowment shall be according to its controlling restrictions. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature, and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

**Note 11 – Net Assets with Donor Restrictions**

Restricted net assets are available for the following purposes or periods, as of June 30:

|  | <b>2023</b>          | <b>2022</b>          |
|--|----------------------|----------------------|
| Scholarships and College Use (Time or Purpose) | \$ 4,758,005         | \$ 3,629,650         |
| Restricted in Perpetuity                       | 21,312,876           | 20,631,630           |
| Total Restricted Net Assets                    | <u>\$ 26,070,881</u> | <u>\$ 24,261,280</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended June 30:

|                                   | <b>2023</b>         | <b>2022</b>         |
|-----------------------------------|---------------------|---------------------|
| Purpose Restriction Accomplished: |                     |                     |
| Scholarships                      | \$ 705,208          | \$ 811,993          |
| College Use                       | 814,189             | 986,875             |
| Management Fees                   | 439,498             | 473,828             |
| Total Restrictions Released       | <u>\$ 1,958,895</u> | <u>\$ 2,272,696</u> |

Net assets with donor restrictions, restricted in perpetuity, consist of endowment funds that are to be held indefinitely (see Note 10). The earnings from the related assets can be used to support the Foundation's scholarship, award, and grant activities.

**Note 12 – Defined Contribution Plan**

The Foundation participates in the College's defined contribution plan (the Plan) covering all employees with at least three years of service who agree to make contributions to the Plan. Employees may enroll in the Plan if they are employed full-time for 9 out of 12 months of the year. Participation in the Plan is voluntary for employees who are 25 years of age and have been employed for at least two years by the Foundation. Participation in the Plan is mandatory for employees over the age of 30. Employees contribute 6% of their salary and the College contributes 8%. Total expenses for the years ended June 30, 2023 and 2022 were \$31,809 and \$26,204, respectively.

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**CHADRON STATE FOUNDATION (Concluded)**

**Note 13 – Gifts In-Kind**

The Foundation received donated goods consisting of the following during the years ended June 30:

|                             | <u>2023</u>      | <u>2022</u>     |
|-----------------------------|------------------|-----------------|
| Program Supplies            | \$ 10,528        | \$ 9,854        |
| Other Donations             | 120              | -               |
| Total In-Kind Contributions | <u>\$ 10,648</u> | <u>\$ 9,854</u> |

Program supplies were used by different academic or athletic programs of the College. Construction labor and materials were used to build the Chadron State College track and field press box. The completed project was donated to the College, meeting a program function of the Foundation. Other donations included small items used in the administration of the Foundation. Revenues for donations were based on invoiced prices for goods and services received. Donations were not used by the Foundation to generate income.

**Note 14 – Emerging Accounting Standards**

In 2016, the Financial Accounting Standards Board issued updates to ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard impacts the reporting and measurement of credit losses and enhances disclosures. The standard is effective for periods beginning after December 15, 2022. The Foundation has not yet implemented this update and is in the process of assessing the effect on the financial statements.

**Note 15 – Subsequent Events**

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION**

**Note 1 – Summary of Significant Accounting Policies**

***Nature of the Organization***

The Peru State College Foundation (the Foundation) is a nonprofit organization incorporated in the State of Nebraska. The purpose of the Foundation is to operate as a charitable and educational foundation for the promotion and support of Peru State College (the College) and its students. The Foundation is governed by a self-perpetuating Board of Directors consisting of volunteer board appointed members, some of whom are significant donors to the Foundation. The Foundation is considered a component unit of the Nebraska State College System, which includes Peru State College; therefore, the Foundation's net assets and results of operations are included as a discretely presented component unit in the Nebraska State College System's financial statements.

***Basis of Accounting***

The financial statements have been prepared on the accrual basis of accounting which is a basis of accounting generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when incurred.

***Use of Estimates***

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

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Foundation considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation's bank balance at two financial institutions exceeded federally insured limits by approximately \$225,000 at December 31, 2022.

***Contributions Receivable***

Contributions receivable primarily consist of amounts pledged by donors as part of the annual fundraising campaign. The provision for uncollectible allowance is computed by management using a specific-identification method, adjusted by management estimates of current economic factors, and applied to gross campaign contributions, including donor designations.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 1 – Summary of Significant Accounting Policies** (Continued)

***Investments***

The Foundation measures all investments at fair value.

***Net Investment Return***

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

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

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

***Property and Equipment***

The Foundation capitalizes all additions, renewals, and betterments at cost whereas expenditures for maintenance and repairs are expensed as incurred.

Depreciation and amortization are computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets are:

|                               |           |
|-------------------------------|-----------|
| Office furniture and fixtures | 3-7 years |
| Vehicles                      | 5 years   |

***Property and Equipment – Continued***

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the asset to a specific purpose.

***Long-Lived Asset Impairment***

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2022 and 2021.

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 1 – Summary of Significant Accounting Policies** (Continued)

***Net Assets***

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

Net assets without donor restrictions are assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. A board-designated endowment, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds.

Net assets with donor restrictions are assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Some donor-imposed restrictions impose limits that are permanent.

***Contributions***

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

| <b>Nature of the Gift</b>  | <b>Value Recognized</b>   |
|--|---|
| <i>Conditional gifts, with or without restriction</i>  |   |
| Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met                       |
| <i>Unconditional gifts, with or without restriction</i>  |   |
| Received at date of gift – cash and other assets   | Fair value  |
| Received at date of gift – property, equipment and long-lived assets                               | Estimated fair value  |
| Expected to be collected within one year   | Net realizable value  |
| Collected in future years  | Initially reported at fair value determined using the discounted present value of estimated future cash flows technique |

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.



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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 1 – Summary of Significant Accounting Policies** (Concluded)

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

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

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program services, management and general and fundraising categories based on estimated time spent in support of the respective categories benefited.

***Income Taxes***

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

**Note 2 – Contributions Receivable**

Contributions receivable consisted of the following:

|   | <b>2022</b>             | <b>2021</b>              |
|---|-------------------------|--------------------------|
| Due within one year                       | \$ 20,410               | \$ 78,015                |
| Due within one to five years              | 161,915                 | 96,369                   |
|   | <u>182,325</u>          | <u>174,384</u>           |
| Less                                      |                         |                          |
| Allowance for uncollectible contributions | 150,585                 | 62,686                   |
| Unamortized discount                      | <u>11,330</u>           | <u>10,633</u>            |
|   | <u><u>\$ 20,410</u></u> | <u><u>\$ 101,065</u></u> |

**Note 3 – Disclosure About Fair Value of Assets and Liabilities**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 3 – Disclosure About Fair Value of Assets and Liabilities** (Continued)

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

|                          |                             | <b>Quoted<br/>Prices in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--------------------------|-----------------------------|---|--|--|
| <b>2022</b>              | <b>Total Fair<br/>Value</b> |   |  |  |
| Money market             | \$ 500,649                  | \$ 500,649  | \$ -   | \$ -   |
| U.S. Treasury Securities | 1,228,864                   | -   | 1,228,864  | -  |
| Mutual Funds             |                             |   |  |  |
| Emerging markets         | 937,386                     | 937,386   | -  | -  |
| Small cap growth         | 1,609,775                   | 1,609,775   | -  | -  |
| Mid cap growth           | 2,388,099                   | 2,388,099   | -  | -  |
| Large cap growth         | 5,912,980                   | 5,912,980   | -  | -  |
| International            | 963,342                     | 963,342   | -  | -  |
| Exchange-traded          | -                           | -   | -  | -  |
| Fixed income             | 3,578,808                   | 3,578,808   | -  | -  |
|                          | <u>15,390,390</u>           | <u>15,390,390</u>   | <u>-</u>   | <u>-</u>   |
|                          | <u>\$ 17,119,903</u>        | <u>\$ 15,891,039</u>  | <u>\$ 1,228,864</u>  | <u>\$ -</u>  |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 3 – Disclosure About Fair Value of Assets and Liabilities** (Concluded)

| 2021             | Total Fair<br>Value  | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------|----------------------|--|---|--|
| Corporate bonds  | \$ 535,544           | \$ -   | \$ 535,544  | \$ -   |
| Mutual Funds     |                      |  |   |  |
| Emerging markets | 1,263,746            | 1,263,746  | -   | -  |
| Small cap growth | 1,831,196            | 1,831,196  | -   | -  |
| Mid cap growth   | 2,234,770            | 2,234,770  | -   | -  |
| Large cap growth | 2,543,238            | 2,543,238  | -   | -  |
| International    | 1,283,493            | 1,283,493  | -   | -  |
| Exchange-traded  | 4,898,094            | 4,898,094  | -   | -  |
| Fixed income     | 5,870,753            | 5,870,753  | -   | -  |
|                  | <u>19,925,290</u>    | <u>19,925,290</u>  | <u>-</u>  | <u>-</u>   |
|                  | <u>\$ 20,460,834</u> | <u>\$ 19,925,290</u>   | <u>\$ 535,544</u>   | <u>\$ -</u>  |

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Foundation has no investments that are classified within Level 3 of the hierarchy.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 4 – Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31, 2022 and 2021 are available for the following purposes or periods:

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| Subject to expenditure for specified purpose                              |                      |                      |
| Scholarships  | \$ 268,034           | \$ 1,028,730         |
| Education and athletic departments  | 492,374              | 770,822              |
| Capital improvements and renovations                                      | <u>1,515,821</u>     | <u>886,499</u>       |
|   | <u>2,276,229</u>     | <u>2,686,051</u>     |
| Endowments  |                      |                      |
| Subject to appropriation and expenditure when<br>a specified event occurs |                      |                      |
| Student scholarships  | 5,654,216            | 9,072,596            |
| Other faculty and campus purposes   | <u>283,779</u>       | <u>90,204</u>        |
|   | <u>5,937,995</u>     | <u>9,162,800</u>     |
| Restricted by donors in perpetuity to support                             |                      |                      |
| Student scholarships  | 9,852,310            | 9,621,745            |
| Other faculty and campus purposes   | <u>130,883</u>       | <u>148,956</u>       |
|   | <u>9,983,193</u>     | <u>9,770,701</u>     |
|   | <u>\$ 18,197,417</u> | <u>\$ 21,619,552</u> |

***Net Assets Released from Restrictions***

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

|  | <u>2022</u>         | <u>2021</u>       |
|--|---------------------|-------------------|
| Purpose restriction accomplished           |                     |                   |
| Scholarships                               | \$ 623,560          | \$ 300,236        |
| Departmental and athletic gifts to College | 203,219             | 220,681           |
| Management fee on endowed assets           | <u>313,247</u>      | <u>272,473</u>    |
|  | <u>\$ 1,140,026</u> | <u>\$ 793,390</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 5 – Endowment Funds**

The Foundation's governing body is subject to the State of Nebraska Prudent Management of Institutional Funds Act (NUPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation's endowment consists of approximately 150 individual funds established for a variety of purposes. The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). The Foundation's board-designated endowment funds consist of donor-restricted gifts. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets for endowment funds at December 31, 2022 and 2021, was:

|  | <b>2022</b>          | <b>2021</b>          |
|--|----------------------|----------------------|
| Board-designated endowment funds   | \$ 601,097           | \$ -                 |
| Donor-restricted endowment funds   |                      |                      |
| Original donor-restricted gift amount and<br>amounts required to be maintained<br>in perpetuity by donor | \$ 9,983,193         | \$ 9,770,701         |
| Accumulated investment gains   | 5,336,898            | 9,162,800            |
| Total endowment funds  | <u>\$ 15,921,188</u> | <u>\$ 18,933,501</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 5 – Endowment Funds** (Concluded)

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were:

|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
| Endowment net assets, beginning of year               | \$ 18,933,501        | \$ 17,339,707        |
| Investment return, net                                | (3,319,639)          | 1,864,329            |
| Contributions   | 236,278              | 238,615              |
| Appropriation of endowment assets<br>for expenditures | (364,060)            | (236,677)            |
| Management fee on endowed assets                      | (313,247)            | (272,473)            |
| Transfer to create board-designated endowment         | 748,355              | -                    |
| Endowment net assets, end of year                     | <u>\$ 15,921,188</u> | <u>\$ 18,933,501</u> |

***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to achieve return objectives through diversification of asset classes while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 6.50% percent annually over time. Actual returns in any given year may vary from this amount.

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

The Foundation has a spending policy of appropriating for expenditure each year an amount equal to four percent of a moving four-year average of the fair value of the endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2.50% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Continued)

**Note 6 – Liquidity and Availability**

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of program services, as well as, to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of December 31, 2022 and 2021, the following tables show the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Financial assets at year end   |                     |                     |
| Cash and cash equivalents  | \$ 1,023,209        | \$ 1,298,402        |
| Contributions receivable   | 20,410              | 101,065             |
| Interest receivable  | 371                 | 614                 |
| Investments convertible to cash in the next 12 months  | <u>17,119,903</u>   | <u>20,460,834</u>   |
|  | 18,163,893          | 21,860,915          |
| Less amounts not available to be used over the next 12 months                                  |                     |                     |
| Donor imposed restrictions   | <u>(18,197,417)</u> | <u>(21,619,552)</u> |
| Financial assets available to meet cash needs for general expenditures over the next 12 months | <u>\$ (33,524)</u>  | <u>\$ 241,363</u>   |

**Note 7 – Related Party Transactions**

The Foundation incurs various expenses with the College throughout the year such as payroll reimbursements, gifts, and other departmental expenses. The following is a summary of transactions with the College for the years ended December 31, 2022 and 2021:

|                                  | <u>2022</u>       | <u>2021</u>       |
|----------------------------------|-------------------|-------------------|
| Salaries and wages reimbursement | \$ 243,255        | \$ 133,991        |
| Gifts and campus improvements    | 8,200             | 177,573           |
| Departmental expenses            | <u>145,734</u>    | <u>60,966</u>     |
|                                  | <u>\$ 397,189</u> | <u>\$ 372,530</u> |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**PERU STATE COLLEGE FOUNDATION** (Concluded)

**Note 8 – Retirement Plan**

The College sponsors a defined contribution retirement pension plan, Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), in which the Foundation's employees are allowed to participate. The plan covers all employees upon attaining 30 years of age and having two years of college service. Employee contributions are limited to 6% of gross salary. The Foundation reimburses the College for the retirement fund contributions along with the salary reimbursements. The Foundation's contributions to the plan totaled \$12,593 and \$5,576 for the years ended December 31, 2022 and 2021, respectively, and is included in salaries and wages on the statement of functional expenses.

**Note 9 – Concentrations**

During 2022 and 2021, the Foundation received approximately 20% and 22% of its contributions from two individuals or estates, respectively.

**Note 10 – Subsequent Events**

Subsequent events have been evaluated through August 21, 2023, which is the date the financial statements were available to be issued.



NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION**

The Wayne State Foundation (the Foundation) is an independent, non-profit corporation established for the sole purpose of securing private gifts for the benefit and promotion of Wayne State College (the College). The Foundation receives contributions from various contributors and provides funding to the College to assist in fulfilling its mission of educating students. Examples of initiatives funded by the Foundation include scholarships, capital improvements, faculty grants, equipment, and athletic programs. The Foundation funds and publishes, in cooperation with the College, the *Wayne State Magazine* and other communications sent to alumni and friends.

**Note A – Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Method of Accounting.** The accompanying financial statements of the Foundation have been prepared on the accrual method of accounting.

**Cash and Cash Equivalents.** For purposes of the statements of financial position, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

**Investments.** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

**Property and Equipment and Depreciation.** Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. It is the Foundation's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. The estimated lives by asset class follow:

|                                   |               |
|-----------------------------------|---------------|
| Buildings and improvements        | 26 – 40 years |
| Furniture, fixtures and equipment | 10 years      |

**Promise to Give.** Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

**Net Asset Classification.** Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without donor restrictions.** Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, board-designated endowments.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION** (Continued)

**Note A – Summary of Significant Accounting Policies** (Continued)

**Without donor restrictions.** Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

**Fair Value Measurement.** The FASB has issued guidance defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2      Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

**Revenue Recognition.** Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation has not received any conditional contributions.

**Functional Expenses.** The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and office expenses which are allocated on the basis of time and effort.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION (Continued)**

**Note A – Summary of Significant Accounting Policies** (Concluded)

**Income Taxes.** . The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the Foundation's exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended June 30, 2023 and 2022, the Foundation had no tax liability on unrelated business activity. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Federal Exempt Organization Business Income Tax Returns (Form 990) for June 30, 2023, 2022, and 2021 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

**In-Kind Donations.** In-kind donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Foundation.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note B – Unconditional Promises to Give and Receivables**

Unconditional promises to give consist of donor pledges due in the following periods:

|                                     | <b>2023</b>               | <b>2022</b>               |
|-------------------------------------|---------------------------|---------------------------|
| Less than one year                  | \$ 42,650                 | \$ 45,217                 |
| One to two years                    | 1,159,296                 | 652,461                   |
| Two to three years                  | 739,045                   | 577,466                   |
| Three to four years                 | 619,000                   | 287,837                   |
| Four to five years                  | 380,000                   | 229,000                   |
| More than five years                | 280,000                   | 20,000                    |
|                                     | <hr/> 3,219,991           | <hr/> 1,811,981           |
| Less discount to present value (4%) | <hr/> (274,092)           | <hr/> (137,582)           |
|                                     | <hr/> <b>\$ 2,945,899</b> | <hr/> <b>\$ 1,674,399</b> |

**Note C – Fair Value of Assets and Liabilities**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2023 and 2022.

*Mutual funds:* Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

*Private company stock:* Valued based on redemption price for the same security.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION (Continued)**

**Note C – Fair Value of Assets and Liabilities** (Continued)

*Unconditional promises to give:* Valued using the estimated present value of future cash flows at historical discount rates (4%).

*Annuity agreements:* Valued using the estimated present value of the annuity obligation. The discount rate used varied from 2.4% to 8% and 2.3% to 6.3% for the years ended June 30, 2023 and 2022, respectively.

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2023.

| <u>June 30, 2023</u>                      | <u>Fair Value</u>    | <u>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs (Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs (Level 3)</u> |
|---|----------------------|---|--|--|
| Money market and certificates of deposit  | \$ 1,178,288         | \$ 238,147  | \$ 940,141   | \$ -   |
| Mutual funds                              |                      |   |  |  |
| U.S. equity                               | 16,495,346           | 16,495,346  | -  | -  |
| International equity                      | 5,753,443            | 5,753,443   | -  | -  |
| Emerging markets equity                   | 947,268              | 947,268   | -  | -  |
| Fixed income                              | 9,352,739            | 263,475   | 9,089,264  | -  |
| Real estate                               | 1,182,257            | 18,237  | 1,164,020  | -  |
| Private company stock                     | 108,988              | -   | -  | 108,988  |
| Total investments                         | <u>\$ 35,018,329</u> | <u>\$ 23,715,916</u>  | <u>\$ 11,193,425</u>   | <u>\$ 108,988</u>  |
| Unconditional promises to give receivable | <u>\$ 2,945,899</u>  | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 2,945,899</u>                                      |
| Annuities payable                         | <u>\$ 96,693</u>     | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 96,693</u>   |

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2022.

| <u>June 30, 2022</u>                      | <u>Fair Value</u>    | <u>Quoted Prices in<br/>Active Markets<br/>for Identical<br/>Assets (Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs (Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs (Level 3)</u> |
|---|----------------------|---|--|--|
| Money market and certificates of deposit  | \$ 1,477,252         | \$ 198,412  | \$ 1,278,840   | \$ -   |
| Mutual funds                              |                      |   |  |  |
| U.S. equity                               | 14,741,388           | 14,741,388  | -  | -  |
| International equity                      | 5,182,802            | 5,182,802   | -  | -  |
| Emerging markets equity                   | 837,888              | 837,888   | -  | -  |
| Fixed income                              | 9,530,248            | 8,508,601   | 1,021,647  | -  |
| Real estate                               | 1,091,395            | 1,091,395   | -  | -  |
| Private company stock                     | 108,988              | -   | -  | 108,988  |
| Total investments                         | <u>\$ 32,969,961</u> | <u>\$ 30,560,486</u>  | <u>\$ 2,300,487</u>  | <u>\$ 108,988</u>  |
| Unconditional promises to give receivable | <u>\$ 1,674,399</u>  | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 1,674,399</u>                                      |
| Annuities payable                         | <u>\$ 110,390</u>    | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 110,390</u>  |

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION (Continued)**

**Note C – Fair Value of Assets and Liabilities** (Concluded)

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2023.

| <u>June 30, 2023</u>                                       | Unconditional<br>Promises<br>to Give | Annuities<br>Payable | Private Company<br>Stock |
|--|--------------------------------------|----------------------|--------------------------|
| Beginning balance  | \$ 1,674,399                         | \$ 110,390           | \$ 108,988               |
| Unconditional promises to give<br>received during the year | 2,625,100                            | -                    | -                        |
| Unconditional promise to give<br>collected during the year | (1,217,090)                          | -                    | -                        |
| Change in discount of unconditional<br>promises to give    | (136,510)                            | -                    | -                        |
| Payments on annuity contracts                              | -                                    | (4,636)              | -                        |
| Releases of annuity obligations                            | -                                    | (9,061)              | -                        |
| Ending balance   | <u>\$ 2,945,899</u>                  | <u>\$ 96,693</u>     | <u>\$ 108,988</u>        |

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2022.

| <u>June 30, 2022</u>                                       | Unconditional<br>Promises<br>to Give | Annuities<br>Payable | Private Company<br>Stock |
|--|--------------------------------------|----------------------|--------------------------|
| Beginning balance  | \$ 1,557,338                         | \$ 115,092           | \$ 108,988               |
| Unconditional promises to give<br>received during the year | 933,900                              | -                    | -                        |
| Unconditional promise to give<br>collected during the year | (812,279)                            | -                    | -                        |
| Change in discount of unconditional<br>promises to give    | (4,560)                              | -                    | -                        |
| Payments on annuity contracts                              | -                                    | (4,702)              | -                        |
| Ending balance   | <u>\$ 1,674,399</u>                  | <u>\$ 110,390</u>    | <u>\$ 108,988</u>        |

The net unrealized and realized gains and losses are included in investment performance on the statements of activities.

NEBRASKA STATE COLLEGE SYSTEM  
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**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION (Continued)**

**Note D – Property and Equipment**

Property and equipment consist of:

|                                   | <u>2023</u>       | <u>2022</u>       |
|-----------------------------------|-------------------|-------------------|
| Land                              | \$ 276,314        | \$ 37,000         |
| Buildings and improvements        | -                 | 479,828           |
| Furniture, fixtures and equipment | <u>10,713</u>     | <u>10,713</u>     |
|                                   | 287,027           | 527,541           |
| Less accumulated depreciation     | <u>(6,160)</u>    | <u>(102,499)</u>  |
|                                   | <u>\$ 280,867</u> | <u>\$ 425,042</u> |

Depreciation expense was \$9,205 and \$9,205 for the years ended June 30, 2023 and 2022 respectively.

**Note E – Split Interest Agreements**

The Foundation has entered into irrevocable agreements (split-interest agreements) with donors where, in exchange for a gift from the donor, the Foundation provides an annuity to the donor or other designated beneficiaries for a specific period of time, usually the life of the donor.

A liability is recognized for the estimated present value of the annuity obligation and the contributed assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in IRS guidelines and actuarial tables. The discount rate used varied from 2% to 5.8% and 2.4% to 8% for the years ended June 30, 2023 and 2022, respectively. The amount of the liability is adjusted annually in accordance with the IRS actuarial tables and a gain or loss is recorded to reflect the change in value.

There were no new contributions for the years ended June 30, 2023 and 2022.

Assets and liabilities of the Foundation, as derived from split-interest agreements, are as follows:

|                               | <u>2023</u>       | <u>2022</u>       |
|-------------------------------|-------------------|-------------------|
| Assets invested in securities | <u>\$ 101,394</u> | <u>\$ 121,738</u> |
| Annuities payable             | <u>\$ 96,693</u>  | <u>\$ 110,390</u> |

**Note F – Net Assets**

Net assets without donor restrictions have been designated by the governing board as follows:

|   |                   |                   |
|---|-------------------|-------------------|
| Board designated:                             |                   |                   |
| Quasi-endowment to support general activities | <u>\$ 254,683</u> | <u>\$ 183,678</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION** (Continued)

**Note F – Net Assets** (Concluded)

Net assets with donor restrictions comprise the following:

|   |                      |                      |
|---|----------------------|----------------------|
| Subject to the purpose restrictions:                              |                      |                      |
| College departments   | 1,220,910            | 1,251,107            |
| Renovation projects   | 3,287,546            | 1,957,338            |
| Scholarships  | 8,838,724            | 7,824,519            |
| Other designated programs   | 61,177               | 77,988               |
| Subject to the perpetual restrictions:                            |                      |                      |
| Assets held under split-interest agreements and other             | 37,275               | 48,012               |
| Interest in perpetual trust                                       | 988,043              | 946,417              |
| Permanent endowments and promises to fund<br>permanent endowments | 23,138,529           | 22,290,463           |
|   | <u>\$ 37,572,204</u> | <u>\$ 34,395,844</u> |

**Note G – Endowments**

The Executive Committee of the Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated as permanent endowments.

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

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

Endowment Investment and Spending Policies. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies, which have been approved by the Foundation's Executive Committee, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes, which includes debt and equity securities. The current investment objective is to achieve a total return (net of inflation and expenses) that is at least as great as the spending supported by the portfolio, so that the purchasing power of the portfolio does not decline over time.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION** (Continued)

**Note G – Endowments** (Concluded)

The spending policy determines the amount of money distributable from the Foundation's various endowment funds for grant making. The spending rate allows for distributions of 6% for the years ended June 30, 2023 and 2022 of the endowment fund's average fair value of the prior three years through June 30 of the preceding fiscal year in which the distribution is planned. The Foundation may, at its discretion, set a lower payout rate which appears in line with the current yield from investment and general economic conditions. In establishing this policy, the Foundation considered the long-term expected investment returns, the nature and duration of the individual endowment funds, and the possible effect of inflation.

Changes in endowment net assets for year ended June 30, 2023 are as follows:

|                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|-------------------------------------|-------------------------------|----------------------------|----------------------|
| Balance July 1, 2022                | \$ 183,678                    | \$ 27,708,670              | \$ 27,892,348        |
| Interest and dividends, net of fees | 7,378                         | 1,050,191                  | 1,057,569            |
| Realized and unrealized losses      | 13,627                        | 1,751,812                  | 1,765,439            |
| Contributions                       | 50,000                        | 855,520                    | 905,520              |
| Transfers                           | -                             | 60,967                     | 60,967               |
| Amount appropriated for expenditure | -                             | (1,557,340)                | (1,557,340)          |
| Balance June 30, 2023               | <u>\$ 254,683</u>             | <u>\$ 29,869,820</u>       | <u>\$ 30,124,503</u> |

Changes in endowment net assets for year ended June 30, 2022 are as follows:

|                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|-------------------------------------|-------------------------------|----------------------------|----------------------|
| Balance July 1, 2021                | \$ 204,532                    | \$ 31,183,572              | \$ 31,388,104        |
| Interest and dividends, net of fees | 1,250                         | 181,956                    | 183,206              |
| Realized and unrealized losses      | (22,104)                      | (3,787,592)                | (3,809,696)          |
| Contributions                       | -                             | 1,476,645                  | 1,476,645            |
| Transfers                           | -                             | 34,000                     | 34,000               |
| Amount appropriated for expenditure | -                             | (1,379,911)                | (1,379,911)          |
| Balance June 30, 2022               | <u>\$ 183,678</u>             | <u>\$ 27,708,670</u>       | <u>\$ 27,892,348</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2023, endowment funds had deficiencies totaling \$46,461. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of contributions for donor-restricted endowment funds and have appropriation for certain programs that was deemed prudent by the Executive Committee of the Foundation.



NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**WAYNE STATE FOUNDATION (Continued)**

**Note H – Liquidity and Availability**

The Foundation manages its cash available to meet general expenditures following the general principles stipulated in the Statement of Investment Policy as established by the Executive Committee. These include a diversified portfolio managed in accordance with high standards of fiduciary duty and compliance with applicable laws and regulations. Standards for return, asset allocation and diversification shall be determined from a strategic perspective and measured over successive market cycles.

The policy also delegates the Audit/Finance Committee with the responsibility of working with the Foundation staff to develop an annual operating budget to recommend to the Executive Committee. This annual operating budget covers administrative and general expenses, fundraising expenses, and certain program support. The table below presents financial assets available to meet that annual operating budget for the upcoming fiscal year.

|                           | 2023                | 2022                |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 38,256           | \$ 125,140          |
| Investments               | 2,736,327           | 3,085,678           |
|                           | <u>\$ 2,774,583</u> | <u>\$ 3,210,818</u> |

**Note I – Related Parties**

The Foundation provides support to the College to assist in fulfilling its mission of educating students. For the years ended June 30, 2023 and 2022, the Foundation provided support in the form of the following:

|                                  | <u>2023</u>         | <u>2022</u>         |
|----------------------------------|---------------------|---------------------|
| Direct support                   |                     |                     |
| Scholarships                     | \$ 1,588,104        | \$ 1,506,914        |
| Athletic scholarships            | 332,681             | 250,385             |
| Capital improvements             | 1,585,474           | 1,524,405           |
| Neihardt stipends                | 21,000              | 26,250              |
| Athletics administration support | 295,922             | 85,590              |
| General budget support           | 180,410             | 358,968             |
| Indirect support                 | 676,392             | 67,463              |
|                                  | <u>\$ 4,679,983</u> | <u>\$ 3,819,975</u> |

The Foundation also reimbursed the College for payroll and other operating expenses in the amount of \$750,619 and \$737,600 for the years ended June 30, 2023 and 2022, respectively.

The Foundation receives donated rent from the College. The estimated fair value of this expense was \$6,000 for the years ended June 30, 2023 and 2022, respectively. These amounts have been recognized in the financial statements.

**Note J – Retirement**

The Foundation contributes to a defined contribution retirement plan. The plan provides contributions of 8% of the eligible employee's wages. The Foundation contributed \$44,112 and \$42,432 for the years ended June 30, 2023 and 2022, respectively.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**NOTES TO THE FINANCIAL STATEMENTS**  
(Concluded)

**WAYNE STATE FOUNDATION (Concluded)**

**Note K – Concentration of Credit Risk**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of checking, money market, and certificate of deposit accounts at financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. The bank accounts, at June 30, 2023 and 2022, exceeded federally insured limits by \$541,108 and \$1,032,198, respectively. The Foundation has not experienced any losses on such accounts.

**Note L – Cash and Cash Equivalents**

The following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| Cash and cash equivalents, unrestricted | \$ 38,256           | \$ 125,140          |
| Cash and cash equivalents, restricted   | 2,705,142           | 3,110,438           |
| Total cash and cash equivalents         |                     |                     |
| Shown in the statement of cash flows    | <u>\$ 2,743,398</u> | <u>\$ 3,235,578</u> |

See Note A for description of cash and cash equivalents presented above.

**Note M – New Accounting Standards**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 affects any entity that enters into a lease and is intended to increase the transparency and comparability of financial statements among organizations. ASU 2016-02 requires, among other changes, a lessee to recognize on its statement of financial position a lease asset and a lease liability for those leases previously classified as operating leases. The lease asset represents the right to use the underlying asset for the lease term and the lease liability represents the discounted value of the required lease payments to the lessor. ASU 2016-02 also requires entities to disclose key information about leasing arrangements.

The Foundation adopted the standard, effective for the year ended June 30, 2023, using a modified retrospective approach with the effective date option, which allows the Foundation to apply the standard at the effective date, July 1, 2022, and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Under this approach, the reporting for comparative periods presented in the financial statements will continue to be in accordance with legacy GAAP.

The new standard provides a number of optional practical expedients in transition. On adoption, the Foundation elected the package of practical expedients permitted under the transition guidance, which allowed the Foundation to carry forward historical lease classifications for existing leases on the adoption date, and allowed the Foundation not to assess whether an existing contract contains a lease or initial direct costs. In addition, the Foundation also elected not to apply the lease recognition requirements to its short-term leases, that is, leases with a term of 12 months or less, as allowed under the standard. The Foundation did not elect the hindsight practical expedient to determine the lease term for existing leases.

The adoption of the standard did not result in a cumulative effect adjustment to the opening balance of equity in the period of adoption based on the initial recognition of the Foundation's active leases at the effective date. The Foundation has no material leases at June 30, 2023.

**Note N – Subsequent Events**

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF NET POSITION - UNAUDITED**  
June 30, 2023

|   | CSC           | PSC           | WSC            | NSCS<br>Office  | Total          |
|---|---------------|---------------|----------------|-----------------|----------------|
| <b>Assets</b>                                 |               |               |                |                 |                |
| <b>Current Assets</b>                         |               |               |                |                 |                |
| Cash and Cash Equivalents                     | \$ 9,911,726  | \$ 3,899,706  | \$ 17,584,254  | \$ 2,963,919    | \$ 34,359,605  |
| Restricted Cash and Cash Equivalents          | 6,942,046     | 7,907,616     | 14,674,127     | 6,173,182       | 35,696,971     |
| Accounts Receivable, Net of Allowance         | 483,188       | 665,734       | 195,413        | 38,058          | 1,382,393      |
| Other Receivables                             | 318,442       | 42,575        | 387,994        | 167,947         | 916,958        |
| Inventories                                   | 15,695        | 45,870        | 15,310         | -               | 76,875         |
| Prepaid Expenses                              | 442,134       | 214,748       | 594,795        | 80,734          | 1,332,411      |
| Deposits with Vendors                         | -             | -             | -              | 2,565           | 2,565          |
| Total Current Assets                          | 18,113,231    | 12,776,249    | 33,451,893     | 9,426,405       | 73,767,778     |
| <b>Non-current Assets</b>                     |               |               |                |                 |                |
| Restricted Cash and Cash Equivalents          | 2,993,775     | 1,134,873     | 3,985,954      | 17,118,108      | 25,232,710     |
| Prepaid Expenses                              | 39,466        | 7,251         | 157,731        | 43,398          | 247,846        |
| Right to Use Assets, Net                      | 13,649        | 108,481       | 214,730        | 964,294         | 1,301,154      |
| Right to Use Subscription Assets, Net         | 626,880       | 204,534       | 723,983        | 16,309          | 1,571,706      |
| Capital Assets, Net                           | 81,342,391    | 55,637,689    | 130,459,280    | -               | 267,439,360    |
| Total Non-current Assets                      | 85,016,161    | 57,092,828    | 135,541,678    | 18,142,109      | 295,792,776    |
| Total Assets                                  | 103,129,392   | 69,869,077    | 168,993,571    | 27,568,514      | 369,560,554    |
| <b>Deferred Outflow of Resources</b>          |               |               |                |                 |                |
| Unamortized Bond Refunding Amount, Net        | 9,779         | 2,596         | 4,693          | -               | 17,068         |
| Total Deferred Outflow of Resources           | 9,779         | 2,596         | 4,693          | -               | 17,068         |
| <b>Liabilities</b>                            |               |               |                |                 |                |
| <b>Current Liabilities</b>                    |               |               |                |                 |                |
| Accounts Payable and Accrued Liabilities      | 2,181,169     | 1,671,192     | 4,152,958      | 3,365,277       | 11,370,596     |
| Accrued Compensated Absences                  | 184,329       | 76,609        | 287,108        | 28,540          | 576,586        |
| Unearned Revenue                              | 37,106        | 789,410       | 845,395        | 578,287         | 2,250,198      |
| Interest Payable                              | 98,732        | 171,607       | 244,572        | 805,975         | 1,320,886      |
| Master Lease Payable                          | 93,188        | -             | -              | -               | 93,188         |
| Long-term Debt                                | 700,000       | 605,000       | 950,000        | 1,950,000       | 4,205,000      |
| Deposits Held in Custody for Others           | 11,603        | 25,534        | 5,292          | -               | 42,429         |
| Right to Use Lease Liability - Current        | 5,170         | 40,608        | 86,560         | 102,883         | 235,221        |
| Right to Use Subscription Liability - Current | 187,693       | 72,064        | 254,118        | 7,882           | 521,757        |
| Total Current Liabilities                     | 3,498,990     | 3,452,024     | 6,826,003      | 6,838,844       | 20,615,861     |
| <b>Non-current Liabilities</b>                |               |               |                |                 |                |
| Accrued Compensated Absences                  | 1,245,942     | 513,987       | 1,714,722      | 256,865         | 3,731,516      |
| Unearned Revenue                              | -             | -             | 17,370         | -               | 17,370         |
| Master Lease Payable                          | 7,854         | -             | -              | -               | 7,854          |
| Right to Use Lease Liability                  | 9,310         | 74,254        | 136,531        | 871,405         | 1,091,500      |
| Right to Use Subscription Liability           | 375,865       | 118,482       | 450,776        | 8,399           | 953,522        |
| Long-term Debt                                | 6,071,257     | 9,997,180     | 13,435,846     | 58,907,387      | 88,411,670     |
| Total Non-current Liabilities                 | 7,710,228     | 10,703,903    | 15,755,245     | 60,044,056      | 94,213,432     |
| Total Liabilities                             | 11,209,218    | 14,155,927    | 22,581,248     | 66,882,900      | 114,829,293    |
| <b>Deferred Inflow of Resources</b>           |               |               |                |                 |                |
| Unamortized Bond Refunding Amount, Net        | -             | -             | -              | 845,334         | 845,334        |
| Total Deferred Inflow of Resources            | -             | -             | -              | 845,334         | 845,334        |
| <b>Net Position</b>                           |               |               |                |                 |                |
| Net Investment in Capital Assets              | 75,466,543    | 45,638,101    | 116,513,423    | (46,188,535)    | 191,429,532    |
| Restricted for:                               |               |               |                |                 |                |
| Expendable:                                   |               |               |                |                 |                |
| Debt Service                                  | 731,864       | 730,624       | 987,453        | 675,866         | 3,125,807      |
| Plant   | 2,115,987     | 115,479       | 2,569,907      | 3,708,109       | 8,509,482      |
| Other   | 6,660,334     | 6,346,601     | 13,062,659     | 470,032         | 26,539,626     |
| Unrestricted                                  | 6,955,225     | 2,884,941     | 13,283,574     | 1,174,808       | 24,298,548     |
| Total Net Position                            | \$ 91,929,953 | \$ 55,715,746 | \$ 146,417,016 | \$ (40,159,720) | \$ 253,902,995 |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF NET POSITION - UNAUDITED**  
June 30, 2022

|   | <b>CSC<br/>As Restated</b> | <b>PSC<br/>As Restated</b> | <b>WSC<br/>As Restated</b> | <b>NSCS<br/>Office</b> | <b>Total</b>         |
|---|----------------------------|----------------------------|----------------------------|------------------------|----------------------|
| <b>Assets</b>                                 |                            |                            |                            |                        |                      |
| <b>Current Assets</b>                         |                            |                            |                            |                        |                      |
| Cash and Cash Equivalents                     | \$ 9,602,564               | \$ 4,641,944               | \$ 21,132,634              | \$ 3,567,379           | \$ 38,944,521        |
| Restricted Cash and Cash Equivalents          | 7,451,258                  | 6,713,687                  | 14,262,086                 | 4,631,169              | 33,058,200           |
| Accounts Receivable, Net of Allowance         | 282,154                    | 597,499                    | 336,774                    | 17,776                 | 1,234,203            |
| Other Receivables                             | 233,678                    | 105,506                    | 311,150                    | 24,062                 | 674,396              |
| Inventories                                   | 19,067                     | 50,159                     | 13,783                     | -                      | 83,009               |
| Prepaid Expenses                              | 561,234                    | 352,182                    | 575,962                    | 60,811                 | 1,550,189            |
| Deposits with Vendors                         | -                          | -                          | -                          | 2,388                  | 2,388                |
| Total Current Assets                          | <u>18,149,955</u>          | <u>12,460,977</u>          | <u>36,632,389</u>          | <u>8,303,585</u>       | <u>75,546,906</u>    |
| <b>Non-current Assets</b>                     |                            |                            |                            |                        |                      |
| Restricted Cash and Cash Equivalents          | 2,561,235                  | 1,045,666                  | 2,409,120                  | 21,645,299             | 27,661,320           |
| Prepaid Expenses                              | 37,427                     | 5,987                      | 85,362                     | 46,520                 | 175,296              |
| Right to Use Assets, Net                      | 88,065                     | 148,734                    | 300,311                    | 111,177                | 648,287              |
| Right to Use Subscription Assets, Net         | 282,305                    | 102,916                    | 584,617                    | -                      | 969,838              |
| Capital Assets, Net                           | 83,611,152                 | 55,066,932                 | 121,958,902                | -                      | 260,636,986          |
| Total Non-current Assets                      | <u>86,580,184</u>          | <u>56,370,235</u>          | <u>125,338,312</u>         | <u>21,802,996</u>      | <u>290,091,727</u>   |
| Total Assets                                  | <u>104,730,139</u>         | <u>68,831,212</u>          | <u>161,970,701</u>         | <u>30,106,581</u>      | <u>365,638,633</u>   |
| <b>Deferred Outflow of Resources</b>          |                            |                            |                            |                        |                      |
| Unamortized Bond Refunding Amount, Net        | 11,735                     | 3,245                      | 5,866                      | -                      | 20,846               |
| Total Deferred Outflow of Resources           | <u>11,735</u>              | <u>3,245</u>               | <u>5,866</u>               | <u>-</u>               | <u>20,846</u>        |
| <b>Liabilities</b>                            |                            |                            |                            |                        |                      |
| <b>Current Liabilities</b>                    |                            |                            |                            |                        |                      |
| Accounts Payable and Accrued Liabilities      | 2,311,079                  | 1,448,175                  | 4,988,205                  | 3,382,388              | 12,129,847           |
| Accrued Compensated Absences                  | 189,817                    | 56,991                     | 319,162                    | 25,520                 | 591,490              |
| Unearned Revenue                              | 27,283                     | 409,138                    | 894,199                    | 20,963                 | 1,351,583            |
| Interest Payable                              | 106,480                    | 179,175                    | 248,815                    | 289,528                | 823,998              |
| Master Lease Payable                          | 91,268                     | -                          | -                          | -                      | 91,268               |
| Long-term Debt                                | 690,000                    | 600,000                    | 920,000                    | 1,315,000              | 3,525,000            |
| Deposits Held in Custody for Others           | 3,633                      | 48,344                     | 19,444                     | -                      | 71,421               |
| Right to Use Lease Liability - Current        | 81,888                     | 39,591                     | 84,384                     | 79,402                 | 285,265              |
| Right to Use Subscription Liability - Current | 125,576                    | 65,784                     | 248,596                    | -                      | 439,956              |
| Total Current Liabilities                     | <u>3,627,024</u>           | <u>2,847,198</u>           | <u>7,722,805</u>           | <u>5,112,801</u>       | <u>19,309,828</u>    |
| <b>Non-current Liabilities</b>                |                            |                            |                            |                        |                      |
| Accrued Compensated Absences                  | 1,220,806                  | 512,922                    | 1,704,603                  | 229,675                | 3,668,006            |
| Unearned Revenue                              | -                          | 66,000                     | 353,055                    | -                      | 419,055              |
| Master Lease Payable                          | 101,042                    | -                          | -                          | -                      | 101,042              |
| Right to Use Lease Liability                  | 14,480                     | 114,862                    | 223,092                    | 36,836                 | 389,270              |
| Right to Use Subscription Liability           | 143,014                    | 32,346                     | 328,571                    | -                      | 503,931              |
| Long-term Debt                                | 6,769,276                  | 10,597,240                 | 14,389,515                 | 61,148,940             | 92,904,971           |
| Total Non-current Liabilities                 | <u>8,248,618</u>           | <u>11,323,370</u>          | <u>16,998,836</u>          | <u>61,415,451</u>      | <u>97,986,275</u>    |
| Total Liabilities                             | <u>11,875,642</u>          | <u>14,170,568</u>          | <u>24,721,641</u>          | <u>66,528,252</u>      | <u>117,296,103</u>   |
| <b>Deferred Inflow of Resources</b>           |                            |                            |                            |                        |                      |
| Unamortized Bond Refunding Amount, Net        | -                          | -                          | -                          | 965,381                | 965,381              |
| Total Deferred Inflow of Resources            | <u>-</u>                   | <u>-</u>                   | <u>-</u>                   | <u>965,381</u>         | <u>965,381</u>       |
| <b>Net Position</b>                           |                            |                            |                            |                        |                      |
| Net Investment in Capital Assets              | 76,982,766                 | 44,833,867                 | 106,603,806                | (44,124,017)           | 184,296,422          |
| Restricted for:                               |                            |                            |                            |                        |                      |
| Expendable:                                   |                            |                            |                            |                        |                      |
| Debt Service                                  | 690,090                    | 610,952                    | 920,464                    | -                      | 2,221,506            |
| Plant   | 2,068,301                  | 73,066                     | 984,305                    | 4,478,811              | 7,604,483            |
| Other   | 6,486,110                  | 5,474,845                  | 11,354,850                 | 407,182                | 23,722,987           |
| Unrestricted                                  | 6,638,965                  | 3,671,159                  | 17,391,501                 | 1,850,972              | 29,552,597           |
| Total Net Position                            | <u>\$ 92,866,232</u>       | <u>\$54,663,889</u>        | <u>\$137,254,926</u>       | <u>\$(37,387,052)</u>  | <u>\$247,397,995</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - UNAUDITED**  
June 30, 2023

|   | CSC           | PSC           | WSC            | NSCS<br>Office  | Total          |
|---|---------------|---------------|----------------|-----------------|----------------|
| <b>Operating Revenues</b>   |               |               |                |                 |                |
| Tuition and Fees, Net of Scholarship  |               |               |                |                 |                |
| Allowances and Institutional Waivers  | \$ 9,386,210  | \$ 5,198,780  | \$ 16,901,190  | \$ -            | \$ 31,486,180  |
| Federal Grants and Contracts  | 873,546       | 456,467       | 1,226,291      | 81,997          | 2,638,301      |
| State Grants and Contracts  | 322,394       | 252,920       | 156,168        | -               | 731,482        |
| Private Grants and Contracts  | 775,686       | 95,911        | 649,268        | 199,174         | 1,720,039      |
| Auxiliary Enterprises, Net of Scholarship                                   |               |               |                |                 |                |
| Allowances and Institutional Waivers  | 5,119,655     | 3,623,613     | 10,451,518     | -               | 19,194,786     |
| Other Operating Revenues  | 1,067,529     | 193,187       | 770,308        | 720             | 2,031,744      |
| Total Operating Revenues  | 17,545,020    | 9,820,878     | 30,154,743     | 281,891         | 57,802,532     |
| <b>Operating Expenses</b>   |               |               |                |                 |                |
| Compensation and Benefits   | 26,569,034    | 15,411,343    | 37,231,988     | 2,364,316       | 81,576,681     |
| Supplies, Services, and Other   | 13,577,079    | 8,605,781     | 20,771,391     | 1,666,381       | 44,620,632     |
| Scholarships and Fellowships  | 2,266,060     | 1,825,108     | 2,565,505      | -               | 6,656,673      |
| Depreciation  | 3,015,059     | 2,363,787     | 5,172,173      | -               | 10,551,019     |
| Amortization  | 231,662       | 121,099       | 446,534        | 186,849         | 986,144        |
| Total Operating Expenses  | 45,658,894    | 28,327,118    | 66,187,591     | 4,217,546       | 144,391,149    |
| <b>Operating Loss</b>   | (28,113,874)  | (18,506,240)  | (36,032,848)   | (3,935,655)     | (86,588,617)   |
| <b>Non-operating Revenues (Expenses)</b>                                    |               |               |                |                 |                |
| State Appropriations  | 21,817,774    | 13,029,413    | 27,478,513     | 2,802,413       | 65,128,113     |
| Federal Grants and Contracts  | 3,872,264     | 3,607,922     | 7,400,039      | -               | 14,880,225     |
| State Grants and Contracts  | 488,622       | 806,072       | 1,476,285      | -               | 2,770,979      |
| Investment Income   | 450,762       | 260,929       | 885,855        | 812,070         | 2,409,616      |
| Interest on Right to Use related leases                                     | (8,612)       | (5,341)       | (27,256)       | (21,568)        | (62,777)       |
| Interest on Capital Asset-Related Debt                                      | (191,367)     | (348,431)     | (453,176)      | (2,146,497)     | (3,139,471)    |
| Gain (Loss) on Disposal of Asset  | 36,450        | (5,564)       | -              | -               | 30,886         |
| Other Non-operating Revenue (Expense)                                       | 14,631        | 300           | 14,277         | 8,565           | 37,773         |
| Net Non-operating Revenues<br>(Expenses)                                    | 26,480,524    | 17,345,300    | 36,774,537     | 1,454,983       | 82,055,344     |
| <b>Income (Loss) Before Other Revenues,<br/>Expenses, Gains or (Losses)</b> | (1,633,350)   | (1,160,940)   | 741,689        | (2,480,672)     | (4,533,273)    |
| <b>Other Revenues (Expenses) or Gains</b>                                   |               |               |                |                 |                |
| Capital Facilities Fees   | -             | -             | -              | 2,375,411       | 2,375,411      |
| Capital Contributions   | 310,386       | -             | 1,734,529      | -               | 2,044,915      |
| Operating Transfers In (Out)  | (2,011,750)   | 1,540,277     | 5,387,377      | (4,915,904)     | -              |
| Capital Appropriations and Grants   | 2,398,435     | 672,520       | 1,298,495      | 2,248,497       | 6,617,947      |
| Net Other Revenues (Expenses) or<br>Gains (Losses)                          | 697,071       | 2,212,797     | 8,420,401      | (291,996)       | 11,038,273     |
| <b>Increase (Decrease) in Net Position</b>                                  | (936,279)     | 1,051,857     | 9,162,090      | (2,772,668)     | 6,505,000      |
| <b>Net Position, Beginning of Year</b>                                      | 92,866,232    | 54,663,889    | 137,254,926    | (37,387,052)    | 247,397,995    |
| <b>Net Position, End of Year</b>  | \$ 91,929,953 | \$ 55,715,746 | \$ 146,417,016 | \$ (40,159,720) | \$ 253,902,995 |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - UNAUDITED**  
June 30, 2022

|   | CSC<br>As Restated | PSC<br>As Restated | WSC<br>As Restated | NSCS<br>Office  | Total         |
|---|--------------------|--------------------|--------------------|-----------------|---------------|
| <b>Operating Revenues</b>   |                    |                    |                    |                 |               |
| Tuition and Fees, Net of Scholarship                                    |                    |                    |                    |                 |               |
| Allowances and Institutional Waivers                                    | \$ 9,976,219       | \$ 6,381,181       | 17,406,365         | \$ -            | \$ 33,763,765 |
| Federal Grants and Contracts  | 1,134,038          | 392,595            | 744,616            | -               | 2,271,249     |
| State Grants and Contracts  | -                  | 407,760            | -                  | -               | 407,760       |
| Private Grants and Contracts  | 967,009            | 135,121            | 486,179            | -               | 1,588,309     |
| Auxiliary Enterprises, Net of Scholarship                               |                    |                    |                    |                 |               |
| Allowances and Institutional Waivers                                    | 5,302,184          | 3,794,905          | 10,169,743         | -               | 19,266,832    |
| Other Operating Revenues  | 977,528            | 1,061,152          | 687,801            | -               | 2,726,481     |
| Total Operating Revenues  | 18,356,978         | 12,172,714         | 29,494,704         | -               | 60,024,396    |
| <b>Operating Expenses</b>   |                    |                    |                    |                 |               |
| Compensation and Benefits   | 25,351,901         | 14,715,133         | 34,653,622         | 2,121,822       | 76,842,478    |
| Supplies, Services, and Other   | 12,276,430         | 10,156,588         | 19,255,913         | 1,096,237       | 42,785,168    |
| Scholarships and Fellowships  | 4,554,479          | 4,037,662          | 6,501,962          | -               | 15,094,103    |
| Depreciation  | 2,529,164          | 2,353,445          | 4,985,141          | -               | 9,867,750     |
| Amortization  | 197,904            | 96,106             | 413,828            | 76,653          | 784,491       |
| Total Operating Expenses  | 44,909,878         | 31,358,934         | 65,810,466         | 3,294,712       | 145,373,990   |
| <b>Operating Loss</b>   | (26,552,900)       | (19,186,220)       | (36,315,762)       | (3,294,712)     | (85,349,594)  |
| <b>Non-operating Revenues (Expenses)</b>                                |                    |                    |                    |                 |               |
| State Appropriations  | 20,207,015         | 12,009,788         | 25,518,885         | 2,481,582       | 60,217,270    |
| Federal Grants and Contracts  | 6,667,515          | 6,113,544          | 12,027,901         | -               | 24,808,960    |
| State Grants and Contracts  | 445,738            | 684,659            | 1,228,853          | -               | 2,359,250     |
| Investment Income   | 184,040            | 132,994            | 516,224            | 246,958         | 1,080,216     |
| Interest on Right to Use related leases                                 | (9,723)            | (6,392)            | (23,665)           | (3,861)         | (43,641)      |
| Interest on Capital Asset-Related Debt                                  | (207,887)          | (359,892)          | (474,081)          | (1,331,340)     | (2,373,200)   |
| Gain (Loss) on Disposal of Asset  | 54,000             | -                  | -                  | -               | 54,000        |
| Bond Issuance Costs   | -                  | -                  | -                  | (447,955)       | (447,955)     |
| Other Non-operating Revenue (Expense)                                   | 20,106             | 38,223             | 19,913             | (66,730)        | 11,512        |
| Net Non-operating Revenues (Expenses)                                   | 27,360,804         | 18,612,924         | 38,814,030         | 878,654         | 85,666,412    |
| <b>Income (Loss) Before Other Revenues, Expenses, Gains or (Losses)</b> | 807,904            | (573,296)          | 2,498,268          | (2,416,058)     | 316,818       |
| <b>Other Revenues (Expenses) or Gains (Losses)</b>                      |                    |                    |                    |                 |               |
| Capital Facilities Fees   | -                  | -                  | -                  | 2,412,329       | 2,412,329     |
| Capital Contributions   | 145,746            | -                  | 1,519,005          | -               | 1,664,751     |
| Operating Transfers In (Out)  | 11,183,787         | 40,392             | 1,073,659          | (12,297,838)    | -             |
| Capital Appropriations and Grants                                       | 2,543,409          | -                  | 751,879            | 1,425,000       | 4,720,288     |
| Net Other Revenues (Expenses) or Gains (Losses)                         | 13,872,942         | 40,392             | 3,344,543          | (8,460,509)     | 8,797,368     |
| <b>Increase (Decrease) in Net Position</b>                              | 14,680,846         | (532,904)          | 5,842,811          | (10,876,567)    | 9,114,186     |
| <b>Net Position, Beginning of Year</b>                                  | 78,185,386         | 55,196,793         | 131,412,115        | (26,510,485)    | 238,283,809   |
| <b>Net Position, End of Year</b>  | \$ 92,866,232      | \$ 54,663,889      | \$137,254,926      | \$ (37,387,052) | \$247,397,995 |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF CASH FLOWS - UNAUDITED**

June 30, 2023

|   | CSC                  | PSC                  | WSC                  | NSCS<br>Office       | Total                |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>   |                      |                      |                      |                      |                      |
| Tuition and Fees  | \$ 9,246,802         | \$ 5,208,481         | \$ 16,991,831        | \$ -                 | \$ 31,447,114        |
| Grants and Contracts  | 1,943,451            | 1,185,570            | 2,001,272            | 840,497              | 5,970,790            |
| Payments to Suppliers   | (13,634,382)         | (8,686,337)          | (21,437,186)         | (1,678,185)          | (45,436,090)         |
| Payments to Employees   | (26,479,724)         | (15,384,338)         | (37,064,067)         | (2,297,990)          | (81,226,119)         |
| Sales and Services of Auxiliary Enterprises   | 5,035,000            | 3,634,041            | 10,174,652           | -                    | 18,843,693           |
| Other Receipts (Payments)   | (1,192,979)          | (1,631,921)          | (1,805,977)          | 720                  | (4,630,157)          |
| Net Cash Used in Operating Activities   | (25,081,832)         | (15,674,504)         | (31,139,475)         | (3,134,958)          | (75,030,769)         |
| <b>Cash Flows From Non-capital Financing Activities</b>                                 |                      |                      |                      |                      |                      |
| State Appropriations  | 21,817,774           | 13,029,413           | 27,478,513           | 2,802,413            | 65,128,113           |
| Grants and Contracts  | 4,360,886            | 4,413,994            | 8,826,684            | -                    | 17,601,564           |
| Direct Lending Receipts   | 8,604,579            | 6,017,918            | 13,737,540           | -                    | 28,360,037           |
| Direct Lending Payments   | (8,604,579)          | (6,017,918)          | (13,737,540)         | -                    | (28,360,037)         |
| Other Receipts (Payments)   | (76,637)             | -                    | 59,576               | 51,927               | 34,866               |
| Net Cash Provided by<br>Non-capital Financing Activities                                | 26,102,023           | 17,443,407           | 36,364,773           | 2,854,340            | 82,764,543           |
| <b>Cash Flows From Capital and Related<br/>Financing Activities</b>                     |                      |                      |                      |                      |                      |
| Capital Contributions   | 346,826              | -                    | 1,734,529            | -                    | 2,081,355            |
| Purchase of Capital Assets  | (2,419,837)          | (2,568,832)          | (12,601,997)         | -                    | (17,590,666)         |
| Disposal of Capital Assets  | 86                   | (5,564)              | -                    | -                    | (5,478)              |
| Principal Paid on Lease Obligations   | (81,888)             | (39,590)             | (84,384)             | (103,781)            | (309,643)            |
| Principal Paid on Subscription Obligations  | (206,853)            | (90,049)             | (372,593)            | (78,163)             | (747,658)            |
| Principal Paid on Capital Debt  | (690,000)            | (600,000)            | (920,000)            | (1,315,000)          | (3,525,000)          |
| Interest Paid on Capital Debt and Lease Obligations                                     | (203,790)            | (355,751)            | (487,171)            | (2,060,468)          | (3,107,180)          |
| Capital Facilities Fees   | -                    | -                    | -                    | 2,354,464            | 2,354,464            |
| Transfers In (Out)  | (352,874)            | 1,522,183            | 3,809,485            | (4,978,794)          | -                    |
| Other   | -                    | 300                  | -                    | (42,960)             | (42,660)             |
| Capital Appropriations and Grants   | 2,398,435            | 672,520              | 1,298,495            | 2,174,476            | 6,543,926            |
| Net Cash Used by Capital and<br>Related Financing Activities                            | (1,209,895)          | (1,464,783)          | (7,623,636)          | (4,050,226)          | (14,348,540)         |
| <b>Cash Flows From Investing Activities</b>   |                      |                      |                      |                      |                      |
| Purchase/Sale of Investments  | -                    | -                    | -                    | -                    | -                    |
| Investment Income   | 422,194              | 236,778              | 838,833              | 742,206              | 2,240,011            |
| Net Cash Provided by Investing Activities   | 422,194              | 236,778              | 838,833              | 742,206              | 2,240,011            |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                                 | 232,490              | 540,898              | (1,559,505)          | (3,588,638)          | (4,374,755)          |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                     | 19,615,057           | 12,401,297           | 37,803,840           | 29,843,847           | 99,664,041           |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u>\$ 19,847,547</u> | <u>\$ 12,942,195</u> | <u>\$ 36,244,335</u> | <u>\$ 26,255,209</u> | <u>\$ 95,289,286</u> |
| <b>Reconciliation of Cash and Cash Equivalents<br/>to the Statement of Net Position</b> |                      |                      |                      |                      |                      |
| Cash and Cash Equivalents   | \$ 9,911,726         | \$ 3,899,706         | \$ 17,584,254        | \$ 2,963,919         | \$ 34,359,605        |
| Restricted Cash and Cash Equivalents - Current  | 6,942,046            | 7,907,616            | 14,674,127           | 6,173,182            | 35,696,971           |
| Restricted Cash and Cash<br>Equivalents - Non-current                                   | 2,993,775            | 1,134,873            | 3,985,954            | 17,118,108           | 25,232,710           |
| Total Cash and Cash Equivalents   | <u>\$ 19,847,547</u> | <u>\$ 12,942,195</u> | <u>\$ 36,244,335</u> | <u>\$ 26,255,209</u> | <u>\$ 95,289,286</u> |

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF CASH FLOWS - UNAUDITED**

June 30, 2023

|  | CSC                           | PSC                           | WSC                           | NSCS<br>Office               | Total                         |
|--|-------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| <b>Reconciliation of Net Operating Loss to Net<br/>Cash Used in Operating Activities</b> |                               |                               |                               |                              |                               |
| Operating Loss   | \$ (28,113,874)               | \$ (18,506,240)               | \$ (36,032,848)               | \$ (3,935,655)               | \$ (86,588,617)               |
| Depreciation Expense   | 3,246,721                     | 2,484,886                     | 5,618,707                     | 186,849                      | 11,537,163                    |
| Changes in Operating Assets and Liabilities:   |                               |                               |                               |                              |                               |
| Receivables, Net   | (257,230)                     | 18,847                        | 111,572                       | (1,337)                      | (128,148)                     |
| Inventories  | 3,372                         | 4,289                         | (1,527)                       | -                            | 6,134                         |
| Accounts Payable and Accrued Liabilities   | (115,323)                     | (124,601)                     | (322,509)                     | 45,779                       | (516,654)                     |
| Accrued Compensated Absences   | 19,648                        | 20,683                        | (21,935)                      | 30,210                       | 48,606                        |
| Other Assets and Liabilities   | 134,854                       | 427,632                       | (490,935)                     | 539,196                      | 610,747                       |
| <b>Net Cash Used in Operating Activities</b>   | <u><u>\$ (25,081,832)</u></u> | <u><u>\$ (15,674,504)</u></u> | <u><u>\$ (31,139,475)</u></u> | <u><u>\$ (3,134,958)</u></u> | <u><u>\$ (75,030,769)</u></u> |
| <b>Non-Cash Transactions</b>   |                               |                               |                               |                              |                               |
| Accounts Payable Incurred for Capital<br>Asset Purchases                                 | \$ 14,587                     | \$ 360,976                    | \$ 978,623                    | \$ 1,726,318                 | \$ 3,080,504                  |
| Acquisitions of Right-to-Use Asset<br>Through Lease Obligations                          | -                             | -                             | -                             | 961,831                      | 961,831                       |
| Acquisition of Right-to-Use Assets<br>Through Subscription Obligations                   | 501,821                       | 182,464                       | 500,320                       | 94,444                       | 1,279,049                     |

(Concluded)



NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF CASH FLOWS - UNAUDITED**  
June 30, 2022

|   | CSC<br>As Restated | PSC<br>As Restated | WSC<br>As Restated | NSCS<br>Office | Total         |
|---|--------------------|--------------------|--------------------|----------------|---------------|
| <b>Cash Flows From Operating Activities</b>   |                    |                    |                    |                |               |
| Tuition and Fees  | \$ 9,664,215       | \$ 6,291,967       | \$ 17,133,525      | \$ -           | \$ 33,089,707 |
| Grants and Contracts  | 2,120,113          | 1,099,163          | 1,156,166          | -              | 4,375,442     |
| Payments to Suppliers   | (11,792,926)       | (9,604,425)        | (19,625,418)       | (1,199,684)    | (42,222,453)  |
| Payments to Employees   | (25,293,215)       | (14,802,090)       | (34,840,329)       | (2,047,914)    | (76,983,548)  |
| Sales and Services of Auxiliary Enterprises   | 5,269,323          | 3,575,738          | 9,807,757          | -              | 18,652,818    |
| Other Payments  | (3,528,842)        | (2,976,510)        | (5,737,807)        | 17,022         | (12,226,137)  |
| Net Cash Used in Operating Activities   | (23,561,332)       | (16,416,157)       | (32,106,106)       | (3,230,576)    | (75,314,171)  |
| <b>Cash Flows From Non-capital Financing Activities</b>                                 |                    |                    |                    |                |               |
| State Appropriations  | 20,207,015         | 12,009,788         | 25,518,885         | 2,481,582      | 60,217,270    |
| Grants and Contracts  | 7,113,253          | 6,798,203          | 13,486,811         | -              | 27,398,267    |
| Direct Lending Receipts   | 7,871,786          | 6,664,780          | 13,149,548         | -              | 27,686,114    |
| Direct Lending Payments   | (7,871,786)        | (6,664,780)        | (13,149,548)       | -              | (27,686,114)  |
| Other Receipts (Payments)   | (69,282)           | -                  | (69,589)           | 1,352          | (137,519)     |
| Net Cash Provided by<br>Non-capital Financing Activities                                | 27,250,986         | 18,807,991         | 38,936,107         | 2,482,934      | 87,478,018    |
| <b>Cash Flows From Capital and Related<br/>Financing Activities</b>                     |                    |                    |                    |                |               |
| Proceeds from Capital Debt  | -                  | -                  | -                  | 18,809,301     | 18,809,301    |
| Transfer to Bond Escrow Agent   | -                  | -                  | -                  | (1,493,303)    | (1,493,303)   |
| Capital Contributions   | 145,746            | -                  | 1,513,605          | -              | 1,659,351     |
| Purchase of Capital Assets  | (14,609,305)       | (561,114)          | (7,479,677)        | -              | (22,650,096)  |
| Disposal of Capital Assets  | -                  | -                  | -                  | -              | -             |
| Principal Paid on Lease Obligations   | (85,008)           | (33,468)           | (82,261)           | (75,580)       | (276,317)     |
| Principal Paid on Subscription Obligations  | (126,776)          | (65,719)           | (335,698)          | -              | (528,193)     |
| Principal Paid on Capital Debt  | (675,000)          | (585,000)          | (905,000)          | (3,055,000)    | (5,220,000)   |
| Interest Paid on Capital Debt and Lease Obligations                                     | (218,606)          | (363,913)          | (499,512)          | (1,679,687)    | (2,761,718)   |
| Bond Issuance Costs   | -                  | -                  | -                  | (312,880)      | (312,880)     |
| Capital Facilities Fees   | -                  | -                  | -                  | 2,413,613      | 2,413,613     |
| Transfers In (Out)  | 12,067,155         | 40,892             | 938,680            | (13,046,727)   | -             |
| Other   | -                  | 38,223             | -                  | (116,550)      | (78,327)      |
| Capital Appropriations  | 2,543,409          | -                  | 751,879            | 1,425,000      | 4,720,288     |
| Net Cash Provided (Used) by Capital<br>and Related Financing Activities                 | (958,385)          | (1,530,099)        | (6,097,984)        | 2,868,187      | (5,718,281)   |
| <b>Cash Flows From Investing Activities</b>   |                    |                    |                    |                |               |
| Purchase/Sale of Investments  | -                  | 494,000            | -                  | -              | 494,000       |
| Investment Income   | 179,121            | 145,158            | 506,320            | 253,755        | 1,084,354     |
| Net Cash Provided by Investing Activities   | 179,121            | 639,158            | 506,320            | 253,755        | 1,578,354     |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                                 | 2,910,390          | 1,500,893          | 1,238,337          | 2,374,300      | 8,023,920     |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                     | 16,704,667         | 10,900,404         | 36,565,503         | 27,469,547     | 91,640,121    |
| <b>Cash and Cash Equivalents, End of Year</b>   | \$ 19,615,057      | \$ 12,401,297      | \$ 37,803,840      | \$ 29,843,847  | \$ 99,664,041 |
| <b>Reconciliation of Cash and Cash Equivalents<br/>to the Statement of Net Position</b> |                    |                    |                    |                |               |
| Cash and Cash Equivalents   | \$ 9,602,564       | \$ 4,641,944       | \$ 21,132,634      | \$ 3,567,379   | \$ 38,944,521 |
| Restricted Cash and Cash Equivalents - Current  | 7,451,258          | 6,713,687          | 14,262,086         | 4,631,169      | 33,058,200    |
| Restricted Cash and Cash<br>Equivalents - Non-current                                   | 2,561,235          | 1,045,666          | 2,409,120          | 21,645,299     | 27,661,320    |
| Total Cash and Cash Equivalents   | \$ 19,615,057      | \$ 12,401,297      | \$ 37,803,840      | \$ 29,843,847  | \$ 99,664,041 |

(Continued)

NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)  
**SCHEDULE OF CASH FLOWS - UNAUDITED**  
June 30, 2022

|  | <b>CSC<br/>As Restated</b>    | <b>PSC<br/>As Restated</b>    | <b>WSC<br/>As Restated</b>    | <b>NSCS<br/>Office</b>       | <b>Total</b>                  |
|--|-------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| <b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities</b> |                               |                               |                               |                              |                               |
| Operating Loss   | \$ (26,552,900)               | \$ (19,186,220)               | \$ (36,315,762)               | \$ (3,294,712)               | \$ (85,349,594)               |
| Depreciation and Amortization Expense  | 2,727,068                     | 2,449,551                     | 5,398,969                     | 76,653                       | 10,652,241                    |
| Changes in Operating Assets and Liabilities:   |                               |                               |                               |                              |                               |
| Receivables, Net   | 36,936                        | 46,688                        | (204,819)                     | (4,840)                      | (126,035)                     |
| Inventories  | 6,863                         | (1,201)                       | (1,622)                       | -                            | 4,040                         |
| Accounts Payable and Accrued Liabilities   | 219,935                       | 76,241                        | (463,754)                     | (28,487)                     | (196,065)                     |
| Accrued Compensated Absences   | 67,770                        | (131,991)                     | (174,782)                     | 25,970                       | (213,033)                     |
| Other Assets and Liabilities   | (67,004)                      | 330,775                       | (344,336)                     | (5,160)                      | (85,725)                      |
| <b>Net Cash Used in Operating Activities</b>   | <u><u>\$ (23,561,332)</u></u> | <u><u>\$ (16,416,157)</u></u> | <u><u>\$ (32,106,106)</u></u> | <u><u>\$ (3,230,576)</u></u> | <u><u>\$ (75,314,171)</u></u> |
| <b>Non-Cash Transactions</b>   |                               |                               |                               |                              |                               |
| Accounts Payable Incurred for Capital Asset Purchases                                | \$ 81,063                     | \$ 13,358                     | \$ 1,491,361                  | \$ 1,863,229                 | \$ 3,449,011                  |
| Refunding Bond Proceeds Delivered to Escrow Agent                                    | -                             | -                             | -                             | 20,394,934                   | 20,394,934                    |
| Acquisitions of Right-to-Use Asset Through Lease Obligations                         | -                             | 27,706                        | -                             | -                            | 27,706                        |
| Acquisition of Right-to-Use Assets Through Subscription Obligations                  | 254,205                       | 35,945                        | 492,613                       | -                            | 782,763                       |
|  |                               |                               |                               |                              | (Concluded)                   |



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA STATE COLLEGE SYSTEM  
(A COMPONENT UNIT OF THE STATE OF NEBRASKA)

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees of the Nebraska State College System  
Lincoln, NE

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities, fiduciary activities, and the discretely presented component units of the Nebraska State College System (NSCS) (a component unit of the State of Nebraska), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the NSCS's basic financial statements, and have issued our report thereon dated December 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the Nebraska State College System Foundations, the Nebraska State Colleges Facilities Corporation, and the activity of the Nebraska State College System Revenue and Refunding Bond Program, as described in our report on the NSCS's financial statements. The financial statements of these entities and program were not audited in accordance with *Government Auditing Standards*; accordingly, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the NSCS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Nebraska State College System's Findings and Responses**

We also noted in our separately issued management letter dated December 7, 2023, certain other matters that we reported to management of the NSCS.

### **NSCS's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the NSCS's responses to findings identified in our audit and described in our separately issued management letter. The NSCS's responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

December 7, 2023



Zachary Wells, CPA, CISA  
Assistant Deputy Auditor  
Lincoln, Nebraska