
***SOUTHEAST MISSOURI
UNIVERSITY FOUNDATION***
FINANCIAL STATEMENTS
JUNE 30, 2025

Contents

	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Statement Of Financial Position.....	4 - 5
Statement Of Activities	6 - 7
Statement Of Cash Flows.....	8
Notes To Financial Statements.....	9 - 29
Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of The Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	30 - 31

Independent Auditors' Report

Board of Directors
Southeast Missouri University Foundation
Cape Girardeau, Missouri

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Southeast Missouri University Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, 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 Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 for 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 auditors' 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 auditing standards generally accepted in the United States of America 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

RubinBrown LLP

November 18, 2025

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

Page 1 Of 2

	June 30,	
	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,000,671	\$ 2,888,166
Current investments	4,765,414	7,978,459
Receivables:		
Pledges receivable (net of allowance of \$42,302 and \$51,758 in 2025 and 2024, respectively)	343,818	398,816
Note receivable	—	343,577
Accrued interest receivable	115,027	126,125
Lease receivable	28,279	43,988
Prepaid expenses	62,650	—
Total Current Assets	13,315,859	11,779,131
Noncurrent Assets		
Noncurrent investments	141,533,154	132,855,130
Cash surrender value of life insurance	844,097	804,446
Pledges receivable (net of allowance of \$30,483 and \$24,003 in 2025 and 2024, respectively)	247,761	184,951
Property held for resale and development	1,250,838	1,250,838
Property and equipment, net of accumulated depreciation	9,506,883	9,839,397
Total Noncurrent Assets	153,382,733	144,934,762
Total Assets	\$ 166,698,592	\$ 156,713,893

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

Page 2 Of 2

	June 30,	
	2025	2024
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 69,197	\$ 39,390
Due to primary institution - University	1,013,450	1,127,446
Funds held for others	65,891	55,238
Annuity and trust obligations	174,265	168,509
Total Current Liabilities	1,322,803	1,390,583
Noncurrent Liabilities		
Annuity and trust obligations	819,389	897,342
Due to primary institution - University	2,550,182	2,328,470
Total Noncurrent Liabilities	3,369,571	3,225,812
Total Liabilities	4,692,374	4,616,395
Net Assets		
Without donor restriction	25,479,381	19,203,043
With donor restriction	136,526,837	132,894,455
Total Net Assets	162,006,218	152,097,498
Total Liabilities And Net Assets	\$ 166,698,592	\$ 156,713,893

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
Support, Revenue, Gains And Losses			
Contributions, of cash and other financial assets, net of discount	\$ 113,432	\$ 4,022,188	\$ 4,135,620
Contributions of nonfinancial assets	—	124,254	124,254
Investment return	3,064,956	11,135,863	14,200,819
Rental income	155,515	—	155,515
Special events, net of expense	—	66,145	66,145
Loss on annuity and trust obligations	—	(112,280)	(112,280)
Other revenues and transfers	34	549,937	549,971
Net assets released from restrictions	12,153,725	(12,153,725)	—
Total Support, Revenue, Gains And Losses	15,487,662	3,632,382	19,120,044
Expenses And Losses			
Program expenses	7,221,974	—	7,221,974
Management and general	1,427,915	—	1,427,915
Fundraising	561,435	—	561,435
Total Expenses And Losses	9,211,324	—	9,211,324
Change In Net Assets	6,276,338	3,632,382	9,908,720
Net Assets - Beginning Of Year	19,203,043	132,894,455	152,097,498
Net Assets - End Of Year	\$ 25,479,381	\$ 136,526,837	\$ 162,006,218

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Support, Revenue, Gains And Losses			
Contributions, of cash and other financial assets, net of discount	\$ 567,939	\$ 9,307,812	\$ 9,875,751
Contributions of nonfinancial assets	500	207,495	207,995
Investment return	3,400,088	10,525,886	13,925,974
Rental income	136,212	23,006	159,218
Special events, net of expense	5,000	—	5,000
Loss on annuity and trust obligations	—	(169,301)	(169,301)
Other revenues and transfers	45,090	446,694	491,784
Net assets released from restrictions	6,817,276	(6,817,276)	—
Total Support, Revenue, Gains And Losses	10,972,105	13,524,316	24,496,421
Expenses And Losses			
Program expenses	8,795,804	—	8,795,804
Management and general	968,914	—	968,914
Fundraising	602,850	—	602,850
Total Expenses And Losses	10,367,568	—	10,367,568
Change In Net Assets	604,537	13,524,316	14,128,853
Net Assets - Beginning Of Year	18,598,506	119,370,139	137,968,645
Net Assets - End Of Year	\$ 19,203,043	\$ 132,894,455	\$ 152,097,498

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ 9,908,720	\$ 14,128,853
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	176,835	182,885
Net realized and unrealized investment gains	(10,629,425)	(11,230,167)
Contributions restricted for endowment	(2,673,710)	(7,273,132)
Change in value of annuity obligations	11,688	174,466
Transfer of net book value of property to University	155,679	—
Cash surrender value of life insurance	(39,651)	(22,242)
Changes in assets and liabilities:		
Pledges receivable	(7,812)	(127,530)
Accrued interest receivable	11,098	6,576
Lease receivable	15,709	(20,422)
Prepaid expenses	(62,650)	—
Accounts payable and other liabilities	148,176	(117,093)
Net Cash Used In Operating Activities	(2,985,343)	(4,297,806)
Cash Flows From Investing Activities		
Proceeds from the sale/maturity of investments	46,872,090	9,613,020
Purchase of investments, including reinvested income	(41,707,644)	(11,117,172)
Receipts from note receivable	343,577	32,080
Net Cash Provided By (Used In) Investing Activities	5,508,023	(1,472,072)
Cash Flows From Financing Activities		
Contributions restricted for endowment	2,673,710	7,273,132
Payments to annuitants and recipients	(173,814)	(174,108)
Proceeds from issuance of annuities	89,929	—
Payments on notes payable	—	(413,375)
Net Cash Provided By Financing Activities	2,589,825	6,685,649
Net Increase In Cash And Cash Equivalents	5,112,505	915,771
Cash And Cash Equivalents - Beginning Of Year	2,888,166	1,972,395
Cash And Cash Equivalents - End Of Year	\$ 8,000,671	\$ 2,888,166

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 And 2024

1. Nature Of Operations And Summary Of Significant Accounting Policies

Nature Of Operations

The Southeast Missouri University Foundation (the Foundation) was formed in 1983 to assist in the physical and functional development and advancement of Southeast Missouri State University (the University) and the performance of its educational and charitable functions.

Basis Of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) for non-profit entities. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors for general purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions. Donor restricted net assets are further categorized as time or purpose restricted or perpetual in nature. Restricted net assets that are perpetual in nature require the Foundation to maintain such assets permanently while permitting the Foundation to expend the income, dividends, interest, and gains and losses on investments generated, in accordance with the provisions of the donor-imposed stipulations or a Board-approved spending policy.

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

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

At June 30, 2025, the Foundation's cash accounts are fully insured or collateralized.

Investments And Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Fair value is estimated based on quoted market prices. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investments in cash and cash equivalents, money market funds, and certificates of deposit are measured at amortized cost. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. The estimate of credit losses associated with investments measured at amortized cost is considered remote and therefore no allowances for credit losses have been recognized related to these investments.

Investment income that is originally restricted by the donor and for which the restriction is met in the same time period are recorded as net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities as without donor restriction, or with donor restriction 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 quarterly to the individual endowments based on the relationship 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.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

Property And Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

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

Building	15-40 years
Equipment	5-10 years
Furniture and fixtures	5-10 years

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is 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 June 30, 2025 or 2024.

Pledges And Contributions

Gifts of cash and other assets received without donor stipulations are reported as support and revenue and net assets without donor restriction. Gifts received with a donor stipulation that limits their use are reported as support and revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets with donor restriction and then released from restriction. The Foundation provides an allowance for uncollectible pledges, which is evaluated on a regular basis by management and is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (*Continued*)

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

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

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Contributions Of Nonfinancial Assets

In addition to receiving contributions of cash and securities, the Foundation receives contributions of nonfinancial assets from various donors. For the years ended June 30, 2025 and 2024, contributions of nonfinancial assets consisted of \$124,254 and \$207,995, respectively, of personal property contributions. All other contributed nonfinancial assets are utilized during the year. Nonfinancial assets received are valued at fair value.

Properties Held For Resale And Development

Certain land and other property donated to the Foundation is currently held for resale and development. The carrying value of these properties was recorded based on their appraised values at the time of their contributions. The carrying value of these properties is reported at the lower of cost or fair value.

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's tax returns for tax years 2022 and later remain subject to examination by taxing authorities.

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. Expenses that are directly identifiable as costs of operating the program are charged to program services. Expenses that are directly identifiable as management and general or fundraising costs have been charged to those categories. Certain costs have been allocated among the program, management and general and fund-raising categories based on the direct costs associated with those functional categories.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

2. Investments And Investment Return

Investments at June 30 consisted of the following:

	2025	2024
Cash and money market funds	\$ 3,650,882	\$ 5,715,352
Certificates of deposit	317,064	1,734,758
Equities:		
Domestic	28,757,684	25,904,776
Developing international	5,782,483	5,289,796
Mutual Funds:		
Domestic equity	38,598,360	34,486,123
Developing international equity	28,279,851	30,241,410
Emerging market equity	8,132,537	6,082,919
International fixed income	11,258,377	7,752,116
Other equity	8,227,510	10,969,918
Corporate bonds	6,330,456	6,125,372
Asset backed securities	271,619	404,464
U.S. Treasury securities	2,767,624	2,260,431
U.S. government agency obligations	3,111,848	2,704,546
Municipal securities	812,273	885,322
Alternative strategies	—	276,286
	146,298,568	140,833,589
Less: short-term investments	4,765,414	7,978,459
	\$ 141,533,154	\$ 132,855,130

Total investment return is comprised of the following:

	2025	2024
Interest and dividends, net of fees	\$ 3,571,394	\$ 2,695,807
Unrealized and realized investment gains	10,629,425	11,230,167
Net investment return	\$ 14,200,819	\$ 13,925,974

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

Alternative Investments

The fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held at June 30, 2024 consists of the following:

	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multistrategy hedge fund (A)	\$ 276,286	\$ —	Not Available	Not Available

(A) This is an investment in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The fund's composite portfolio includes investments in U.S. common stocks, global real estate projects and arbitrage investments.

There were no investments measured at NAV at June 30, 2025.

3. Pledges Receivable

Pledges receivable at June 30 consisted of the following:

	2025	2024
Due within one year	\$ 386,120	\$ 450,574
Due in one to five years	310,506	224,560
Due in more than five years	30,000	25,000
	726,626	700,134
Less: Unamortized discount	(62,262)	(40,606)
Less: Allowance for uncollectible contributions	(72,785)	(75,761)
	\$ 591,579	\$ 583,767

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

4. Property And Equipment

Property and equipment at June 30 consisted of the following:

	2025	2024
Land	\$ 7,498,885	\$ 7,620,564
Buildings and improvement	6,715,952	7,055,955
Vehicles and equipment	159,266	159,266
	14,374,103	14,835,785
Less: Accumulated depreciation	(4,867,220)	(4,996,388)
	\$ 9,506,883	\$ 9,839,397

5. Note Receivable

On December 9, 2013, the Foundation sold the property located at 401 and 505 Washington Avenue to APG Limited, LLC (APG Limited). APG Limited signed a 10-year promissory note with an interest rate of 2.25% for the amount of \$647,000 to the Foundation. APG Limited was required to pay 119 payments of \$3,350 and a final balloon payment of \$362,378. The note fully matured during the year ended June 30, 2024; however, payment in full was not made at the maturity date. The remaining balance due at June 30, 2024 totaled \$343,577. The Foundation received subsequent payment in full for this note receivable on October 15, 2024 and no amounts remained due on this note receivable at June 30, 2025.

6. Net Assets

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

	2025	2024
Endowed - perpetual	\$ 83,245,143	\$ 80,944,917
Endowed - accumulated investment earnings - not yet approved for spending	25,335,722	24,698,557
Endowed - spendable	10,994,858	10,484,774
Annuities and property - long-term	4,114,519	3,677,374
Spendable - restricted for purpose	12,653,614	12,907,857
Loans	182,981	180,976
	\$ 136,526,837	\$ 132,894,455

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (*Continued*)

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

	2025	2024
Scholarships	\$ 3,635,042	\$ 2,281,045
Loans	920	100
Other purpose restrictions accomplished	8,517,763	4,536,131
	<u>\$ 12,153,725</u>	<u>\$ 6,817,276</u>

7. Endowment

The Foundation's endowment consists of 992 individual funds established for a variety of purposes at June 30, 2025 and 2024. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at June 30, 2025 and 2024, was:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ —	\$ 119,575,723	\$ 119,575,723
Board-designated endowment funds	4,439,425	—	4,439,425
	\$ 4,439,425	\$ 119,575,723	\$ 124,015,148

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ —	\$ 116,128,248	\$ 116,128,248
Board-designated endowment funds	4,247,355	—	4,247,355
	\$ 4,247,355	\$ 116,128,248	\$ 120,375,603

Changes in endowment net assets for the years ended June 30 was as follows:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Endowment investments, July 1, 2024	\$ 4,247,355	\$ 116,128,248	\$ 120,375,603
Investment return	191,315	9,497,082	9,688,397
Contributions	755	2,672,955	2,673,710
Appropriations of endowment assets for expenditure	—	(4,041,390)	(4,041,390)
Other revenues	—	262,358	262,358
Other transfers/releases	—	(4,943,530)	(4,943,530)
Endowment investments, June 30, 2025	\$ 4,439,425	\$ 119,575,723	\$ 124,015,148

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Endowment investments, July 1, 2023	\$ 3,735,623	\$ 101,591,599	\$ 105,327,222
Investment return	235,037	8,998,747	9,233,784
Contributions	1,400	7,271,732	7,273,132
Appropriations of endowment assets for expenditure	—	(2,453,747)	(2,453,747)
Other revenues	—	195,430	195,430
Other transfers	275,295	524,487	799,782
Endowment investments, June 30, 2024	\$ 4,247,355	\$ 116,128,248	\$ 120,375,603

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. No deficiencies of this nature are reported in net assets with donor restrictions at June 30, 2025 or 2024.

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. The Foundation expects its endowment funds to provide an average rate of return of approximately 6.0 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 and capital appreciation. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy for allocating endowment income with the objective of preserving the principal of the endowment and providing a percentage of income to cover a portion of overhead expenses. The policy provides for a 5.0% annual spending rate which is satisfied first from endowment interest and dividend earnings. To the extent these earnings are inadequate to meet the annual spending rate, a portion of cumulative realized net gains may be made available for current use. Any interest and dividend earnings in excess of the 5.0% annual spending rate are reinvested and maintained in the endowment fund balance. In addition, an amount equivalent to 1.0% of principal is assessed to the endowment to cover overhead costs.

8. Annuity And Trust Obligations

The Foundation has been the recipient of several gift annuities, which require future payments to the contributors or their named beneficiaries. The assets received from the donor are recorded at fair value and included in investments in the Foundation's statement of financial position. The Foundation has recorded a liability of \$914,897 and \$970,755 at June 30, 2025 and 2024, respectively, which represents the estimated fair value of the future annuity obligations. The liability has been determined using a discount rate of 9.03% and 7.31% at June 30, 2025 and 2024, respectively. No contribution revenue was recorded in the statement of activities for the years ended June 30, 2025 or 2024.

The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use. Assets held in the charitable remainder trusts are recorded at fair value and included in investments in the Foundation's statements of financial position. The Foundation has recorded a liability at June 30, 2025 and 2024, of \$78,757 and \$95,096 respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 9.03% and 7.31% at June 30, 2025 and 2024, respectively, and applicable mortality tables. The portion of the trusts attributable to the future interest of the Foundation is recorded in the statement of activities as contributions with donor restrictions in the period the trust is established.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

The Foundation received cash contributions of \$89,929 to establish an additional annuity for which the initial liability recognized for this annuity obligation totaled \$45,137. No contribution revenue was recognized under such agreements for the year ended June 30, 2024.

9. Operating Leases

The Foundation leases certain plant assets to the University and other parties. These leases will expire on various dates through fiscal year 2029. Future minimum lease payments at June 30, 2025 were:

Year	Amount
2026	\$ 117,381
2027	74,520
2028	24,164
2029	2,925
2030	2,925
Thereafter	8,775
	<hr/>
	\$ 230,690

10. Disclosures About Fair Value Of Assets And Liabilities

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

There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

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

Recurring Measurements

The following tables present 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 June 30, 2025 and 2024:

	2025			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equities	\$ 34,540,167	\$ 34,540,167	\$ —	\$ —
Mutual funds	94,496,635	94,496,635	—	—
Corporate bonds	6,330,456	—	6,330,456	—
Asset backed securities	271,619	—	271,619	—
U.S. treasury securities	2,767,624	2,767,624	—	—
U.S. government obligations	3,111,848	—	3,111,848	—
Municipal securities	812,273	—	812,273	—
	142,330,622	\$ 131,804,426	\$ 10,526,196	\$ —
Investments measured at amortized cost:				
Cash and money market funds	3,650,882			
Certificates of deposit	317,064			
Total Investments	\$ 146,298,568			
Annuity And Trust Obligations	\$ 993,654	\$ —	\$ —	\$ 993,654
	2024			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equities	\$ 31,194,572	\$ 31,194,572	\$ —	\$ —
Mutual funds	89,532,486	89,532,486	—	—
Corporate bonds	6,125,372	—	6,125,372	—
Asset backed securities	404,464	—	404,464	—
U.S. treasury securities	2,260,431	2,260,431	—	—
U.S. government obligations	2,704,546	—	2,704,546	—
Municipal securities	885,322	—	885,322	—
	133,107,193	\$ 122,987,489	\$ 10,119,704	\$ —
Investments measured at amortized cost:				
Cash and money market funds	5,715,352			
Certificates of deposit	1,734,758			
Investments measured at net asset value (a):				
Alternative strategies	276,286			
Total Investments	\$ 140,833,589			
Annuity And Trust Obligations	\$ 1,065,851	\$ —	\$ —	\$ 1,065,851

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

- (a) In accordance with Subtopic 820-10, investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statements of Financial Position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2025 and 2024.

Investments

Where quoted market prices are available in an active market, investments 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 investments 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 investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Annuities And Trusts Obligations

Fair value is estimated using a present value technique which utilizes an internal rate of return. Due to the nature of the valuation inputs, the liability is classified within Level 3 of the hierarchy.

Level 3 Valuation Process

Fair value determinations for Level 3 measurements are the responsibility of management. Management utilizes a software program to generate fair value estimates on an annual basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Annuity And Trust Obligations
Balance as of July 1, 2023	\$ 1,065,493
Change in unrealized appreciation	5,165
Payments to annuitants and recipients	(174,108)
Change in valuation	169,301
Balance as of June 30, 2024	1,065,851
Change in unrealized depreciation	(55,800)
Contributions	45,137
Payments to annuitants and recipients	(173,814)
Change in valuation	112,280
Balance as of June 30, 2025	<u>\$ 993,654</u>

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at June 30, 2025 and 2024.

	Fair Value At June 30, 2025	Fair Value At June 30, 2024	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Annuity and trust obligations	\$ 993,654	\$ 1,065,851	Present value of future expected payments to be made	Internal rate of return utilized	Not applicable

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

11. Functional Expenses

Expense by functional classification for the year ended June 30, are as follows:

	2025			
	Program Services	Management And General	Fundraising	Total
Donations to Southeast Missouri State University	\$ 5,936,367	\$ 1,668	\$ 430,243	\$ 6,368,278
Accounting	—	43,500	—	43,500
Legal fees	—	1,988	—	1,988
Supplies	219,166	31,630	13,998	264,794
Telephone	785	3,400	600	4,785
Postage and shipping	260	180	—	440
Occupancy	8,073	—	750	8,823
Printing and publications	17,525	2,310	8,556	28,391
Travel	91,849	17,657	9,624	119,130
Conferences, conventions, meetings	17,351	10,347	3,150	30,848
Depreciation and amortization	176,835	—	—	176,835
Other rentals	29,477	250	—	29,727
Insurance	4,466	22,282	—	26,748
Professional services	233,553	1,154,357	3,021	1,390,931
Taxes	—	1,258	—	1,258
Banquet catering	145,966	31,946	47,797	225,709
Prizes and awards	52,958	29,142	9,737	91,837
Dues and memberships	44,044	34,179	2,844	81,067
Miscellaneous	243,299	41,821	31,115	316,235
Total Functional Expenses	\$ 7,221,974	\$ 1,427,915	\$ 561,435	\$ 9,211,324

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (Continued)

	2024			
	Program Services	Management And General	Fundraising	Total
Donations to Southeast Missouri				
State University	\$ 7,682,591	\$ 36,847	\$ 395,283	\$ 8,114,721
Accounting	—	22,400	—	22,400
Legal fees	3,109	—	—	3,109
Supplies	127,960	31,134	11,811	170,905
Telephone	1,235	3,300	550	5,085
Postage and shipping	1,234	63	1,227	2,524
Occupancy	104,421	191	785	105,397
Printing and publications	15,389	14,038	20,622	50,049
Travel	99,512	35,132	6,918	141,562
Conferences, conventions, meetings	34,533	5,295	2,112	41,940
Interest	2,205	—	—	2,205
Depreciation and amortization	182,885	—	—	182,885
Other rentals	46,527	300	2,419	49,246
Insurance	2,681	54,480	—	57,161
Professional services	116,277	553,547	38,516	708,340
Taxes	1,258	—	—	1,258
Banquet catering	67,438	50,543	38,687	156,668
Prizes and awards	63,526	40,112	11,926	115,564
Dues and memberships	73,850	33,479	9,966	117,295
Miscellaneous	169,173	88,053	62,028	319,254
Total Functional Expenses	\$ 8,795,804	\$ 968,914	\$ 602,850	\$ 10,367,568

12. Related-Party Transactions

The Foundation functions as the official gift-receiving organization for the University. As such, it solicits and receives gifts for the University, manages the funds received and disburses restricted funds in accordance with donor restrictions. The Foundation contributed \$6,368,278 and \$8,114,721 of cash and gifts-in-kind to the University during the years ended June 30, 2025 and 2024, respectively. The University leases the Foundation's various real estate properties and the Foundation is billed monthly for the use of University services. Employees that conduct Foundation business in addition to their University duties are paid by the University. The Foundation is billed by the University annually for the personnel costs related to Foundation business. The amounts billed for personnel costs are included in professional services expense in management and general and totaled \$1,130,067 and \$553,492 for the years ended June 30, 2025 and 2024, respectively.

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements (*Continued*)

Amounts payable to the University at June 30, 2025 and 2024 include \$2,550,179 and \$2,328,470, respectively, of University endowment assets managed by the Foundation on behalf of the University. The remainder payable to the University at June 30, 2025 and 2024 totaling \$1,013,451 and \$1,127,446, respectively, consists of amounts due to the University for personnel costs as described above, as well as payments due on scholarships funded by the Foundation.

The Foundation also receives, manages and disburses the funds of the Southeast Athletic booster club (RedHawks Club), of which \$541,200 and \$511,850 is held in the endowment funds of the Foundation as of June 30, 2025 and 2024, respectively.

Contributions from Foundation and University board members totaled approximately \$397,000 and \$186,000 for the years ended June 30, 2025 and 2024, respectively.

13. Significant Estimates And Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for doubtful accounts are reflected in the footnote regarding contributions receivable. Other significant estimates and concentrations not discussed in those footnotes include:

Contributions

Approximately 59% of all contributions receivable were from three donors as of June 30, 2025. Approximately 73% of all contributions receivable were from three donors as of June 30, 2024.

Approximately 33% of all contribution revenue was received from one donor in the year ended June 30, 2025. Approximately 30% of all contribution revenue was received from two donors in the year ended June 30, 2024.

Investments

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

14. Liquidity And Availability Of Financial Assets

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund scholarship programs.

The Foundation considers investment income without donor restrictions, appropriate earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restriction for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative, general and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

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

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

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION

Notes To Financial Statements *(Continued)*

The following reflects the Foundation's financial assets as of June 30, 2025 and 2024. All of the financial assets have a liquidity period of one year or less:

	2025	2024
Cash and cash equivalents	\$ 8,000,671	\$ 2,888,166
Current investments	4,765,414	7,978,459
Noncurrent investments	141,533,154	132,855,130
Pledges receivable	591,579	583,767
Notes receivable	—	343,577
Accrued interest receivable	115,027	126,125
Lease receivable	28,279	43,988
Cash surrender value of life insurance	844,097	804,446
Total financial assets	155,878,221	145,623,658
Less amounts not available to be used within one year:		
Annuity and trust obligations	993,654	1,065,851
Funds held for others	65,891	55,238
Amounts with donor restrictions	136,526,837	132,894,455
Total amounts not available to be used within one year	137,586,382	134,015,544
Financial assets available to meet cash needs for general expenditures within one year	\$ 18,291,839	\$ 11,608,114

**Independent Auditor's Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of The Financial
Statements Performed In Accordance
With *Government Auditing Standards***

Board of Directors
Southeast Missouri University Foundation
Cape Girardeau, Missouri

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 Southeast Missouri University Foundation (the Foundation), a component unit of Southeast Missouri State University, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2025.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report On Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

November 18, 2025