059 11/14/2012 2 11 PM

Form 990 — Return of Organization Exempt From Income Tax

Department of the Treasury Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07/01/11 , and ending 06/30/12

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending

C Name of organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address): FOUNDERS HALL 1501 STATE STREET

Room/suite

City or town, state or country, and ZIP + 4: MARSHALL MN 56258

D Employer identification number: 23-7108470

E Telephone number: 507-532-6265

G Gross receipts $ 5,498,208

F Name and address of principal officer

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) Are all affiliates included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website ▶ www.southwestmsu.edu

H(c) Group exemption number ▶

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1963

M State of legal domicile MN

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities

TO PROMOTE SOUTHWEST MINNESOTA STATE UNIVERSITY AND RAISE MONEY FOR SCHOLARSHIPS FOR STUDENTS.

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	26
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	26
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	0
6 Total number of volunteers (estimate if necessary)	6	75
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	113,316
b Net unrelated business taxable income from Form 990-T, line 34	7b	75,178

	Prior Year	Current Year
Revenue		
8 Contributions and grants (Part VIII, line 1h)	2,358,884	2,503,777
9 Program service revenue (Part VIII, line 2g)	186,669	239,125
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	331,934	277,722
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	343,716	194,478
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,221,203	3,215,102
Expenses		
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,022,347	920,633
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	122,738	105,777
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 228,453		
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	767,343	907,748
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,912,428	1,934,158
19 Revenue less expenses Subtract line 18 from line 12	1,308,775	1,280,944

Net Assets or Fund Balances	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	15,836,622	16,272,625
21 Total liabilities (Part X, line 26)	7,236,442	6,514,738
22 Net assets or fund balances Subtract line 21 from line 20	8,600,180	9,757,887

RECEIVED NOV 19 2012 IRS-OSC OGDEN, UT

SCANNED NOV 29 2012

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here ▶ Bill Mulso — Signature of officer

Date 11-14-12

▶ Executive Director, Bill Mulso — Type or print name and title

Paid Preparer Use Only				
Print/Type preparer's name: PATRICK LOUWAGIE,CPA	Preparer's signature: PATRICK LOUWAGIE,CPA	Date: 11/14/12	Check ☐ if self-employed	PTIN: P00120374
Firm's name ▶ Hoffman & Brobst, PLLP			Firm's EIN ▶ 41-0978542	
Firm's address ▶ PO Box 548 Marshall, MN 56258			Phone no 507-532-5735	

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

DAA

Form 990 (2011)

G+14

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III ☐

1 Briefly describe the organization's mission:

TO PROMOTE SOUTHWEST MINNESOTA STATE UNIVERSITY AND RAISE MONEY FOR SCHOLARSHIPS FOR STUDENTS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 625,499 including grants of $ 625,499) (Revenue $)

SCHOLARSHIPS: A SPECIFIC GIFT APPLIES TOWARD TUITION AND FEES FOR STUDENTS WHO DEMONSTRATE ACADEMIC AND/OR ATHLETIC LEADERSHIP, TO CONTINUE THEIR STUDIES AT SOUTHWEST MINNESOTA STATE UNIVERSITY.

4b (Code) (Expenses $ 782,000 including grants of $ 164,837) (Revenue $)

UNIVERSITY PROMOTION AND RECRUITMENT: MONIES USED TO PROMOTE SOUTHWEST MINNESOTA STATE UNIVERSITY THROUGH THE ADVERTISING MEDIA AND TO RECRUIT OUTSTANDING INDIVIDUALS TO ATTEND SOUTHWEST MINNESOTA STATE UNIVERSITY.

4c (Code) (Expenses $ 130,297 including grants of $ 130,297) (Revenue $)

MINNESOTA AG & RURAL LEADERSHIP PROGRAM - A PROGRAM TO EDUCATE AREA RESIDENTS TO BECOME BETTER RURAL LEADERS AND TO TEACH THEM ON VARIOUS AG RELATED ISSUES.

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 1,537,796

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	X	
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		X
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	X	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		X
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules (continued)

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	X	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? If "Yes," complete Schedule M	29	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	0			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country ▶					
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a		
	Note. See the instructions for additional information the organization must report on Schedule O					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O			14b		

Part VI Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O	1a 26			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 26			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6	Did the organization have members or stockholders?		6		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?		8a	X	
b	Each committee with authority to act on behalf of the governing body?		8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		X
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a		X
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c		
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		X
b	Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)	15b		X
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ MN

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply

[ ] Own website [ ] Another's website [X] Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ KAREN KAAS 1501 STATE STREET
MARSHALL MN 56258 507-537-6265

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees; and former such persons

☒ Check this box if neither the organization nor any related organizations compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) ROBERT AUFENTHIE DIRECTOR	1.00	X						0	0	0
(2) JULIE BLEYHL DIRECTOR	1.00	X						0	0	0
(3) DEB BOULTON DIRECTOR	1.00	X						0	0	0
(4) TIMOTHY BURNS DIRECTOR	1.00	X						0	0	0
(5) CHUCK MYRBACH DIRECTOR	1.00	X						0	0	0
(6) VONNIE CARDA DIRECTOR	1.00	X						0	0	0
(7) BILL DELAY DIRECTOR	1.00	X						0	0	0
(8) SHELDON HAALAND DIRECTOR	1.00	X						0	0	0
(9) ROGER MADISON SECRETARY-TREASURER	1.00	X						0	0	0
(10) RICHARD MAERTENS DIRECTOR	1.00	X						0	0	0
(11) ROGER MOHR DIRECTOR	1.00	X						0	0	0
(12) ORIAN MUECKE DIRECTOR	1.00	X						0	0	0
(13) BRUCE SAUGSTAD DIRECTOR	1.00	X						0	0	0
(14) BILL TOULOUSE DIRECTOR	1.00	X						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) ROBERT GUNTHER DIRECTOR	1.00	X						0	0	0
(16) LEE FRENCH DIRECTOR	1.00	X						0	0	0
(17) KEN MUKOMELA DIRECTOR	1.00	X						0	0	0
(18) MARILYN MCLAUGHLIN DIRECTOR	1.00	X						0	0	0
(19) MIKE RICH DIRECTOR	1.00	X						0	0	0
(20) MAREN LARSON DIRECTOR	1.00	X						0	0	0
(21) MARY MEADEN DIRECTOR	1.00	X						0	0	0
(22) BRAD WINKELMAN PAST PRESIDENT	1.00			X				0	0	0
(23) DANIEL KOSTER PRESIDENT	1.00			X				0	0	0
(24) DIANE TAYLOR 1ST VICE PRESIDENT	1.00			X				0	0	0
(25) DORENE KRONKE-MCCOURT 2ND VICE PRESIDENT	1.00			X				0	0	0
1b Sub-total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶										

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 0

			Yes	No
3	Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3		X
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If "Yes," complete Schedule J for such individual	4		X
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts						
1a Federated campaigns	1a					
b Membership dues	1b					
c Fundraising events	1c	36,474				
d Related organizations	1d					
e Government grants (contributions)	1e					
f All other contributions, gifts, grants, and similar amounts not included above	1f	2,467,303				
g Noncash contributions included in lines 1a-1f	$	36,474				
h **Total.** Add lines 1a–1f		▶	2,503,777			
Program Service Revenue		Busn Code				
2a MINNESOTA AG RURAL LEADERSHIP			239,125			239,125
b						
c						
d						
e						
f All other program service revenue						
g **Total.** Add lines 2a–2f		▶	239,125			
Other Revenue						
3 Investment income (including dividends, interest, and other similar amounts)		▶	142,103			142,103
4 Income from investment of tax-exempt bond proceeds		▶				
5 Royalties		▶				
	(i) Real	(ii) Personal				
6a Gross rents	791,722					
b Less rental exps	761,367					
c Rental inc or (loss)	30,355					
d Net rental income or (loss)		▶	30,355			30,355
7a Gross amount from sales of assets other than inventory	(i) Securities 1,222,342	(ii) Other 342,318				
b Less cost or other basis & sales exps	1,194,815	234,226				
c Gain or (loss)	27,527	108,092				
d Net gain or (loss)		▶	135,619	135,619		
8a Gross income from fundraising events (not including $ 33,249 of contributions reported on line 1c) See Part IV, line 18	a	156,447				
b Less direct expenses	b	92,408				
c Net income or (loss) from fundraising events		▶	64,039			
9a Gross income from gaming activities See Part IV, line 19	a					
b Less direct expenses	b					
c Net income or (loss) from gaming activities		▶				
10a Gross sales of inventory, less returns and allowances	a	460				
b Less cost of goods sold	b	290				
c Net income or (loss) from sales of inventory		▶	170			170
Miscellaneous Revenue		Busn Code				
11a ADVERTISING REVENUE		541800	113,316		113,316	
b ATM INCOME			1,037			1,037
c INCREASE IN CV LIFE INSURANCE			-14,439			-14,439
d All other revenue						
e **Total.** Add lines 11a–11d		▶	99,914			
12 **Total revenue.** See instructions		▶	3,215,102	135,619	113,316	398,351

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	164,837	164,837		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	755,796	755,796		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	105,777	85,920	19,857	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	3,968	2,708	400	860
13 Office expenses	38,064	24,025		14,039
14 Information technology				
15 Royalties				
16 Occupancy	171,541	23,701	130,120	17,720
17 Travel	187,219	180,626	1,156	5,437
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	78,083	78,083		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	18,501	17,696	413	392
23 Insurance	6,992	2,062	1,639	3,291
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a RECEPTIONS AND SOCIALS	134,173	36,743	1,516	95,914
b SUPPLIES	109,576	96,294	1,561	11,721
c GIFTS AND AWARDS	64,600	48,158		16,442
d SERVICE CONTRACTS	42,718	768	48	41,902
e All other expenses	52,313	20,379	11,199	20,735
25 Total functional expenses Add lines 1 through 24e	1,934,158	1,537,796	167,909	228,453
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest bearing		17,076	1	68,982
	2	Savings and temporary cash investments		92,338	2	123,771
	3	Pledges and grants receivable, net		1,108,005	3	763,817
	4	Accounts receivable, net		11,385	4	20,555
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		25,768	8	25,207
	9	Prepaid expenses and deferred charges		6,757	9	4,363
	10a	Land, buildings, and equipment. cost or other basis Complete Part VI of Schedule D	10a 8,267,984			
	b	Less accumulated depreciation	10b 1,555,250	7,008,507	10c	6,712,734
	11	Investments—publicly traded securities		7,076,284	11	8,085,760
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		490,502	15	467,436
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		15,836,622	16	16,272,625
Liabilities	17	Accounts payable and accrued expenses		70,989	17	150,520
	18	Grants payable			18	
	19	Deferred revenue		602,533	19	391,543
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,562,920	25	5,972,675
	26	**Total liabilities.** Add lines 17 through 25		7,236,442	26	6,514,738
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		690,263	27	605,204
	28	Temporarily restricted net assets		4,909,887	28	5,997,908
	29	Permanently restricted net assets		3,000,030	29	3,154,775
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		8,600,180	33	9,757,887
	34	Total liabilities and net assets/fund balances		15,836,622	34	16,272,625

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,215,102
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,934,158
3	Revenue less expenses Subtract line 2 from line 1	3	1,280,944
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	8,600,180
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-123,237
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	9,757,887

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

008059 11/14/2012 2 11 PM

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number: 23-7108470

Part I Reason for Public Charity Status (All organizations must complete this part) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 [ ] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5 [X] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II)

9 [ ] An organization that normally receives. (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 [ ] An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a [ ] Type I b [ ] Type II c [ ] Type III–Functionally integrated d [ ] Type III–Other

e [ ] By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box [ ]

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	No	(v) Did you notify the organization in col (i) of your support? Yes	No	(vi) Is the organization in col (i) organized in the U S? Yes	No	(vii) Amount of support
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	4,007,361	3,143,594	1,765,252	2,550,038	2,742,902	14,209,147
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3	4,007,361	3,143,594	1,765,252	2,550,038	2,742,902	14,209,147
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						6,998,102
6 **Public support.** Subtract line 5 from line 4						7,211,045

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4	4,007,361	3,143,594	1,765,252	2,550,038	2,742,902	14,209,147
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	198,892	117,283	94,998	114,560	142,103	667,836
9 Net income from unrelated business activities, whether or not the business is regularly carried on					113,316	113,316
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)			21,022	5,008	330,097	356,127
11 **Total support.** Add lines 7 through 10						15,346,426

12 Gross receipts from related activities, etc (see instructions) | 12 | 156,447

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) | 14 | 46 99 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 | 15 | 51 11 %

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3% support test—2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ ☐

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2010** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12 Also complete this part for any additional information. (See instructions)

Part II, Line 10 - Other Income Detail

Other income	$	356,127

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number: 23-7108470

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
- ☐ Preservation of land for public use (e g , recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of an historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $ 290,145

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a [X] Public exhibition
b [ ] Scholarly research
c [ ] Preservation for future generations
d [ ] Loan or exchange programs
e [ ] Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? [ ] Yes [X] No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? [ ] Yes [ ] No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? [ ] Yes [ ] No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	2,725,982	2,478,558	2,267,720		
b Contributions	-57,768	47,939	7,371		
c Net investment earnings, gains, and losses	206,915	199,485	203,467		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	2,880,637	2,725,982	2,478,558		

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶ 100.00 %
b Permanent endowment ▶ %
c Temporarily restricted endowment ▶ %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		X
(ii) related organizations	3a(ii)		X
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	265,330	60,000		325,330
b Buildings		7,905,989	1,518,585	6,387,404
c Leasehold improvements				
d Equipment		36,665	36,665	
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				6,712,734

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) LONG-TERM DEBT	5,972,675
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	5,972,675

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	3,215,102
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,934,158
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,280,944
4	Net unrealized gains (losses) on investments	4	-123,237
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 through 8	9	-123,237
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	1,157,707

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	4,170,762
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-123,237		
b	Donated services and use of facilities	2b	317,638		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	761,259		
e	Add lines **2a** through **2d**			2e	955,660
3	Subtract line **2e** from line **1**			3	3,215,102
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c** (This must equal Form 990, Part I, line 12)			5	3,215,102

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	3,013,055
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	317,638		
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	761,259		
e	Add lines **2a** through **2d**			2e	1,078,897
3	Subtract line **2e** from line **1**			3	1,934,158
4	Amounts included on Form 990, Part IX, line 25, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c** (This must equal Form 990, Part I, line 18)			5	1,934,158

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Part XI, Line 8 - Reconciliation of Changes - Other

EXPENSES RECLASSIFIED TO REPORT NET REVENUE $ 761,259

EXPENSES RECLASSIFIED TO REPORT NET REVENUES $ -761,259

Part XII, Line 2d - Revenue Amounts Included in Financials - Other

EXPENSES RECLASSIFIED TO REPORT NET REVENUE $ 761,259

Part XIV Supplemental Information (continued)

Part XIII, Line 2d - Expense Amounts Included in Financials - Other

EXPENSES RECLASSIFIED TO REPORT NET REVENUES	$	761,259

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a
▶ Attach to Form 990 or Form 990-EZ ▶ See separate instructions

OMB No 1545-0047
2011
Open To Public Inspection

Name of the organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number: 23-7108470

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

a ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

	(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total				▶			

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 UNIVERSITY GALA (event type)	(b) Event #2 GOLF CLASSIC (event type)	(c) Other events FARM SEMINAR (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	129,551	44,675	15,470	189,696
	2 Less Charitable contributions	33,249			33,249
	3 Gross income (line 1 minus line 2)	96,302	44,675	15,470	156,447
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	1,315	9,153	46	10,514
	7 Food and beverages	8,988	1,971	2,030	12,989
	8 Entertainment	2,295	200		2,495
	9 Other direct expenses	46,777	17,863	1,770	66,410
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(92,408)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				64,039

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes % ☐ No	☐ Yes % ☐ No	☐ Yes % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine line 1, column d, and line 7 ▶				

9 Enter the state(s) in which the organization operates gaming activities

a Is the organization licensed to operate gaming activities in each of these states? 9a ☐ Yes ☐ No

b If "No," explain

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? 10a ☐ Yes ☐ No

b If "Yes," explain

11 Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility 13a %

b An outside facility 13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ and the amount of gaming revenue retained by the third party ▶ $

c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ $

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable Also complete this part to provide any additional information (see instructions)

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number: 23-7108470

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SOUTHWEST ST UNIVER 1501 STATE STREET MARSHALL MN 56258			164,837				UNIVERSITY SUPPORT
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3 Enter total number of other organizations listed in the line 1 table ▶

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1	SCHOLARSHIPS - UNIVERSITY	452	625,499			
2	SCHOLARSHIPS - MARL PROG		130,297			
3						
4						
5						
6						
7						

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

008059 11/14/2012 2 11 PM

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30

▶ Attach to Form 990

OMB No 1545-0047

2011

Open To Public Inspection

Name of the organization SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number 23-7108470

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ ( )	X	206	33,249	
26	Other ▶ ( )				
27	Other ▶ ( )				
28	Other ▶ ( )				

29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29		
			Yes	**No**
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1–28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		X
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		X
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		X
b	If "Yes," describe in Part II			
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION

Employer identification number: 23-7108470

Form 990, Part VI, Line 2 - Related Party Information Among Officers

KEN MUKOMELA KRISTI MUKOMELA

FATHER & DAUGHTER

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

No review was or will be conducted.

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

UPON REQUEST

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) KRISTI MUKOMELA DIRECTOR	1.00			X				0	0	0
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶										

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3		
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If "Yes," complete Schedule J for such individual	4		
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5		

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶

SOUTHWEST MINNESOTA STATE
UNIVERSITY FOUNDATION

MARSHALL, MINNESOTA

AUDIT REPORT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Minnesota State University Foundation
Marshall, Minnesota

We have audited the accompanying statements of financial position of Southwest Minnesota State University Foundation (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended These financial statements are the responsibility of the Organization's management Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Minnesota State University Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

October 4, 2012

SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 68,982	$ 17,076
Investments	5,328,894	4,442,640
Pledge Receivables (Less Allowance for Uncollectible Pledges of $98,199 in 2012 and $175,866 in 2011)	543,278	628,478
Other Receivables	20,555	11,385
Inventory for Resale	25,207	25,768
Accrued Interest Receivable	18,898	17,384
Prepaid Expenses	4,363	6,757
Total Current Assets	6,010,177	5,149,488
Other Assets		
Long-Term Pledge Receivables (Less Allowance for Uncollectible Pledges of $39,863 in 2012 and $26,279 in 2011)	220,539	479,527
Artwork Collection	290,145	290,145
Property and Equipment (Net)	6,712,734	7,008,507
Loan Fees (Net)	106,216	116,357
Endowed Investments	2,880,637	2,725,982
Cash Value of Life Insurance	52,177	66,616
Total Other Assets	10,262,448	10,687,134
TOTAL ASSETS	$ 16,272,625	$ 15,836,622
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 134,714	$ 52,016
Accrued Interest Payable	5,328	3,194
Income Taxes Payable	10,478	11,871
Deferred Revenue	391,543	602,533
Current Portion of Long-Term Debt	782,783	515,108
Total Current Liabilities	1,324,846	1,184,722
Long-Term Liabilities		
Long-Term Debt (Net of Current Portion)	5,189,892	6,051,720
Total Long-Term Liabilities	5,189,892	6,051,720
Net Assets		
Unrestricted Net Assets		
Board Designated	60,339	164,463
Undesignated	544,865	525,800
Total Unrestricted Net Assets	605,204	690,263
Temporarily Restricted Net Assets		
For Scholarships	3,967,196	3,822,273
For Scholarships or Departmental Needs	2,030,712	1,087,614
Total Temporarily Restricted Net Assets	5,997,908	4,909,887
Permanently Restricted Net Assets	3,154,775	3,000,030
Total Net Assets	9,757,887	8,600,180
TOTAL LIABILITIES AND NET ASSETS	$ 16,272,625	$ 15,836,622

The accompanying notes are an integral part of these statements.

SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Cash Contributions	$ 328,889	$ 2,171,450	$ 45,346	$ 2,545,685
Non-Cash Contributions	320,863	33,249	-	354,112
Interest and Dividend Income	21,727	120,376	-	142,103
Realized Capital Gains and Losses	5,819	21,708	-	27,527
Unrealized Gains and Losses	(16,261)	(216,375)	109,399	(123,237)
Life Insurance CV Increase (Decrease)	-	(14,439)	-	(14,439)
Net Rental Income	688,308	99,242	-	787,550
Program Income	163,100	115,131	-	278,231
Fund Raising Income	1,207	64,039	-	65,246
Assets Released From Restrictions	1,306,360	(1,306,360)	-	-
Total Support and Revenue	**2,820,012**	**1,088,021**	**154,745**	**4,062,778**
EXPENSES				
Program Services				
Scholarships	625,499	-	-	625,499
Travel and Honorariums	-	-	-	-
Promotion and Recruitment	415,843	-	-	415,843
McFarland Building	31,945	-	-	31,945
Foundation Residence Hall	610,954	-	-	610,954
Alumni Plaza	10,592	-	-	10,592
Regional Events Center	137,377	-	-	137,377
Educational Aids	178,555	-	-	178,555
MN Ag and Rural Leadership	288,269	-	-	288,269
Total Program Services	**2,299,034**	-	-	**2,299,034**
Supporting Services				
Management and General	308,477			308,477
Fund Raising	405,653			405,653
Total Supporting Services	**714,130**	-	-	**714,130**
Total Expenses	**3,013,164**	-	-	**3,013,164**
OTHER INCOME/EXPENSE				
Gain on the Sale of Property and Equipment	**108,093**	-	-	**108,093**
CHANGE IN NET ASSETS	**(85,059)**	**1,088,021**	**154,745**	**1,157,707**
NET ASSETS, BEGINNING	**690,263**	**4,909,887**	**3,000,030**	**8,600,180**
NET ASSETS, ENDING	**$ 605,204**	**$ 5,997,908**	**$ 3,154,775**	**$ 9,757,887**

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 211,094	$ 2,193,885	$ 48,872	$ 2,453,851
321,882	47,771	-	369,653
24,783	89,777	-	114,560
(8,721)	226,095	-	217,374
17,785	235,106	199,485	452,376
-	2,770	-	2,770
715,584	81,921	-	797,505
135,630	48,416	-	184,046
2,699	50,045	-	52,744
1,569,001	(1,569,001)	-	-
2,989,737	**1,406,785**	**248,357**	**4,644,879**
670,649	-	-	670,649
4,513	-	-	4,513
284,104	-	-	284,104
17,037	-	-	17,037
605,260	-	-	605,260
7,328	-	-	7,328
146,099	-	-	146,099
191,076	-	-	191,076
182,119	-	-	182,119
2,108,185	-	-	**2,108,185**
305,508	-	-	305,508
470,036	-	-	470,036
775,544	-	-	**775,544**
2,883,729	-	-	**2,883,729**
-	-	-	-
106,008	**1,406,785**	**248,357**	**1,761,150**
584,255	**3,503,102**	**2,751,673**	**6,839,030**
$ 690,263	**$ 4,909,887**	**$ 3,000,030**	**$ 8,600,180**

The accompanying notes are an integral part of these statements.

SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	2012												
	PROGRAM SERVICES								SUPPORTING SERVICES				
	Scholarships	Promotion and Recruitment	McFarland Building	Foundation Residence Hall	Alumni Plaza	Regional Events Center	Educational Aids	MN Ag and Rural Leadership	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2012 Total
Scholarships	$ 625,499								$ 625,499				$ 625,499
Basic University Support	-	$ 6,405			$ 509	$ 12,450	$ 145,473	$ 130,297	295,134		$ 250	$ 250	295,384
Salaries and Consultants	-	65,485			-	16,000	4,435	-	85,920	$ 130,829	150,686	281,515	367,435
Payments to Others	-	175			-	-	-	-	175	3,740	-	3,740	3,915
Travel, Meetings, and Meals	-	22,591			-	-	11,217	146,818	180,626	1,513	5,675	7,188	187,814
Office Expense	-	19,585	$ 85		-	129	2,562	1,770	24,131	10,012	34,760	44,772	68,903
Advertising	-	2,118	-		-	510	80	-	2,708	400	860	1,260	3,968
Gifts and Awards	-	44,464	-		-	-	3,677	17	48,158	-	16,442	16,442	64,600
Supplies	-	78,546	3,805	$ 3,194	9,838	1,607	128	3,612	100,730	9,079	16,733	25,812	126,542
Receptions/Socials/Entertainment	-	36,743	-	-	-	-	-	-	36,743	1,516	95,914	97,430	134,173
References	-	303	-	-	-	1,050	5,374	-	6,727	-	-	-	6,727
Leases, Rents, and Fees	-	16,734	716	4,040	5	125	609	5,644	27,873	136,976	17,720	154,696	182,569
Professional Fees	-	310	976	-	-	-	5,000	-	6,286	12,725	-	12,725	19,011
Service Contracts	-	109,664	4,433	61,095	240	4,288	-	-	179,720	48	41,902	41,950	221,670
Real Estate Taxes	-	2,640	3,316	1,290	-	20,221	-	-	27,467	-	267	267	27,734
Depreciation and Amortization	-	5,839	14,655	254,445	-	2,914	-	-	277,853	-	932	932	278,785
Interest Expense	-	-	-	163,916	-	78,083	-	-	241,999	-	-	-	241,999
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	20,221	20,221	20,221
Utilities	-	1,816	2,820	82,012	-	-	-	111	86,759	-	-	-	86,759
Insurance	-	2,425	1,139	40,962	-	-	-	-	44,526	1,639	3,291	4,930	49,456
TOTAL EXPENSES	$ 625,499	$ 415,843	$ 31,945	$ 610,954	$ 10,592	$ 137,377	$ 178,555	$ 288,269	$ 2,299,034	$ 308,477	$ 405,653	$ 714,130	$ 3,013,164

SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	2011													
	PROGRAM SERVICES										SUPPORTING SERVICES			
	Scholarships	Travel and Honorariums	Promotion and Recruitment	McFarland Building	Foundation Residence Hall	Alumni Plaza	Regional Events Center	Educational Aids	MN Ag and Rural Leadership	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2011 Total
Scholarships	$ 670,649									$ 670,649				$ 670,649
Basic University Support	-		$ 15,700		$	3,253 $	13,404 $	138,413 $	180,928	351,698	$	21,750 $	21,750	373,448
Salaries and Consultants	-		76,296			-	16,000	6,934	-	99,230 $	129,581	152,441	282,022	381,252
Payments to Others	-		4,993			-	-	-	-	4,993	-	11,619	11,619	16,612
Travel, Meetings, and Meals	-		24,211			-	-	6,925	-	31,136	4,351	21,703	26,054	57,190
Office Expense	-		5,078			1	30	3 347	1,191	9,647	15 189	42,093	57,282	66 929
Advertising	-		6,331			-	6,837	105	-	13,273	374	5,251	5,625	18,898
Gifts and Awards	-		7,890			-	-	4,667	-	12,557	457	29,112	29,569	42,126
Supplies	-		23,839	$	1,283	43	2 399	8,735	-	36,299	5,556	72,858	78,414	114 713
Receptions/Socials/Entertainment	-		82,237		-	-	-	14,306	-	96,543	50	39,807	39,857	136,400
References	-		58		-	-	1,050	869	-	1,977	200	-	200	2,177
Leases, Rents, and Fees	-	$ 4,513	12,349		4,506	-	-	525	-	21,893	133,323	25,709	159,032	180,925
Professional Fees	-	-	585		9,868	-	-	6,250	-	16,703	11,947	120	12,067	28,770
Service Contracts	-	-	189 $	1,231	41,427	-	2 911	-	-	45,758	584	27,233	27,817	73,575
Real Estate Taxes	-	-	5,464	-	-	-	14,588	-	-	20,052	-	5,034	5,034	25,086
Depreciation and Amortization	-	-	12,739	11,093	254,445	-	2 290	-	-	280,567	990	471	1,461	282,028
Interest Expense	-	-	-	-	172,008	4,031	86,590	-	-	262,629	-	-	-	262,629
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	14,588	14,588	14,588
Utilities	-	-	4,148	3,703	80,905	-	-	-	-	88,756	-	-	-	88,756
Insurance	-	-	1,997	1,010	40,818	-	-	-	-	43,825	2,906	247	3,153	46,978
TOTAL EXPENSES	$ 670,649	$ 4,513	$ 284,104	$ 17,037	$ 605,260	$ 7,328	$ 146,099	$ 191,076	$ 182,119	$ 2,108,185	$ 305,508	$ 470,036	$ 775,544	$ 2,883,729

The accompanying notes are an integral part of these statements.

SOUTHWEST MINNESOTA STATE UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions and Support	$ 4,365,716	$ 3,886,275
Investment Income, Gains and Losses	168,116	327,458
Scholarships Paid	(625,499)	(670,649)
Cash Paid to Suppliers and Employees	(1,972,981)	(1,213,730)
Interest Paid	(260,495)	(268,813)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**1,674,857**	**2,060,541**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	1,222,342	1,786,533
Purchase of Investments	(2,386,488)	(3,145,874)
Proceeds from the Sale Property and Equipment	325,348	-
Payments for Property and Equipment	(190,000)	-
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,028,798)**	**(1,359,341)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payment on Notes Payable	(594,153)	(742,016)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(594,153)**	**(742,016)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**51,906**	**(40,816)**
CASH AND CASH EQUIVALENTS, BEGINNING	**17,076**	**57,892**
CASH AND CASH EQUIVALENTS, ENDING	**$ 68,982**	**$ 17,076**
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$ 1,157,707	$ 1,761,150
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Unrealized (Gain) Loss in Investments	123,237	(452,375)
Gain on the Sale of Property and Equipment	(108,093)	-
Depreciation and Amortization	278,785	282,028
(Increase) Decrease in:		
Receivables	334,892	14,779
Inventory	561	(254)
Accrued Interest Receivable	(1,514)	(4,476)
Prepaid Expenses	2,394	(51)
Cash Value of Life Insurance	14,439	10,926
Increase (Decrease) in:		
Operating Accounts Payable	(129,685)	454,998
Accrued Interest Payable	2,134	(6,184)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 1,674,857**	**$ 2,060,541**
SCHEDULE OF NON-CASH OPERATING ACTIVITIES		
Non-Cash Donations	**$ 36,474**	**$ 47,771**
Contributed Services	**$ 317,638**	**$ 321,882**

The accompanying notes are an integral part of these statements.

1. BACKGROUND AND PURPOSE

Southwest Minnesota State University Foundation (the Organization) was incorporated as a Minnesota non-profit corporation in 1963. Its original purpose was to solicit contributions for purchasing the land for the new Southwest Minnesota State College. It has accomplished this original purpose and has continued to serve Southwest Minnesota State University, its students, and the general area by funding scholarships and other University projects The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to how the assets are to be used

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Capital gains on permanently restricted net assets are considered to be part of the principal and are added to permanently restricted net assets.

PLEDGE RECEIVABLES

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are unrestricted by the donor are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The allowance for uncollectible pledges is calculated using an estimated loss rate based on Organization's collection history Pledges will be written off when management determines that the outstanding balance will not be collected.

INVENTORY FOR RESALE

Inventory for resale, which represents unsold Fogarty prints, are stated at cost using the first-in, first-out method.

USE OF ESTIMATES

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

CASH EQUIVALENTS

With the exception of the money market account that is held by the Bremer Trust Company and included in investments on the financial statement, cash equivalents consist of short-term, highly liquid investments that are convertible into cash within ninety (90) days of purchase.

DEFERRED REVENUE

Deferred revenue consists of the future benefits of multiple year advertising contracts in the Regional Event Center and the RA Facility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, pledge receivable and accounts payable reported in the statements of financial position approximate fair value because of the short maturities of those instruments. The carrying amount of the investments reported in the statements of financial position is reported at the fair value of the investments as determined by reference to quoted market prices Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value in the financial statements, the Organization has elected not to record any other assets or liabilities at fair value, as permitted by generally accepted accounting principles.

ADVERTISING COSTS

The Organization expenses advertising costs as incurred. Advertising costs expensed to operations for the years ended June 30, 2012 and 2011 were $3,968 and $18,898, respectively.

INVESTMENT INCOME

Investment income is reported net of investment fees of $31,237 and $35,177 in 2012 and 2011, respectively

INCOME TAXES

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to tax on the advertising revenue as it is considered an unrelated business income to the Organization

On June 30, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2012 and 2011. Tax years that remain subject to examination by major tax jurisdictions include the current year and two preceding years.

NON-CASH CONTRIBUTIONS

The Organization receives various contributed services and other non-cash contributions Services provided to the Organization without charge have been recorded as both contributions and expenses at their estimated fair market value. Non-cash contributions are detailed as follows:

	2012	2011
Salaries and Benefits	$ 261,658	$ 258,514
Office Space	6,856	6,856
Data and Word Processing	700	700
Professional Fees	1,750	1,750
General Office Supplies, Printing and Postage	42,391	48,004
Telephone	3,688	3,914
Donated Materials	36,474	47,771
Travel	595	2,144
TOTAL	$ 354,112	$ 369,653

3. ENDOWMENT FUNDS

Since the inception of the Organization, donors have had the ability to endow donations for future scholarships and program needs based on specified guidelines for the Organization to award. The terms of the endowment allow for the use of the income to provide scholarships to students attending Southwest Minnesota State University and specific program expenses The principal is to remain untouched until released by the donor. Any annual income not used is held as available for use in the future. In addition to the donor funds as outlined above, the endowment fund also holds donor pledged endowed securities which cannot be spent for operations of the Organization. Donor permanently restricted endowment investments as of June 30, 2012 and 2011 were $2,880,637 and $2,725,982 respectively.

The investment objective of the endowment fund focuses on capital appreciation. A secondary consideration is given to maintaining a reasonable level of current income while providing for future income growth The portfolio will invest primarily in securities with potential for growth in value over the long term but will usually contain securities producing income as well Above average volatility of market value may occur The objective is to increase both the asset value and income in excess of inflation over the long term although this objective may not be achieved in each year.

The board shall direct the allocation of funds between equities, fixed income investments, alternative investments, real estate, and cash reserves. In doing so, the board must strive to achieve capital appreciation with secondary consideration given to income Varying market conditions may cause the board to place greater emphasis on either capital appreciation or income.

The objective of equity investments is long-term capital appreciation. Common stock, convertible preferred stock, and equity mutual funds are permitted. The equity investment should be diversified between industry sectors, market capitalization, both domestic and international The equity investments should be of high quality and exhibit a strong potential for growth in capital value and/or income.

The objective of fixed income is safety and income. The duration of the bond portfolio should range between 2 and 8 years. At the time of purchase, all individual bonds must have at least an A rating by the Standard & Poor's rating organization and be readily marketable If any bond rating falls below a BBB, the bond shall be sold. Permitted fixed income vehicles are

- Government and Agency Bonds
- Mortgaged Backed Bonds
- Corporate Bonds
- International Bond Funds
- High Yield Bond Funds
- Guaranteed Investment Contracts
- Certificates of Deposit
- Fixed Income Mutual Funds
- Taxable Municipal Bonds

The objective of alternative investments is to enhance long-term returns and to reduce overall risk by investing in assets that are statistically uncorrelated to equities and fixed income. The alternative investment must be readily marketable Alternative investments are limited to:

- Commodity Exchange Traded Funds (ETF) or Mutual Funds
- Real Estate Investment Trusts (REIT)
- Mutual Funds employing Hedge Fund Strategies

The Organization does not receive any new endowed contributions, all new contracts are considered quasi-endowed contracts. Quasi-endowed contracts are contracts where funds are set aside to fund those scholarships or specific needs that are written as such that the principle is accessible for specified purpose if needed. The principal is available to fund the scholarships if needed. This is not the focus of the Organization, even these new temporarily restricted scholarship contracts focus on capital appreciation first so the principal is not needed to fund the designated purpose.

3. ENDOWMENT FUNDS (Cont'd)

The investments of the endowment fund are valued at fair market value and are summarized as follows:

	2012						
	Balance 7/1/2011	Donations / Withdrawals	Fees/Interest/ Dividends	Realized Gain/Loss	Unrealized Gain/Loss	Transfers	Balance 6/30/2012
Permanently Restricted							
Money Market	$ 29,372	$ (56,815)	$ -	$ -	$ -	$ 63,723	$ 36,280
Fixed Income	838,904	-	-	1,505	67,061	103,004	1,010,474
Equity Securities	1,857,706	-	-	3,140	139,854	(167,680)	1,833,020
Pledge Receivable	255,700	-	-	-	-	-	255,700
Cash Value Life Ins	18,348	-	-	-	-	953	19,301
Total Endowment	$ 3,000,030	$(56,815)	$ -	$ 4,645	$ 206,915	$ -	$3,154,775

	2011						
	Balance 7/1/2010	Donations / Withdrawals	Fees/Interest/ Dividends	Realized Gain/Loss	Unrealized Gain/Loss	Transfers	Balance 6/30/2011
Permanently Restricted							
Money Market	$ 77,982	$ 48,872	$ -	$ -	$ -	$ (97,482)	$ 29,372
Fixed Income	1,392,334	-	-	-	87,322	(640,752)	838,904
Equity Securities	1,008,242	-	-	-	112,163	737,301	1,857,706
Pledge Receivable	255,700	-	-	-	-	-	255,700
Cash Value Life Ins	17,415	-	-	-	-	933	18,348
Total Endowment	$ 2,751,673	$ 48,872	$ -	$ -	$ 199,485	$ -	$3,000,030

	2012		2011	
Money Market Savings	$ 36,280	1%	$ 29,372	1%
Fixed Income Securities	1,010,474	32	838,904	30
Equity Securities	1,833,020	58	1,857,706	61
Long Term Pledge Receivable	255,700	8	255,700	8
Cash Value of Life Insurance	19,301	1	18,348	-
TOTALS	$ 3,154,775	100%	$ 3,000,030	100%

4. FAIR VALUE MEASUREMENTS OF INVESTMENTS

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes 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 under FASB ASC 820 are described below:

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

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

4. **FAIR VALUE MEASUREMENTS OF INVESTMENTS (Cont'd)**

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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value There have been no changes in the methodologies used at June 30, 2012 and 2011.

Fixed Income Securities and Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Money Market Savings Valued at the net asset value (NAV) of shares held by the Organization at year end

The preceeding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

The following table sets forth by level, within the fair value hierarchy, the Organization's endowment fund and other investments at fair value as of June 30, 2012 and 2011·

	2012			
	Level 1	Level 2	Level 3	Total
Investments				
Money Market Savings	$ 123,771			$ 123,771
Fixed Income Securities	3,264,270			3,264,270
Equity Securities	4,821,490			4,821,490
Total Investments	$ 8,209,531	$ -	$ -	$ 8,209,531

	2011			
	Level 1	Level 2	Level 3	Total
Investments				
Money Market Savings	$ 92,338			$ 92,338
Fixed Income Securities	2,672,528			2,672,528
Equity Securities	4,403,756			4,403,756
Total Investments	$ 7,168,622	$ -	$ -	$ 7,168,622

5. **PLEDGE RECEIVABLES**

Unconditional promises to give consists of the following:

	2012	2011
Unrestricted Promises	$ 14,233	$ 229,964
Restricted Promises	881,950	1,073,980
Endowed Promise	5,696	6,206
TOTAL PLEDGE RECEIVABLES	**901,879**	**1,310,150**
Less Allowance for uncollectible pledges	**138,062**	**202,145**
NET PLEDGE RECEIVABLES	**$ 763,817**	**$ 1,108,005**
Amounts due in:		
Less than one year	$ 543,278	$ 628,478
One to five years	$ 219,466	$ 470,217
Six to ten years	$ 1,073	$ 9,310

As of June 30, 2012, $645,506 of the pledge receivables are from nine major donors, which is considered a signification concentration of risk.

6. CASH VALUE OF LIFE INSURANCE

The Foundation is the owner but not the beneficiary of split dollar life insurance policies for four donors. The Foundation will receive only the net cash values of the split dollar policies upon cancellation or death of the donors. The cash surrender values relative to the policies in place at June 30, 2012 and 2011 was $52,177 and $66,616, respectively

7. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are expensed currently The detail of property and equipment is as follows

	2012	2011
Land Adjacent to the University	$ 9,630	$ 9,630
Foundation President's House	-	350,312
McFarland Building Condo	693,705	503,705
Foundation Residence Hall	7,272,284	7,272,284
Equipment and Software	36,665	36,665
Sather Land	255,700	255,700
TOTAL PROPERTY AND EQUIPMENT	**8,267,984**	**8,428,296**
Accumulated Depreciation and Amortization	1,555,250	1,419,789
NET PROPERTY AND EQUIPMENT	**$ 6,712,734**	**$ 7,008,507**

Property and equipment is being depreciated or amortized over its useful life using a straight-line method. Depreciation expense for 2012 and 2011 was $269,060 and $272,511, respectively.

Foundation President's House

During the 2001 fiscal year the Organization purchased the Foundation President's House that was being leased to the Southwest Minnesota State University president Under this rental agreement, the president paid a monthly rental amount equal to the IRS approved amount for faculty housing and the Organization was responsible for all expenses associated with the upkeep and maintenance of the house. The house was sold on the open market in December, 2011.

McFarland Building Condo

In late 2004, the Organization received a donation of the McFarland Building Condo #10, Unit 2 This was given to the Organization to be used for various Southwest Minnesota State University and Foundation functions. The gift has various usage covenants including a provision that the property is not to be sold for 25 years after the date of the gift. The building is recorded in the financial statements at its market value at the time of the gift plus major improvements incurred since acquired by the Organization and is being depreciated over its useful life. The second half of the building was purchased from the McFarland Estate in October 2011. The Foundation now owns the entire property

Foundation Residence Hall

In 2005, the Organization constructed a student housing complex to be rented to students attending Southwest Minnesota State University. The project was financed with a $5,600,000 loan (See Note 10) and various endowed funds held by the Organization. The rent income will be used to maintain the property and service the debt. The project was placed in service in August 2006.

8. ARTWORK COLLECTION

Over the years a variety of artwork has been donated to the Organization. This artwork is recorded in the financial records at its market value at the time of the gift Some of the artwork is on loan to Southwest Minnesota State University for display at the University. In addition, the Organization uses some of the artwork as gifts to help secure additional donations.

9. LOAN FEES

Loan fees represent fees associated with the acquisition of student housing revenue long-term debt. These costs are being amortized over the life of the loan. Loan fees are recorded net of accumulated amortization in the amount of $77,752 and $68,028 as of June 30, 2012 and 2011, respectively. Amortization charged to expense was $9,725 and $9,517 for the years ended June 30, 2012 and 2011, respectively Amortization expense for the next five years is as follows:

2013	$ 9,725
2014	$ 7,435
2015	$ 7,227
2016	$ 7,227
2017	$ 7,227

10. LONG-TERM DEBT

	2012	2011
Assessment Payable to City of Marshall for street and utilities assessments, secured by real estate with annual payments of $7,817 plus interest at 6 2% per annum	$ -	$ 3,908
Note payable to Bremer Bank NA, Marshall, Minnesota due in quarterly installments of $7,950 including interest at 6.72%. The first payment is due on September 15, 2008, and matures on June 15, 2013. The note is secured by a blanket policy over the Foundation assets along with a purchase money security interest in the lights for the Regional Events Center	156,822	177,407
Note payable to Bremer Bank NA, Marshall, Minnesota due in quarterly installments of $11,800 including interest at 6 79% The first payment is due on September 15, 2008, and matures on June 15, 2013. The note is secured by the first priority in Foundation's Campaign Investment account at Bremer Bank NA, Marshall, Minnesota.	232,505	262,909
Note payable to Bremer Bank NA, Marshall, Minnesota due in 20 quarterly installments of $31,250 including interest at 7 24%. The first payment is due on December 15, 2008, and matures on September 15, 2013. The note is secured by the first priority in a scoreboard for the new Regional Event Center at Southwest Minnesota State University, Marshall, Minnesota.	623,632	700,792
Payable to the Schwan's Corporate Giving Foundation for the Regional Events Center. The balance represents the amount of gifts pledged to the Foundation on behalf of the construction of the Regional Events Center. The agreement states that all funds pledged to the Foundation on behalf of the construction of the Regional Events Center will be used to pay down the Schwan's note at Bremer Bank NA, Marshall, Minnesota. The Foundation has received pledges totaling $2,000,000 for the construction of the complex, and has paid $1,928,534 towards that balance to date The remainder of the funds will be paid as the pledges are received.	71,466	302,466

10. LONG-TERM DEBT (Cont'd)

	2012	2011
Student Housing Revenue Note issued through the City of Marshall payable to Bremer Bank NA, Marshall, Minnesota secured by Foundation Residence Hall. Monthly payments include interest and principal necessary to pay the note in full by the due date of May 25, 2030. Interest is at 3.35% per annum until May 24, 2015 at which time (and every five years thereafter) the interest rate shall be adjusted to an interest rate equal to the then LIBOR rate plus 2 75%.	$ 4,713,250	$ 4,900,596
Note payable to Aramark Educational Services, LLC due in 32 quarterly installments of $10,938 interest free The first payment is due on July 1, 2008, and matures on June 30, 2016 The note is to be used for renovations and equipment, title to which (with the exception of those items which bear the name of ARAMARK, its logo, or any of its logo, service marks or trademarks) shall pass to the Foundation upon payment to the Foundation of the proceeds of the 2008 Interest-Free Loan	175,000	218,750
TOTAL LONG-TERM DEBT	**5,972,675**	**6,566,828**
LESS: CURRENT PORTION	**782,783**	**515,108**
LONG TERM INSTALLMENTS	**$ 5,189,892**	**$ 6,051,720**

Maturities of long-term debt for the next five years are expected to be as follows:

2013	$ 782,783
2014	$ 788,754
2015	$ 253,809
2016	$ 260,955
2017	$ 224,594

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowed funds received from donors. During 2000 the Organization changed the contract language of all future endowed scholarship contracts. The new language allows the Organization to award scholarships under the spending policy adopted by the Foundation board. This amount is currently equal to 5% of the average previous three-year's endowed account balance. Any earnings over or below the 5% will be added or deducted from the endowed fund balance. It is the intent of the board not to distribute any portion of the original contract amount. The Organization attempts to convert previously endowed scholarships to this new contract language whenever feasible.

12. INVESTMENT INCOME

Investment income for 2012 and 2011 is shown net of the investment trustee fee The trustee fees for 2012 and 2011 were $128,192 and $117,920, respectively.

13. RELATED PARTY TRANSACTIONS

Southwest Minnesota State University donates to the Organization the use of University personnel, office space, and data processing services The total value of these services for 2012 and 2011 was $317,638 and $321,882 respectively.

The Organization also donates various items back to Southwest Minnesota State University for support of the educational programs of the students The payments include items such as scholarships, basic university support, fundraising programs, and project donations received by the Organization. The total funds paid to Southwest Minnesota State University in 2012 and 2011 were $1,364,701 and $1,377,141, respectively.

The Organization has contracted with the Board of Trustees of the Minnesota State Colleges and Universities on behalf of Southwest Minnesota State University to manage the residence hall building. The management agreement, which runs through June 30, 2016, allows the manager to rent the residence hall apartments to students, faculty or staff of the University. Management duties include collection of the rent for the Organization and maintenance of the property The Organization is required to reimburse the manager for all maintenance costs

14. COMMITMENTS AND CONTINGENCIES

Future Scholarships

The Organization awards scholarships to students for future years based on various criteria. These scholarships are generally awarded prior to the academic year and range from a one-year to a four-year scholarship. The Organization is obligated to pay the awarded scholarships as long as the student adheres to the conditions as outlined in the scholarship contract. As of June 30, 2012 the Organization had awarded the following scholarship amounts that will be funded by current restricted funds, future earnings on endowed funds, and future contributions:

Academic Year 12-13	$ 152,175
Academic Year 13-14	$ 120,150
Academic Year 14-15	$ 54,600
Academic Year 15-16	$ 43,525

Southwest Minnesota State University Regional Events Center

In April of 2007 the Organization pledged $1 million to the Southwest Minnesota State University Regional Events Center fundraising efforts. $500,000 was set aside at that time from unrestricted funds and considered board designated net assets. The Foundation paid $100,000 in each fiscal year ended 2009 through 2012, and the remaining balance is to be paid in the 12-13 fiscal year.

In addition on August 23, 2006, the Organization entered into an agreement with Schwan's Corporate Giving Foundation, whereby Schwan's Corporate Giving Foundation provided a letter of credit in the amount of $5 million. This letter of credit was needed to guarantee the additional $11 million of State of Minnesota funding needed to break ground on the new $16 million regional events center on the Southwest Minnesota State University campus. Once the State of Minnesota funding was depleted, the Schwan's Corporate Giving Foundation obtained a promissory note from Bremer Bank NA, Marshall, Minnesota to fund the letter of credit agreement. The Organization, along with the assistance of the Schwan Food Company, has solicited private cash contributions in the amount of $5 million needed to pay down the promissory note by November 1, 2011. The Organization has received pledges in the amount $2,000,000, and the remaining $3,000,000 will be provided by the Schwan's Corporate Giving Foundation. The Organization agrees to forward all contributions received to Bremer Bank NA, Marshall, Minnesota for payment on the promissory note. The Organization has collected and paid $1,928,534 of the $2,000,000 to Bremer Bank NA, Marshall, Minnesota as of June 30, 2012

15. FUND RAISING ACTIVITIES

The Organization conducts the following major fund raising activities, which are recorded on the statement of activities. These activities for 2012 and 2011 are detailed as follows.

2012:	Gross Proceeds	Expenses	Net Proceeds
University Gala	$ 96,302	$ 59,374	$ 36,928
ATM Machine	1,429	392	1,037
Sale of Fogarty Prints	460	290	170
Golf Classic	44,675	29,187	15,488
Farm Seminar	15,470	3,847	11,623
TOTALS	$ 158,336	$ 93,090	$ 65,246

2011:	Gross Proceeds	Expenses	Net Proceeds
University Gala	$ 105,191	$ 70,085	$ 35,106
ATM Machine	2,238	-	2,238
Sale of Fogarty Prints	2,653	1,241	1,412
Golf Classic	34,220	33,242	978
Farm Seminar	18,974	5,964	13,010
TOTALS	$ 163,276	$ 110,532	$ 52,744

In addition the Organization conducts other smaller fund raisers throughout the year The revenue from these smaller fund raisers is reported as donations and the expenses are included in fund raising expense.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2012 for potential disclosures. This is the date the financial statements were available to be issued

To the Investment and Finance Committee
Southwest Minnesota State University Foundation
Marshall, Minnesota

In planning and performing our audit of the financial statements of Southwest Minnesota State University Foundation (the Organization) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Southwest Minnesota State University Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses

This communication is intended solely for the information and use of management, the board of directors, others within the Organization, and the investment and finance committee and is not intended to be and should not be used by anyone other than these specified parties

Sincerely,

Hoffman & Brobst, PLLP

Hoffman and Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

October 4, 2012

To the Board of Directors
Southwest Minnesota State University Foundation

We have audited the financial statements of Southwest Minnesota State University Foundation for the year ended June 30, 2012, and have issued our report thereon dated October 4, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 18, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Southwest Minnesota State University Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the allowance for uncollectible pledges is based on the historical collection rates and an analysis of the collectability of individual pledges. We evaluated the key factors and assumptions used to develop the cost allocation in determining that it is reasonable in relation to the financial statements taken as a whole

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of the endowment fund investments in Note 3 to the financial statements includes a breakdown of the investment policies for the endowed funds along with a reconciliation of the annual activity in the endowed fund investments
>
> The disclosure of the Fair Value Measurements of Investments in Note 4 to the financial statements includes a breakdown of the total investments of the Foundation by investment category

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Southwest Minnesota State University Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

October 4, 2012