

# **Kuali Foundation, Inc.**

Auditor's Report and Financial Statements

June 30, 2014 and 2013

# Kuali Foundation, Inc.

June 30, 2014 and 2013

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## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors  
Kuali Foundation, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of Kuali Foundation, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kualu Foundation, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Supplementary Information*

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

*BKD, LLP*

Indianapolis, Indiana  
November 6, 2014

**Kuali Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2014 and 2013**

**Assets**

	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 1,742,497	\$ 3,199,103
Investments	4,500,000	3,250,000
Accounts receivable	50,542	75,200
Contributions receivable - fair value option	19,583,889	21,291,934
Prepaid expenses and other assets	72,313	32,563
Total assets	\$ 25,949,241	\$ 27,848,800

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 776,337	\$ 791,722
Deferred income	719,578	701,595
Total liabilities	1,495,915	1,493,317

**Net Assets**

Unrestricted	648,158	1,079,028
Temporarily restricted	23,805,168	25,276,455
Total net assets	24,453,326	26,355,483
Total liabilities and net assets	\$ 25,949,241	\$ 27,848,800

**Kuali Foundation, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2014 and 2013**

	2014		
	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
In-kind contributions			
Kuali Financial System	\$ -	\$ 17,500	\$ 17,500
Kuali Coeus	-	230,000	230,000
Kuali RICE	-	1,720,000	1,720,000
Kuali Student	-	9,057,000	9,057,000
Kuali OLE	-	90,000	90,000
Kuali Mobility	-	96,000	96,000
Kuali People Management for the Enterprise (KPME)	-	120,000	120,000
Kuali UXI	-	408,000	408,000
Kuali KSFA	-	930,000	930,000
Total in-kind contributions	<u>-</u>	<u>12,668,500</u>	<u>12,668,500</u>
Project partner dues			
Kuali Financial System	-	205,000	205,000
Kuali Coeus	-	312,500	312,500
Kuali RICE	-	490,000	490,000
Kuali Student	-	933,836	933,836
Kuali OLE	-	670,000	670,000
Kuali Ready	-	38,000	38,000
Kuali Mobility	-	63,000	63,000
Kuali UXI	-	75,000	75,000
Kuali KPME	-	-	-
Kuali KSFA	-	2,160,000	2,160,000
Total project partner dues	<u>-</u>	<u>4,947,336</u>	<u>4,947,336</u>
Project services - Kuali Ready	<u>-</u>	<u>760,000</u>	<u>760,000</u>
Other contributions and contract services	<u>17,677</u>	<u>1,352,377</u>	<u>1,370,054</u>
Total gross contribution revenue	17,677	19,728,213	19,745,890
Change in fair value	<u>-</u>	<u>(2,789)</u>	<u>(2,789)</u>
Total net contribution revenue	<u>17,677</u>	<u>19,725,424</u>	<u>19,743,101</u>
Kuali Days	593,137	-	593,137
Kuali Community Workshop	73,144	-	73,144
Membership dues	1,352,190	-	1,352,190
Interest and other income	12,353	114,565	126,918
Total revenue	<u>2,048,501</u>	<u>19,839,989</u>	<u>21,888,490</u>
Net assets released from restrictions	<u>20,703,947</u>	<u>(20,703,947)</u>	<u>-</u>
Total revenue and other support	<u>22,752,448</u>	<u>(863,958)</u>	<u>21,888,490</u>
<b>Expenses</b>			
Project expenses			
Kuali Financial System	1,438,172	-	1,438,172
Kuali Coeus	1,822,931	-	1,822,931
Kuali RICE	2,379,527	-	2,379,527
Kuali Student	10,889,382	-	10,889,382
Kuali OLE	1,234,372	-	1,234,372
Kuali Ready & Ready Project Services	830,179	-	830,179
Kuali Mobility	465,510	-	465,510
Kuali CGBR	31,611	-	31,611
Kuali UXI	614,896	-	614,896
Kuali KPME	931,851	-	931,851
Kuali KSFA	90,000	-	90,000
Total project expenses	<u>20,728,431</u>	<u>-</u>	<u>20,728,431</u>
Foundation expenses	1,076,475	-	1,076,475
Foundation Program support	675,000	-	675,000
Write-off of previous commitments and allowance	-	607,329	607,329
Kuali Days expenses	565,535	-	565,535
Kuali Community Workshop expenses	137,877	-	137,877
Total expenses	<u>23,183,318</u>	<u>607,329</u>	<u>23,790,647</u>
<b>Change in Net Assets</b>	<u>(430,870)</u>	<u>(1,471,287)</u>	<u>(1,902,157)</u>
<b>Net Assets, Beginning of Year</b>	<u>1,079,028</u>	<u>25,276,455</u>	<u>26,355,483</u>
<b>Net Assets, End of Year</b>	<u>\$ 648,158</u>	<u>\$ 23,805,168</u>	<u>\$ 24,453,326</u>

2013		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 230,000	\$ 230,000
-	450,000	450,000
-	1,965,000	1,965,000
-	11,732,000	11,732,000
-	-	-
-	732,000	732,000
-	1,345,000	1,345,000
-	-	-
-	-	-
-	16,454,000	16,454,000
-	1,598,750	1,598,750
-	677,079	677,079
-	498,750	498,750
-	1,460,000	1,460,000
-	2,171,000	2,171,000
-	182,000	182,000
-	200,000	200,000
-	925,000	925,000
-	120,000	120,000
-	-	-
-	7,832,579	7,832,579
-	680,208	680,208
-	1,392,182	1,392,182
-	26,358,969	26,358,969
-	1,201	1,201
-	26,360,170	26,360,170
533,399	-	533,399
83,027	-	83,027
1,298,967	-	1,298,967
8,871	17,227	26,098
1,924,264	26,377,397	28,301,661
17,439,890	(17,439,890)	-
19,364,154	8,937,507	28,301,661
1,565,453	-	1,565,453
2,086,894	-	2,086,894
2,265,038	-	2,265,038
8,579,625	-	8,579,625
829,846	-	829,846
715,157	-	715,157
239,138	-	239,138
188,618	-	188,618
12,136	-	12,136
755,630	-	755,630
-	-	-
17,237,535	-	17,237,535
854,313	-	854,313
470,000	-	470,000
-	387,083	387,083
455,304	-	455,304
137,258	-	137,258
19,154,410	387,083	19,541,493
209,744	8,550,424	8,760,168
869,284	16,726,031	17,595,315
\$ 1,079,028	\$ 25,276,455	\$ 26,355,483

**Kuali Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Operating Activities</b>		
Change in net assets	\$ (1,902,157)	\$ 8,760,168
Change in		
Accounts receivable	24,658	4,617
Contributions receivable	1,708,045	(7,209,224)
Prepaid expenses and other assets	(39,750)	(3,728)
Accounts payable and deferred revenues	2,598	(157,805)
Net cash provided by (used in) operating activities	(206,606)	1,394,028
<b>Investing Activities</b>		
Proceeds from maturity of certificates of deposit	3,250,000	-
Purchase of certificates of deposit	(4,500,000)	(3,250,000)
Net cash used in investing activities	(1,250,000)	(3,250,000)
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,456,606)	(1,855,972)
<b>Cash and Cash Equivalents, Beginning of Year</b>	3,199,103	5,055,075
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,742,497	\$ 3,199,103



**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Kuali Foundation, Inc. (Foundation) is a not-for-profit organization whose mission and principal activities are to foster the development of the Kuali software for administrative and service needs of education, to promote collaboration, sharing of good practices and dissemination of results of innovative approaches to applying open technology architectures and systems in general for education. The Foundation's revenues and other support are derived principally from membership and partnership dues.

The Foundation manages its projects based upon cash and in-kind commitments by project partners, and those commitments are reflected in Memorandum of Understanding documents that have a defined period. Because those Memorandum of Understanding documents are cyclical in nature, there will be a cyclical impact on the Foundation's net assets each fiscal year.

***Use of Estimates***

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

***Cash and Cash Equivalents***

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2014 and 2013, cash equivalents consisted of certificates of deposit.

At June 30, 2014, the Foundation's cash accounts exceeded federally insured limits by approximately \$1,500,000.

***Investments and Investment Return***

Investments consist of certificates of deposit, which are carried at cost plus accrued interest.

***Accounts Receivable***

Accounts receivable are stated at the amounts to be received from the members for dues or subscriptions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice which coincides with the period the member dues or subscriptions relate to. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on expiration dates of either the membership or subscription.

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

***Deferred Income***

Revenue from fees for memberships and subscriptions are deferred and recognized over the periods to which the fees relate.

***Contributions***

Contributions of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Contributions received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction. The majority of contributions are recognized through partnership agreements (project partner dues) and are restricted for specific Foundation projects. These partnership agreements are expected to be paid with cash, contributed services or a combination of both.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows.

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

Write-off of previous commitments occurs when a partner is not able to or has indicated they will not fulfill their original commitment. In 2014 and 2013, write-offs of in-kind contributions totaled \$423,082 and \$283,333, respectively, and write-offs of project partner dues, memberships and subscriptions totaled \$184,247 and \$103,750, respectively.

***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose.

***Related Parties***

In the normal course of business, the Foundation enters into exchange transactions with companies that are owned by or employ members of the Foundation's Board of Directors, collectively referred to hereafter as Related Parties. During the year ended June 30, 2013, exchange transactions executed with these related parties consisting primarily of consulting services totaled approximately \$1,200,000. These respective Board members were no longer on the Board of Directors at June 30, 2014.

# **Kuali Foundation, Inc.**

## **Notes to Financial Statements**

### **June 30, 2014 and 2013**

#### ***Income Taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2011.

#### ***In-Kind Contributions and Services***

In addition to receiving cash contributions, the Foundation receives in-kind contributions of services from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

#### ***Software Costs***

The costs of internally developing, maintaining and providing support for open source software are expensed in the period incurred. The Foundation does not generate revenue from the software. Because of the absence of future gross revenue, there is no net realizable value for those products inherent with the availability to download the software.

#### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on the actual time and expense tracking.

#### ***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

On October 10, 2014, the Foundation co-founded a new company, named KualiCo, and made a \$1,000,000 investment in that company. The investment is a convertible loan, which can be converted into an equity interest based upon the provisions of the promissory note. The Foundation has a seat on KualiCo's Board of Directors and holds an exceptional veto right on any proposal sale or merger of KualiCo. No member of the Foundation's board of directors or its employees will have any personal gain from KualiCo.

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

**Note 2: Investments**

Investments at June 30 consisted of the following:

	<b>2014</b>	<b>2013</b>
Certificates of deposit	\$ 4,500,000	\$ 3,250,000

Total investment return, including interest on certificates of deposit, is comprised of the following:

	<b>2014</b>	<b>2013</b>
Interest income	\$ 12,073	\$ 8,634

**Note 3: Contributions Receivable**

Contributions receivable consisted of the following:

	<b>Temporarily Restricted 2014</b>	<b>2013</b>
Due within one year	\$ 16,161,286	\$ 14,720,075
Due in one to five years	4,411,659	7,558,125
	20,572,945	22,278,200
Less: Change in fair value	(989,056)	(986,266)
	\$ 19,583,889	\$ 21,291,934

Discount rates ranged from 0.32% to 1.91% and from 0.18% to 0.95% for 2014 and 2013, respectively, which reflects an estimate of the rates a market participant would demand for bearing the uncertainty in such cash flows.

The Foundation provides an allowance for uncollectible accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

Contributions receivable designated for specific purposes are as follows:

	<b>2014</b>	<b>2013</b>
Kuali Financial System	\$ 1,277,673	\$ 2,595,466
Kuali Coeus	1,184,183	2,729,935
Kuali RICE	2,435,058	1,623,441
Kuali Student	9,800,587	11,079,387
Kuali OLE	926,790	1,212,334
Kuali Ready and Kuali Ready project services	138,852	151,681
Kuali KPME	372,059	1,015,981
Kuali UXI	286,701	310,838
Kuali KSFA	2,927,207	-
Kuali Mobility	234,779	572,871
	<u>\$ 19,583,889</u>	<u>\$ 21,291,934</u>

Massachusetts Institute of Technology (MIT) had previously developed an electronic research administration software system known as MIT Coeus and has administered the Coeus Consortium to further the development of Coeus for the benefit of all members of the Consortium.

MIT indicated they intend to cease operating the Coeus Consortium. As such, the Foundation has developed a new version of the software, named Kuali Coeus, and is delivering it open source under the aegis and licensing structure of the Foundation.

MIT and the Foundation entered into a transitioning and support agreement, which provides for MIT and the Foundation assisting the transition of members to Kuali Coeus. As part of this agreement, the Foundation will remit to MIT payment for support provided to MIT Coeus members during the transition period. In accordance with Kuali's revenue recognition policy, the Foundation has recognized contributions from transitioning members at the time the related Memo of Understanding (MOU) was signed. At June 30, 2013, a liability of \$275,504 was recorded under the support agreement for services provided in fiscal year 2013. In fiscal year 2013, \$680,357 was received and remitted to or included as a payable at year end to MIT for transitioning members and is included within the Kuali Coeus project expenses on the statements of activities. During 2014, this transition was completed and there are no longer any amounts due to MIT.

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

**Note 4: Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	<u>2014</u>	<u>2013</u>
Kuali Financial System	\$ 2,560,254	\$ 3,693,788
Kuali Coeus	1,793,706	3,109,431
Kuali RICE	2,804,049	1,863,177
Kuali Student	10,097,994	11,493,285
Kuali OLE	1,765,026	2,210,080
Kuali Ready and Kuali Ready project services	138,852	151,681
Kuali Mobility	400,762	694,762
Kuali CGBR	-	31,611
Kuali UXI	765,731	898,702
Kuali KPME	551,587	1,129,938
Kuali KSFA	2,927,207	-
	<u>\$ 23,805,168</u>	<u>\$ 25,276,455</u>

**Note 5: Net Assets Released From Restrictions**

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

	<u>2014</u>	<u>2013</u>
Purpose restrictions accomplished		
Kuali Financial System	\$ 1,446,519	\$ 1,583,137
Kuali Coeus	1,831,535	2,094,377
Kuali RICE	2,380,982	2,268,132
Kuali Student	10,902,214	8,594,648
Kuali OLE	1,246,726	833,064
Kuali Ready and Kuali Ready project services	841,830	865,208
Kuali Mobility	467,035	240,291
Kuali CGBR	31,611	189,267
Kuali UXI	615,832	12,136
Kuali KPME	932,791	759,630
Kuali KFSFA	6,872	-
	<u>\$ 20,703,947</u>	<u>\$ 17,439,890</u>

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

**Note 6: Disclosures About Fair Value of Assets and Liabilities**

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

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

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Contributions receivable				
As of June 30, 2014	\$ 19,583,889	\$ -	\$ -	\$ 19,583,889
As of June 30, 2013	\$ 21,291,934	\$ -	\$ -	\$ 21,291,934

**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2014. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**Contributions Receivable**

Fair value is estimated at the present value of the future payments expected to be received. Due to the nature of the valuation inputs, the receivable is classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the finance department office. The finance department challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

**Level 3 Reconciliation**

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

	<b>Contributions Receivable</b>
Balance, July 1, 2012	\$ 14,082,710
Contributions	24,286,579
Net payments	(16,691,473)
Write-off of previous commitments	(387,083)
Change in fair value included in the change in net assets	1,201
Balance, June 30, 2013	21,291,934
Contributions	17,615,836
Net payments	(18,713,763)
Write-off of previous commitments	(607,329)
Change in fair value included in the change in net assets	(2,789)
Balance, June 30, 2014	\$ 19,583,889

**Unobservable (Level 3) Inputs**

The following presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements. Contributions receivable have a fair value at June 30, 2014 of \$19,583,889, measured using a valuation technique of discounted cash flow. The unobservable inputs and the rates are as follows: Discount rate ranging from 0.32% to 1.91% for June 30, 2014 and a probability of default range of 1-3 MOU's per year.



**Kuali Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2014 and 2013**

**Note 7: The Fair Value Option**

The Foundation has elected to measure contributions receivable at fair value. Management has elected the fair value option for these items because it more accurately reflects their financial position.

See Notes 3 and 6 for additional disclosures regarding fair value of each of the statements of financial position line items listed in the preceding paragraph.

**Note 8: Functional Expenses**

Total expenses by functional classification are as follows:

	<b>2014</b>	<b>2013</b>
Program expenses	\$ 23,522,131	\$ 19,362,198
Management and general	268,516	179,295
	\$ 23,790,647	\$ 19,541,493

**Note 9: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Fair Value of Contributions Receivable***

Fair value of contributions receivable was estimated by the Foundation based on the present value of the payments to be received as well as the estimation of the collectability of the specific receivable balances.

## **Supplementary Information**

**Kuali Foundation, Inc.**  
**Schedule of Contributions Receivable**  
**June 30, 2014**

	2014										
	Totals	Kuali Financial System	Kuali Coeus	Kuali RICE	Kuali Student	Kuali OLE	Kuali Ready	Kuali Mobility	Kuali UXI	Kuali KFSA	Kuali KPME
<b>In-Kind Contributions</b>											
Due within one year	\$ 11,789,583	\$ 410,000	\$ 490,000	\$ 1,370,000	\$ 8,303,375	\$ 90,000	\$ -	\$ 172,000	\$ 204,000	\$ 360,000	\$ 390,208
Due within two years	2,742,833	-	22,500	740,000	1,573,333	-	-	-	47,000	360,000	-
Due within three years	210,000	-	-	20,000	-	-	-	-	-	190,000	-
	<u>14,742,416</u>	<u>410,000</u>	<u>512,500</u>	<u>2,130,000</u>	<u>9,876,708</u>	<u>90,000</u>	<u>-</u>	<u>172,000</u>	<u>251,000</u>	<u>910,000</u>	<u>390,208</u>
<b>Project Partner Dues</b>											
Due within one year	4,371,703	930,000	670,000	281,250	379,828	882,000	145,625	88,000	50,000	945,000	-
Due within two years	1,047,993	-	60,000	142,917	35,076	-	-	-	-	810,000	-
Due within three years	410,833	-	-	5,833	-	-	-	-	-	405,000	-
	<u>5,830,529</u>	<u>930,000</u>	<u>730,000</u>	<u>430,000</u>	<u>414,904</u>	<u>882,000</u>	<u>145,625</u>	<u>88,000</u>	<u>50,000</u>	<u>2,160,000</u>	<u>-</u>
	<u>20,572,945</u>	<u>1,340,000</u>	<u>1,242,500</u>	<u>2,560,000</u>	<u>10,291,612</u>	<u>972,000</u>	<u>145,625</u>	<u>260,000</u>	<u>301,000</u>	<u>3,070,000</u>	<u>390,208</u>
Less: Change in fair value	(989,056)	(62,327)	(58,317)	(124,942)	(491,025)	(45,210)	(6,773)	(25,221)	(14,299)	(142,793)	(18,149)
Total contributions receivable	<u>\$ 19,583,889</u>	<u>\$ 1,277,673</u>	<u>\$ 1,184,183</u>	<u>\$ 2,435,058</u>	<u>\$ 9,800,587</u>	<u>\$ 926,790</u>	<u>\$ 138,852</u>	<u>\$ 234,779</u>	<u>\$ 286,701</u>	<u>\$ 2,927,207</u>	<u>\$ 372,059</u>

**Kuali Foundation, Inc.**  
**Schedule of Contributions Receivable**  
**June 30, 2013**

	2013									
	Totals	Kuali Financial System	Kuali Coeus	Kuali RICE	Kuali Student	Kuali OLE	Kuali Ready	Kuali Mobility	Kuali UXI	Kuali KPME
<b>In-Kind Contributions</b>										
Due within one year	\$ 8,706,500	\$ 527,500	\$ 540,000	\$ 840,000	\$ 5,667,500	\$ -	\$ -	\$ 399,000	\$ -	\$ 732,500
Due within two years	5,645,208	395,000	360,000	460,000	4,060,000	-	-	100,000	-	270,208
Due within three years	52,500	-	22,500	30,000	-	-	-	-	-	-
	<u>14,404,208</u>	<u>922,500</u>	<u>922,500</u>	<u>1,330,000</u>	<u>9,727,500</u>	<u>-</u>	<u>-</u>	<u>499,000</u>	<u>-</u>	<u>1,002,708</u>
<b>Project Partner Dues</b>										
Due within one year	6,013,575	984,167	1,383,739	333,450	1,616,136	1,113,000	158,500	100,000	275,000	49,583
Due within two years	1,840,417	810,000	530,000	35,000	250,000	155,000	-	-	50,000	10,417
Due within three years	20,000	-	20,000	-	-	-	-	-	-	-
	<u>7,873,992</u>	<u>1,794,167</u>	<u>1,933,739</u>	<u>368,450</u>	<u>1,866,136</u>	<u>1,268,000</u>	<u>158,500</u>	<u>100,000</u>	<u>325,000</u>	<u>60,000</u>
	22,278,200	2,716,667	2,856,239	1,698,450	11,593,636	1,268,000	158,500	599,000	325,000	1,062,708
Less: Change in fair value	(986,266)	(121,201)	(126,304)	(75,009)	(514,249)	(55,666)	(6,819)	(26,129)	(14,162)	(46,727)
Total contributions receivable	<u>\$ 21,291,934</u>	<u>\$ 2,595,466</u>	<u>\$ 2,729,935</u>	<u>\$ 1,623,441</u>	<u>\$ 11,079,387</u>	<u>\$ 1,212,334</u>	<u>\$ 151,681</u>	<u>\$ 572,871</u>	<u>\$ 310,838</u>	<u>\$ 1,015,981</u>