

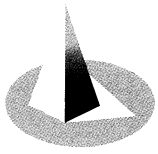
**WENATCHEE VALLEY COLLEGE
FOUNDATION, INC.**

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

For The Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee
Wenatchee Valley College Foundation, Inc
Wenatchee, Washington

Opinion

We have audited the accompanying financial statements of Wenatchee Valley College Foundation, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Financial Position by Fund and Activities by Fund on pages 24-27 are presented for the purpose of additional analysis and is 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.

GOETZ, BAILEY & YALZ P.S.

Wenatchee, Washington
December 1, 2023

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2023 and 2022

| | 2023 | 2022 |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,608,499 | \$ 818,945 |
| Contributions receivable, net | 57,740 | 60,440 |
| Other receivables | 67,521 | 49,612 |
| Total Current Assets | 1,733,760 | 928,997 |
| Non-Current Assets | | |
| Tangible asset | 8,000 | 8,000 |
| Contributions receivable - long term, net | 96,426 | 141,683 |
| Investments at fair value | 10,115,863 | 9,922,641 |
| Total Non-Current Assets | 10,220,289 | 10,072,324 |
| Total Assets | \$ 11,954,049 | \$ 11,001,321 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ - | \$ 4,050 |
| Accounts payable and accrued liabilities - related party | 14,789 | 115,342 |
| Scholarships and awards payable - related party | 590,246 | 888,105 |
| Total Current Liabilities | 605,035 | 1,007,497 |
| Net Assets | | |
| Without donor restrictions | 882,102 | 968,309 |
| With donor restrictions | 10,466,912 | 9,025,515 |
| Total Net Assets | 11,349,014 | 9,993,824 |
| Total Liabilities and Net Assets | \$ 11,954,049 | \$ 11,001,321 |

See independent auditor's report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statement of Activities

For The Year Ended June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support - | | | |
| Contributions of cash and other financial assets | \$ 135,463 | \$ 1,607,178 | \$ 1,742,641 |
| Contributions of nonfinancial assets - related party | 301,609 | - | 301,609 |
| Revenue - | | | |
| Investment return, net | 60,575 | 788,763 | 849,338 |
| Management fees | 128,002 | - | 128,002 |
| Program assessment fees | 36,011 | - | 36,011 |
| Net assets released from restrictions: | 954,544 | (954,544) | - |
| Total Public Support and Revenue | 1,616,204 | 1,441,397 | 3,057,601 |
| EXPENSES | | | |
| Program Services: | | | |
| Gifts, grants, and awards - related party | 689,413 | - | 689,413 |
| Scholarships - related party | 398,466 | - | 398,466 |
| Program services | 212,927 | - | 212,927 |
| Total Program Services | 1,300,806 | - | 1,300,806 |
| Supporting Services: | | | |
| Management and general | 315,603 | - | 315,603 |
| Fundraising | 86,002 | - | 86,002 |
| Total Supporting Services | 401,605 | - | 401,605 |
| Total Expenses | 1,702,411 | - | 1,702,411 |
| Change in Net Assets | (86,207) | 1,441,397 | 1,355,190 |
| Net assets - Beginning of Year | 968,309 | 9,025,515 | 9,993,824 |
| Net Assets - End of Year | \$ 882,102 | \$ 10,466,912 | \$ 11,349,014 |

See independent auditor's report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statement of Activities

For The Year Ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support - | | | |
| Contributions of cash and other financial assets | \$ 60,170 | \$ 1,092,307 | \$ 1,152,477 |
| Contributions of nonfinancial assets - related party | 225,971 | - | 225,971 |
| Contributions of nonfinancial assets | - | 9,000 | 9,000 |
| Revenue - | | | |
| Investment return, net | (183,466) | (1,817,287) | (2,000,753) |
| Management fees | 154,516 | - | 154,516 |
| Program assessment fees | 14,319 | - | 14,319 |
| Net assets released from restrictions: | 1,024,350 | (1,024,350) | - |
| Total Public Support and Revenue | 1,295,860 | (1,740,330) | (444,470) |
| EXPENSES | | | |
| Program Services: | | | |
| Gifts, grants, and awards - related party | 367,533 | - | 367,533 |
| Scholarships - related party | 644,141 | - | 644,141 |
| Program services | 168,607 | - | 168,607 |
| Total Program Services | 1,180,281 | - | 1,180,281 |
| Supporting Services: | | | |
| Management and general | 225,967 | - | 225,967 |
| Fundraising | 78,072 | - | 78,072 |
| Total Supporting Services | 304,039 | - | 304,039 |
| Total Expenses | 1,484,320 | - | 1,484,320 |
| Change in Net Assets | (188,460) | (1,740,330) | (1,928,790) |
| Net assets - Beginning of Year | 1,156,769 | 10,765,845 | 11,922,614 |
| Net Assets - End of Year | \$ 968,309 | \$ 9,025,515 | \$ 9,993,824 |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statement of Functional Expenses

For The Year Ended June 30, 2023 and 2022

2023

| | Program Services | Management and general | Fundraising | Total |
|---|---------------------|---------------------------|------------------|---------------------|
| Gifts, grants, and awards - related party | \$ 689,413 | \$ - | \$ - | \$ 689,413 |
| Scholarships - related party | 398,466 | - | - | 398,466 |
| Donated personnel costs - related party | 81,675 | 95,921 | 59,198 | 236,794 |
| Personnel costs - related party | 48,237 | 108,388 | - | 156,625 |
| Donated facility use - related party | 9,722 | 45,371 | 9,722 | 64,815 |
| General program | 55,688 | - | 4,276 | 59,964 |
| Professional services | - | 36,473 | - | 36,473 |
| Office and software | 6,703 | 14,752 | 550 | 22,005 |
| Marketing and development | 885 | 7,568 | 7,042 | 15,495 |
| Alumni relations | 6,133 | - | - | 6,133 |
| Conferences and travel | - | 5,616 | - | 5,616 |
| Insurance | 3,884 | 1,295 | - | 5,179 |
| Donor recognition | - | - | 3,624 | 3,624 |
| Printing and mailing | - | - | 936 | 936 |
| Bank and merchant fees | - | 219 | 289 | 508 |
| Provision for uncollectible receivables | - | - | 365 | 365 |
| Total | \$ 1,300,806 | \$ 315,603 | \$ 86,002 | \$ 1,702,411 |
| Allocation Percentage | 76% | 19% | 5% | 100% |

2022

| | Program Services | Management and general | Fundraising | Total |
|---|---------------------|---------------------------|------------------|---------------------|
| Gifts, grants, and awards - related party | \$ 367,533 | \$ - | \$ - | \$ 367,533 |
| Scholarships - related party | 644,141 | - | - | 644,141 |
| Donated personnel costs - related party | 89,368 | 80,110 | 56,493 | 225,971 |
| Personnel costs - related party | 53,939 | 105,343 | - | 159,282 |
| Office and software | 9,466 | 14,137 | 999 | 24,602 |
| Professional services | - | 23,354 | - | 23,354 |
| General program | 9,057 | - | 4,862 | 13,919 |
| Donor recognition | - | - | 5,827 | 5,827 |
| Marketing and development | - | 321 | 4,468 | 4,789 |
| Alumni relations | 3,927 | - | - | 3,927 |
| Insurance | 2,850 | 950 | - | 3,800 |
| Provision for uncollectible receivables | - | - | 3,396 | 3,396 |
| Conferences and travel | - | 1,690 | - | 1,690 |
| Printing and mailing | - | - | 1,119 | 1,119 |
| Bank and merchant fees | - | 62 | 908 | 970 |
| Total | \$ 1,180,281 | \$ 225,967 | \$ 78,072 | \$ 1,484,320 |
| Allocation Percentage | 80% | 15% | 5% | 100% |

See independent auditor's report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Cash Flows

For The Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,355,190 | \$ (1,928,790) |
| Adjustments to reconcile change in net assets to net provided (used) by operating activities - | | |
| Contributions restricted for long term investments | (97,424) | (234,489) |
| Contribution of investments | - | (240,106) |
| Contributions of nonfinancial assets income | (301,609) | (234,971) |
| Contributions of nonfinancial assets expense | 301,609 | 226,971 |
| Net losses on sale of investments | 49,235 | 7,470 |
| Net unrealized (gains) losses on investments | (776,869) | 2,046,835 |
| Decrease (increase) in contributions and other receivables | 39,602 | (231,906) |
| Change in discount of contributions receivable | (8,293) | 21,051 |
| Change in provision for uncollectible contributions receivable | (1,261) | 3,396 |
| (Decrease) increase in accounts payable and accrued liabilities | (104,603) | 54,176 |
| (Decrease) increase in scholarships and awards payable | (297,859) | 278,714 |
| Net cash provided (used) by operating activities | <u>157,718</u> | <u>(231,649)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 984,160 | 238,892 |
| Proceeds from sale of contributed investments | - | 240,106 |
| Purchases of investments | (449,748) | (287,924) |
| Net cash provided by investing activities | <u>534,412</u> | <u>191,074</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions restricted for long term investments | <u>97,424</u> | <u>234,489</u> |
| Net cash provided by financing activities | <u>97,424</u> | <u>234,489</u> |
| Net Change in Cash | 789,554 | 193,914 |
| Cash - Beginning of Year | <u>818,945</u> | <u>625,031</u> |
| Cash - End of Year | <u>\$ 1,608,499</u> | <u>\$ 818,945</u> |
| NONCASH INVESTING ACTIVITIES | | |
| Contribution of investments | <u>\$ -</u> | <u>\$ 240,106</u> |

See independent auditor's report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

ORGANIZATION AND NATURE OF ACTIVITIES

The Wenatchee Valley College Foundation, Inc. (the Foundation) is a non-profit corporation founded in 1971 for the exclusive purpose of encouraging, promoting, and supporting educational programs, scholarly programs, and scholarly pursuits in connection with Wenatchee Valley College (the College) located in Wenatchee, Washington. The Foundation receives its support primarily from contributions, program income, and investment earnings.

The Foundation provides supplemental funding for the Wenatchee Valley College, its programs, and students through scholarships and other financial support. The Wenatchee Valley College, through its campus in Wenatchee and community outreach programs in other communities, serves the citizens of Chelan, Douglas, and Okanogan counties. Wenatchee Valley College is considered a related party to the Foundation based on their relationship.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Entities, and Accounting Standards Update (ASU) No. 2016-14 Presentation of Financial Statements of Not-for-Profit Entities. Under ASC 958 and ASU No. 2016-14, the Foundation is required to report information regarding its financial position and activities to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions - are net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and college supporting activities.

Net Assets With Donor Restrictions - are net assets that are subject by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires or is otherwise met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Basis of Accounting

The Foundation's financial statements presented herein have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles for not-for-profit organizations.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income generated by activities that would be considered unrelated to the Foundation's exempt purpose would be subject to unrelated business income tax (UBIT). Management attests that the foundation did not engage in unrelated business activities during the years ending June 30, 2023, and 2022. Therefore, no provision for UBIT tax has been recorded.

The most significant tax positions of the Foundation are its assertions that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. With a few exceptions, the Foundation is no longer subject to income tax examinations by U.S. Federal tax authorities for the years before 2019.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held with brokers or in investment pools are considered to be investments and are reported as such.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to use estimates and assumptions that affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could vary from the estimates that were used.

Investments

As of June 30, 2023, the Foundation's investment portfolio is managed by the Community Foundation of North Central Washington as part of its total "pooled portfolio". The investments are managed by the Community Foundation of North Central Washington in accordance with the guidelines established by the Investment Committee of the Board of Directors. The Investment Committee has established and communicated to the Community Foundation of North Central Washington, policies relating to the nature of permitted investment instruments, diversification, and the use of derivatives.

All long-term investments have been reported in the financial statements at their current market value as reported by the Community Foundation of North Central Washington. The net increase (decrease) in realized and unrealized appreciation (depreciation) in the market value of such investments has been included in the statements of activities in the appropriate net asset classification. Management is not aware of any derivative financial instruments through the investment management strategy employed by the Community Foundation of North Central Washington and its investment advisors, and any mutual funds held in the pooled investment balances.

Investments are carried at an estimated fair value on the statement of financial position, fair value is determined based on quoted market prices. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Dividend and interest income are accrued when earned.

Concentrations of Credit Risk

The Foundation invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in these financial statements. Management anticipates no material effect to the Foundation's financial statements as a result of cash held in excess of available federally insured amounts.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution is made. Conditional promises to give are not recorded until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Contributions are recognized based on the presence of restrictions or lack of restrictions as set forth by the donor.

Reclassifications

Certain reclassifications have been made to the 2022 audited financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Investments

Donated investments are recorded at the fair market value on the date received and are typically converted to cash immediately thereafter.

Statement of Cash Flows

Cash receipts resulting from the sale of donated financial assets that were converted nearly immediately into cash are classified as operating cash flows.

Contributed Nonfinancial Assets

Contributed nonfinancial assets primarily consist of donated services and use of facilities from the College, such transactions are recognized as contribution income and a related donated expense at their fair market value. Additionally, the Foundation may receive other contributed nonfinancial assets such as equipment and automobiles, these items are recognized at their fair market value at the time of the donation. Unless otherwise specified by the donor, contributed nonfinancial assets are recorded as without donor restrictions.

The Foundation has individuals who volunteer their time and perform a variety of tasks that assist the Foundation in meeting its goals and mission. Contribution of services received are required to be recorded if such services: (a) created or enhanced nonfinancial assets (b) required specialized skills (c) are provided by individuals possessing those skills and (d) would typically need to be purchased if not contributed.

During the years ended June 30, 2023, and 2022, the fair value of many of these services have not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles or they were not deemed material. There is one exception to note, donated personnel costs from the College were recorded, see related party transaction note for additional information.

Functional Expenses

Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas and are categorized at the time the expense is recorded. In-kind expenses are attributed to one or more program or supporting functions of the Foundation and are allocated between program, support services, and fundraising accordingly. These in-kind expenses include wages and benefits, office expense, and other costs. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842) in order to increase transparency and comparability among organizations by recognizing key information about leasing arrangements. Though the new standard dramatically changes the presentation of lease assets and lease liabilities on an entity's financial statements, the classification criteria for distinguishing between finance and operating leases are substantially similar to the classification criteria for distinguishing between capital and operating leases under the previous lease guidance (ASC Topic 840).

Effective July 1, 2022, the Foundation adopted the new lease accounting guidance in ASU No. 2016-02, this new standard has no material impact on these financial statements as the Foundation has no material leases that would fall under the scope of this new lease standard.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

REVENUE RECOGNITION

The Foundation is primarily supported from contributions, investment income, management fees, and program assessment fees. Management fees are earned by the Foundation for overseeing investment of endowments and various funds, a fee of 1.35% of the average daily balance is charged on a monthly basis. Program assessment is a 5% fee that is charged upon the receipt of contributions that are designated to programs or scholarships.

The Foundation has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard. Significant revenue streams that fall under this scope include management and program assessment fees. Management evaluates all types of revenue streams to determine if such transactions fall within the scope of ASC 606, this evaluation is performed on ongoing basis.

Performance Obligations

Satisfaction of the performance obligation will cause revenue to be recognized either at a point in time or over a period of time. Management fees will be recognized over a period of time as the Foundation earns this revenue over the course of a month. Program assessment fees are recognized at a point of time, which occurs when the Foundation receives applicable contributions. The following table represents the Foundation's sources of net revenues, disaggregated by the major products and services, and timing of revenue recognition which depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for the year ending June 30:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Revenue Recognized Over Time - Management Fees | \$ 128,002 | \$ 154,516 |
| Revenue Recognized at a Point in Time - Program Assessment Fees | <u>36,011</u> | <u>14,319</u> |
| Total Revenue Recognized | <u>\$ 164,013</u> | <u>\$ 168,835</u> |

Transaction Price

The Foundation recognizes revenue based on the amount allocated to the related performance obligations when the performance obligation is satisfied at a point in time or over time. Revenue is recorded in the amount the Foundation expects to be entitled to in exchange for services provided.

Significant Judgements

The Foundation's method used to recognize revenue for performance obligations satisfied over time is based on the performance period in which services are rendered and revenue is earned. These revenue streams are evaluated and analyzed by management to determine the appropriate revenue to be recognized. Management has determined that the Foundation does not have any significant variable considerations related to unsatisfied performance obligations pertaining to contracts with customers for the years ending June 30, 2023 and 2022.

LEASES

The Foundation entered into an agreement with Wenatchee Valley College which renews automatically on an annual basis every July 1st. This agreement includes the use of office space, utilities, supplies and office equipment. Under this agreement, the College is providing the use of their facilities to the Foundation at no cost. The estimated fair value of the donated facility use is \$64,815 which has been recognized in these financial statements for the year ending June 30, 2023.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available.

Most investments in marketable and debt securities reported in the statements of financial position are valued at the closing price reported on the active market on which the individual security is traded (Level 1). The Foundation records purchased securities at quoted market value and contributed securities at their fair value on the date of receipt. Other contributed assets are recorded at appraised value at the time of donation. Unrealized gains and losses are reflected in the statements of activities. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the statement of financial position.

The Foundation's investments are held at the Community Foundation of North Central Washington. The Community Foundation of North Central Washington invests the Foundation's funds with other funds under its management on a pooled basis. The income from such investments and the realized and unrealized gains and losses on the investments are allocated to the participating funds based on book value of the fund groups. Participation units in the investment funds are determined monthly based on the fair value of investments at the calculation date.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments stated at fair value are comprised of the following at June 30:

| | 2023 | 2022 |
|---------------------------|----------------------|---------------------|
| Cash and cash equivalents | \$ 176,244 | \$ 303,813 |
| Equities | 6,378,800 | 5,953,109 |
| Fixed Income | 3,560,819 | 3,668,787 |
| Total investments | <u>\$ 10,115,863</u> | <u>\$ 9,922,641</u> |

The cost of investments and unrealized gain approximated \$7,831,070 and \$2,284,793 respectively for the year ended June 30, 2023. The cost of investments and unrealized gain approximated \$8,414,717 and \$1,507,924 respectively for the year ended June 30, 2022.

Investment return and its classification for the year ended June 30, 2023 included in the statement of activities is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------|-------------------------------|----------------------------|-------------------|
| Interest and dividends | \$ 29,273 | \$ 336,910 | \$ 366,183 |
| Net realized losses | (5,329) | (43,906) | (49,235) |
| Net unrealized gains | 56,520 | 720,349 | 776,869 |
| Investment expenses | (19,889) | (224,590) | (244,479) |
| Investment return, net | <u>\$ 60,575</u> | <u>\$ 788,763</u> | <u>\$ 849,338</u> |

Investment return and its classification for the year ended June 30, 2022 included in the statement of activities is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------|-------------------------------|----------------------------|-----------------------|
| Interest and dividends | \$ 31,793 | \$ 310,776 | \$ 342,569 |
| Net realized losses | (684) | (6,786) | (7,470) |
| Net unrealized losses | (187,616) | (1,859,219) | (2,046,835) |
| Investment expenses | (26,959) | (262,058) | (289,017) |
| Investment return, net | <u>\$ (183,466)</u> | <u>\$ (1,817,287)</u> | <u>\$ (2,000,753)</u> |

The Foundation charges an annual administrative fee of 1.35% of the market value of the various funds and endowments under their control. The fee is based on the average daily balance of such funds and is reflected as an administrative fee expense to the various funds and as unrestricted support to the operating fund. Total fees assessed were \$128,002 and \$154,516 for fiscal years ended June 30, 2023 and 2022, respectively.

All funds are invested in accordance with the Foundation's investment policy.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

| | Fair Value Measurements at June 30, 2023 | | | |
|-------------------------------|--|---------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Separate Accounts: | | | | |
| Cash and Cash Equivalents | | | | |
| Money Market Funds | \$ 513 | \$ - | \$ - | \$ 513 |
| Certificate of Deposits | 96,000 | - | - | 96,000 |
| Total Separate Accounts | 96,513 | - | - | 96,513 |
| Pooled Investments: | | | | |
| Cash and Cash Equivalents | | | | |
| Money Market Funds | 79,731 | - | - | 79,731 |
| Equities | | | | |
| U.S. Large and Mid-Cap | 4,583,687 | - | - | 4,583,687 |
| U.S. Small Cap | 1,132,445 | - | - | 1,132,445 |
| International Equities | 662,668 | - | - | 662,668 |
| Fixed Income | | | | |
| Bond Funds | 2,524,024 | - | - | 2,524,024 |
| Mortgage Pools | 1,036,795 | - | - | 1,036,795 |
| Total Pooled Investments | 10,019,350 | - | - | 10,019,350 |
| Total Fair Value Measurement: | \$ 10,115,863 | \$ - | \$ - | \$ 10,115,863 |
| | Fair Value Measurements at June 30, 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Separate Accounts: | | | | |
| Cash and Cash Equivalents | | | | |
| Money Market Funds | \$ 3,068 | \$ - | \$ - | \$ 3,068 |
| Equity Investments | | | | |
| Mutual Funds | 119,371 | - | - | 119,371 |
| Common Stock | 112,719 | - | - | 112,719 |
| Total Separate Accounts | 235,158 | - | - | 235,158 |
| Pooled Investments: | | | | |
| Cash and Cash Equivalents | | | | |
| Money Market Funds | 300,745 | - | - | 300,745 |
| Equities | | | | |
| U.S. Large and Mid-Cap | 4,067,605 | - | - | 4,067,605 |
| U.S. Small Cap | 1,045,989 | - | - | 1,045,989 |
| International Equities | 604,357 | - | - | 604,357 |
| Fixed Income | | | | |
| Bond Funds | 2,656,586 | - | - | 2,656,586 |
| Mortgage Pools | 1,012,201 | - | - | 1,012,201 |
| Total Pooled Investments | 9,687,483 | - | - | 9,687,483 |
| Total Fair Value Measurement: | \$ 9,922,641 | \$ - | \$ - | \$ 9,922,641 |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

During the fiscal year ending June 30, 2022, the Foundation received donated investments in the amount of \$240,416. A portion of these investments were sold for total proceeds of \$5,088 during the year. The remaining portion was not liquidated as of June 30, 2022 and had a fair market value of \$235,156. As such, this balance is included the investment balance as of June 30, 2022. During the year ending June 30, 2023, these investments were liquidated for total proceeds of \$253,533.

CONCENTRATIONS

The operating costs of the Foundation are paid for through the assessment of management fees on investments and contributions. The continued operation of the Foundation is highly dependent on unrestricted funds and the generation of unrestricted donations.

Cash balances at any one financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the fiscal year, the Foundation's cash in bank balances may exceed the federally insured limits. The total uninsured cash balance as of June 30, 2023 and 2022 was \$1,364,091 and \$881,178, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

CONTRIBUTIONS AND OTHER RECEIVABLES

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Contributions and other receivables consisted of the following at June 30: | | |
| Contributions receivable | | |
| Building Futures Campaign | \$ 168,185 | \$ 226,570 |
| Less: discount to present value (1) | (12,758) | (21,051) |
| Less: allowance for uncollectible receivables (2) | (1,261) | (3,396) |
| Contributions receivable, net | <u>\$ 154,166</u> | <u>\$ 202,123</u> |
| Receivable in less than one year | \$ 57,740 | \$ 60,440 |
| Receivable in one to five years | <u>110,445</u> | <u>166,130</u> |
| Total contributions receivable | 168,185 | 226,570 |
| Long term portion of contributions receivable | <u>(110,445)</u> | <u>(166,130)</u> |
| Current portion of contributions receivable | <u>\$ 57,740</u> | <u>\$ 60,440</u> |
| Long-term portion of contributions receivable | <u>\$ 96,426</u> | <u>\$ 141,683</u> |
| Other receivables - | | |
| Management fee | \$ 10,893 | \$ 11,649 |
| Receivable from estate | 15,000 | - |
| Receivable from CFNCW | <u>41,628</u> | <u>37,963</u> |
| Total other receivables | <u>\$ 67,521</u> | <u>\$ 49,612</u> |

(1) Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4% which is based on treasury securities with comparable maturities. (2) A factor of .75% of gross contributions receivable was applied in calculating the allowance for uncollectible pledges. This percentage was determined using the Foundation's historical collection patterns.

The Foundation periodically evaluates the balances of any significant past due amounts to determine if any balances are uncollectible.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

ENDOWMENTS

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

In the absence of donor restrictions, the Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA or the Act), as providing among other things, expanded spending flexibility by allowing, subject to standards of prudence, an institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of a donor restricted endowment fund below its historical dollar value.

Interpretation of relevant law:

For donor-restricted endowment funds, the Board of Directors of the Foundation have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation consider the following factors in making a determination to appropriate or accumulate endowment funds:

1. Investment Returns (actual and projected).
2. Fees (administrative and actual money management).
3. Charitable Needs (current and future projections).
4. General economic conditions including effects of inflation and deflation.
5. Investment policies of the Foundation.
6. Other resources of the Foundation.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

ENDOWMENTS (CONTINUED)

Endowment assets by fund consist of the following as of June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Donor-restricted endowment funds | \$ - | \$ 9,264,477 | \$ 9,264,477 |
| Board designated quasi-endowment funds | 675,185 | - | 675,185 |
| Total | <u>\$ 675,185</u> | <u>\$ 9,264,477</u> | <u>\$ 9,939,662</u> |

Changes in endowment net assets as of June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Endowment net assets, beginning of year | \$ 765,153 | \$ 8,329,230 | \$ 9,094,383 |
| Investment return, net: | | | |
| Interest and dividends | 28,142 | 327,600 | 355,742 |
| Realized and unrealized gains | 49,310 | 662,233 | 711,543 |
| Investment expense | (19,279) | (219,401) | (238,680) |
| Total investment returns | <u>58,173</u> | <u>770,432</u> | <u>828,605</u> |
| Contributions | - | 716,425 | 716,425 |
| Appropriation of endowment | (37,551) | (552,280) | (589,831) |
| Net transfers (from) to endowments | <u>(110,590)</u> | <u>670</u> | <u>(109,920)</u> |
| Endowment net assets, end of year | <u>\$ 675,185</u> | <u>\$ 9,264,477</u> | <u>\$ 9,939,662</u> |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

ENDOWMENTS (CONTINUED)

Endowment assets by fund consist of the following as of June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| Donor-restricted endowment funds | \$ - | \$ 8,329,230 | \$ 8,329,230 |
| Board designated quasi-endowment funds | 765,153 | - | 765,153 |
| Total | \$ 765,153 | \$ 8,329,230 | \$ 9,094,383 |

Changes in endowment net assets as of June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| Endowment net assets, beginning of year | \$ 974,411 | \$ 10,161,670 | \$ 11,136,081 |
| Investment return, net: | | | |
| Interest and dividends | 30,777 | 301,643 | 332,420 |
| Realized and unrealized losses | (183,838) | (1,811,760) | (1,995,598) |
| Investment expense | (26,067) | (254,225) | (280,292) |
| Total investment returns | (179,128) | (1,764,342) | (1,943,470) |
| Contributions | - | 520,230 | 520,230 |
| Appropriation for expenditure | - | (588,378) | (588,378) |
| Net transfers (from) to endowments | (30,130) | 50 | (30,080) |
| Endowment net assets, end of year | \$ 765,153 | \$ 8,329,230 | \$ 9,094,383 |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

ENDOWMENTS (CONTINUED)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). The Foundation has interpreted UPMIFA to permit spending from endowment funds with deficits of this nature in accordance with prudent measures required under law. There were no material underwater endowments as of June 30, 2023 and 2022.

Strategies Employed for Achieving Objectives

The general investment goals and strategy in relation to the endowment are under the fiduciary responsibility and oversight of the Foundation's Finance Committee (the "Committee"). The Committee manages the assets of the endowment fund to provide the highest total return consistent with prudent investment practices, providing the long-term returns sufficient to cover their return requirements of the spending formula. The returns achieved by investment management are to be sufficient to overcome inflationary effects and preserve the purchasing power of the corpus. Safety and preservation of capital are critical considerations.

The investment objectives require a disciplined and consistent management philosophy that accommodates investment opportunities that are reasonable and profitable. Extreme positions or speculative styles are not consistent with this philosophy.

All endowed funds are governed by the Endowment Spending Policy and should ensure compliance with Uniform Prudent Management of Institutional Funds Act (UPMIFA) and other applicable state and federal laws. The Foundation Board of Directors has ultimate responsibility for investment and management of endowed funds.

Spending Policy and How Investment Objectives Relate To Spending

When establishing the spending target, the Foundation considers four factors: 1) Investment Returns (actual and projected), 2) Fees (administrative and actual money management, 3) Inflation (CPI average), and 4) Charitable Needs (current and future projections). The spending target should range between 3% - 7% gross and should be calculated over a five-year rolling average of fair market value. The calculation will be performed by the Community Foundation of NCW, the foundation's investment partners. The spending target should be slightly below the after-inflation return on the portfolio.

The annual spending target will be determined by the Budget & Finance Committee after consideration of the four factors.

Endowments will be invested for one full fiscal year prior to its first allocation. The Foundation's spending policy is to be responsive to the long-term sustainability of the endowments and the charitable needs of the College's students.

CONTRIBUTIONS OF NONFINANCIAL ASSETS

Various items including equipment, vehicles, and other nonmonetary assets are donated to the Foundation for the direct benefit of the College's activities. Such assets are recorded at fair value at the date of the contribution as an in-kind contribution and as a program expense when disbursed to the College or when utilized by the Foundation. Additionally, the College provides the Foundation personnel services and use facilities, all of which are donated by the College. All donated assets from sources other than the College have donor-imposed restrictions to be used for academic and programmatic purposes for the College.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

In the prior year, the Foundation received a vehicle donation with a fair market value of \$8,000. The vehicle is being utilized in the College Automotive Technology Program but has yet to be transferred to the College. As such, this amount is reported as a tangible asset on the statement of financial position as of June 30, 2023. The Foundation's policy is to transfer such assets to the College thus recording the program expense when the title of the vehicle has cleared and transferred. The following is a summary of contributions of nonfinancial assets received for the year ending June 30:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Donated personnel services | \$ 236,794 | \$ 225,971 |
| Donated facility use | 64,815 | - |
| Vehicle (Automotive Technology Program) | - | 8,000 |
| Equipment (Nursing Program) | - | 1,000 |
| Total nonfinancial assets | <u>\$ 301,609</u> | <u>\$ 234,971</u> |

All contributions of nonfinancial assets were utilized by the Foundation's programs and supporting services, there were no contributions that were monetized by the Foundation. There were no donor-imposed restrictions associated with contributions received in the year ending June 30, 2023. Donor-restricted contributions in the prior year included a vehicle and equipment, such donor restrictions were complied with.

The College donates personnel services and use of their facilities to the Foundation, such contributions are utilized by the Foundation in their operations, programs, and fundraising efforts. Donated personnel services are recorded based on the actual cost incurred by the College, donated use of facilities is recorded at the estimated fair market value which is based on current market rates of comparable rentals in terms of size and location. Equipment and vehicles are valued at their fair market value at the time of the contribution as determined by the donor and evaluated by management for reasonableness.

RELATED PARTY TRANSACTIONS

The Foundation provides supplemental funding for the Wenatchee Valley College, its programs, and students through scholarships and other financial support. In return, the College has provided the Foundation with certain staff and facilities for its operations without charge. The following is a summary of transactions between the Foundation and the College as of June 30:

| | 2023 | | 2022 | |
|------------------------------|----------------------|------------------------|----------------------|------------------------|
| | To The Foundation | From The Foundation | To The Foundation | From The Foundation |
| Donated personnel costs | \$ 236,794 | \$ - | \$ 225,971 | \$ - |
| Donated facility use | 64,815 | - | - | - |
| Gifts, grants, and awards | - | 689,413 | - | 367,533 |
| Scholarships | - | 398,466 | - | 644,141 |
| Payments for personnel costs | - | 156,625 | - | 159,282 |
| Total | <u>\$ 301,609</u> | <u>\$ 1,244,504</u> | <u>\$ 225,971</u> | <u>\$ 1,170,956</u> |

Omak Wenatchee Valley College Foundation

From time to time, the Foundation will also have transactions with the Omak-Wenatchee Valley College Foundation which is a separate entity regarding Wenatchee Valley College. For the years ending June 30, 2023 and 2022, there were no material transactions between the Foundation and the Omak Foundation.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

NET ASSETS

Board Designated Net Assets

The Foundation's governing body has designated net assets without donor restrictions for specific purposes, future projects, and operating reserves. Such designated net assets provide funding for operating shortfalls and other assistance when deemed necessary by the Foundation's governing body. Balances of such designated net assets consist of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Board designated quasi-endowment funds | \$ 675,185 | \$ 765,153 |
| Operating reserves | 25,630 | 108,447 |
| College supporting activities | <u>67,800</u> | <u>71,886</u> |
| Total board designated net assets | <u>\$ 768,615</u> | <u>\$ 945,486</u> |

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|---------------------|
| Subject to expenditure for specified purposes: | | |
| Scholarships | \$ 481,724 | \$ 134,633 |
| Building futures campaign | 204,316 | 279,743 |
| College supporting activities | <u>516,395</u> | <u>281,909</u> |
| Total amount subject to expenditure for specified purpose | <u>1,202,435</u> | <u>696,285</u> |
| Donor-restricted endowments available for appropriations | | |
| Scholarships | 6,338,252 | 5,665,685 |
| College supporting activities | <u>2,926,225</u> | <u>2,663,545</u> |
| Total donor-restricted endowments available for appropriations | 9,264,477 | 8,329,230 |
| Total net assets with donor restrictions | <u>\$ 10,466,912</u> | <u>\$ 9,025,515</u> |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

NET ASSETS (CONTINUED)

Net Assets Released From Restrictions and Reclassifications

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Those amounts released from restrictions including reclassifications are as follows as of June 30:

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-------------------------|
| Satisfaction of purpose restrictions: | | |
| Scholarships | \$ 24,381 | \$ 222,753 |
| Building futures campaign | 165,800 | 3,098 |
| College supporting activities | <u>174,532</u> | <u>213,219</u> |
| Total amount released from satisfaction of purpose restrictions | 364,713 | 435,972 |
| Restricted-purpose appropriations of endowments: | | |
| Scholarships | 374,085 | 421,388 |
| College supporting activities | <u>215,746</u> | <u>166,990</u> |
| Total restricted-purpose appropriations of endowments | <u>589,831</u> | <u>588,378</u> |
| Total net assets released from restrictions and reclassifications | <u>\$ 954,544</u> | <u>\$ 1,024,350</u> |

Total Net Assets

Total net assets consist of the following as of June 30:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|-------------------------|
| Net assets without donor restrictions: | | |
| Undesignated | \$ 113,487 | \$ 22,823 |
| Board designated | <u>768,615</u> | <u>945,486</u> |
| Total net assets without donor restrictions | <u>882,102</u> | <u>968,309</u> |
| Net assets with donor restrictions | <u>10,466,912</u> | <u>9,025,515</u> |
| Total net assets | <u>\$ 11,349,014</u> | <u>\$ 9,993,824</u> |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The following table reflects the Foundation's financial assets as of June 30 that are available to meet cash needs for operating expenditures within one year:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 1,608,499 | \$ 818,945 |
| Contributions receivable, net | 57,740 | 60,440 |
| Contributions receivable - long term, net | 96,426 | 141,683 |
| Other receivables | 67,521 | 49,612 |
| Tangible asset | 8,000 | 8,000 |
| Investments at fair value | <u>10,115,863</u> | <u>9,922,641</u> |
| | | |
| Total financial assets | 11,954,049 | 11,001,321 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors for specific purpose | 1,202,435 | 696,285 |
| Donor-restricted endowments available for appropriations | <u>9,264,477</u> | <u>8,329,230</u> |
| Total amounts unavailable for general expenditures | <u>10,466,912</u> | <u>9,025,515</u> |
| Amounts unavailable to management without Board's approval: | | |
| Board endowment | 675,185 | 765,153 |
| Reserves | 25,630 | 108,447 |
| College supporting activities | <u>67,800</u> | <u>71,886</u> |
| Total amounts unavailable to management without Board's approval | <u>768,615</u> | <u>945,486</u> |
| Contributions receivable - long term, net | <u>96,426</u> | <u>141,683</u> |
| Financial assets available to meet cash needs for operating expenditures within one year | <u>\$ 622,096</u> | <u>\$ 888,637</u> |

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2023 the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Schedule I - Schedule of Financial Position by Fund

As of June 30, 2023

| | Current Funds | Program Funds | Endowment Funds | Total |
|--|-------------------|---------------------|----------------------|----------------------|
| <u>ASSETS</u> | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 190,183 | \$ 778,038 | \$ 640,278 | \$ 1,608,499 |
| Contributions receivable, net | - | 57,740 | - | 57,740 |
| Other receivables | 10,893 | 41,628 | 15,000 | 67,521 |
| Total Current Assets | 201,076 | 877,406 | 655,278 | 1,733,760 |
| Non-Current Assets | | | | |
| Tangible asset | - | 8,000 | - | 8,000 |
| Contributions receivable - long term, net | - | 96,426 | - | 96,426 |
| Investments at fair value | 25,630 | 216,103 | 9,874,130 | 10,115,863 |
| Total Non-Current Assets | 25,630 | 320,529 | 9,874,130 | 10,220,289 |
| Total Assets | \$ 226,706 | \$ 1,197,935 | \$ 10,529,408 | \$ 11,954,049 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities - related party | \$ 14,789 | \$ - | \$ - | 14,789 |
| Scholarships and awards payable - related party | - | 500 | 589,746 | 590,246 |
| Total Current Liabilities | 14,789 | 500 | 589,746 | 605,035 |
| Net Assets | | | | |
| Without donor restrictions | 206,917 | - | 675,185 | 882,102 |
| With donor restrictions | 5,000 | 1,197,435 | 9,264,477 | 10,466,912 |
| Total Net Assets | 211,917 | 1,197,435 | 9,939,662 | 11,349,014 |
| Total Liabilities and Net Assets | \$ 226,706 | \$ 1,197,935 | \$ 10,529,408 | \$ 11,954,049 |

See independent auditor's report.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Schedule II - Schedule of Financial Position by Fund

As of June 30, 2022

| | Current Funds | Program Funds | Endowment Funds | Total |
|--|-------------------|---------------------|---------------------|----------------------|
| <u>ASSETS</u> | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 158,786 | \$ 536,014 | \$ 124,145 | \$ 818,945 |
| Contributions receivable, net | - | 60,440 | - | 60,440 |
| Other receivables | 11,649 | 37,963 | - | 49,612 |
| Total Current Assets | 170,435 | 634,417 | 124,145 | 928,997 |
| Non-Current Assets | | | | |
| Tangible asset | - | 8,000 | - | 8,000 |
| Contributions receivable - long term, net | - | 141,683 | - | 141,683 |
| Investments at fair value | 23,448 | 217,582 | 9,681,611 | 9,922,641 |
| Total Non-Current Assets | 23,448 | 367,265 | 9,681,611 | 10,072,324 |
| Total Assets | \$ 193,883 | \$ 1,001,682 | \$ 9,805,756 | \$ 11,001,321 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities | \$ 4,050 | \$ - | \$ - | \$ 4,050 |
| Accounts payable and accrued liabilities - related party | 13,562 | 101,780 | - | 115,342 |
| Scholarships and awards payable - related party | - | 176,732 | 711,373 | 888,105 |
| Total Current Liabilities | 17,612 | 278,512 | 711,373 | 1,007,497 |
| Net Assets | | | | |
| Without donor restrictions | 176,271 | 26,885 | 765,153 | 968,309 |
| With donor restrictions | - | 696,285 | 8,329,230 | 9,025,515 |
| Total Net Assets | 176,271 | 723,170 | 9,094,383 | 9,993,824 |
| Total Liabilities and Net Assets | \$ 193,883 | \$ 1,001,682 | \$ 9,805,756 | \$ 11,001,321 |

See independent auditor's report.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Schedule III- Schedule of Activities by Fund

For The Year Ended June 30, 2023

| | Current Funds | Program Funds | Endowment Funds | Total |
|--|--------------------|-------------------|--------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Public Support - | | | | |
| Contributions of cash and other financial assets | \$ 135,463 | \$ 890,753 | \$ 716,425 | \$ 1,742,641 |
| Contributions of nonfinancial assets - related party | 301,609 | - | - | 301,609 |
| Revenue - | | | | |
| Investment return, net | 2,403 | 18,330 | 828,605 | 849,338 |
| Management fees | 128,002 | - | - | 128,002 |
| Program assessment fees | 36,011 | - | - | 36,011 |
| Total Public Support and Revenue | 603,488 | 909,083 | 1,545,030 | 3,057,601 |
| EXPENSES | | | | |
| Gifts, grants, and awards - related party | 116,508 | 357,159 | 215,746 | 689,413 |
| Scholarships - related party | - | 24,381 | 374,085 | 398,466 |
| Donated personnel costs - related party | 236,794 | - | - | 236,794 |
| Personnel costs - related party | 156,625 | - | - | 156,625 |
| Donated facility use - related party | 64,815 | - | - | 64,815 |
| General program | 3,386 | 56,578 | - | 59,964 |
| Professional services | 36,473 | - | - | 36,473 |
| Office and software | 22,005 | - | - | 22,005 |
| Marketing and development | 15,495 | - | - | 15,495 |
| Alumni relations | 6,133 | - | - | 6,133 |
| Conferences and travel | 5,616 | - | - | 5,616 |
| Insurance | 5,179 | - | - | 5,179 |
| Donor recognition | 3,624 | - | - | 3,624 |
| Printing and mailing | 936 | - | - | 936 |
| Bank and merchant fees | 508 | - | - | 508 |
| Provision for uncollectible receivables | - | 365 | - | 365 |
| Total Expenses | 674,097 | 438,483 | 589,831 | 1,702,411 |
| Change in Net Assets | \$ (70,609) | \$ 470,600 | \$ 955,199 | \$ 1,355,190 |

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Schedule IV- Schedule of Activities by Fund

For The Year Ended June 30, 2022

| | Current Funds | Program Funds | Endowment Funds | Total |
|--|--------------------|-------------------|-----------------------|-----------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Public Support - | | | | |
| Contributions of cash and other financial assets | \$ 60,170 | \$ 572,077 | \$ 520,230 | \$ 1,152,477 |
| Contributions of nonfinancial assets - related party | 225,971 | - | - | 225,971 |
| Contribution of nonfinancial assets | - | 9,000 | - | 9,000 |
| Revenue - | | | | |
| Investment return, net | (4,338) | (52,945) | (1,943,470) | (2,000,753) |
| Management fees | 154,516 | - | - | 154,516 |
| Program assessment fees | 14,319 | - | - | 14,319 |
| Total Public Support and Revenue | 450,638 | 528,132 | (1,423,240) | (444,470) |
| EXPENSES | | | | |
| Gifts, grants, and awards - related party | 41,356 | 159,187 | 166,990 | 367,533 |
| Scholarships - related party | - | 222,753 | 421,388 | 644,141 |
| Donated personnel costs - related party | 225,971 | - | - | 225,971 |
| Personnel costs - related party | 159,282 | - | - | 159,282 |
| Office and software | 24,602 | - | - | 24,602 |
| Professional services | 23,354 | - | - | 23,354 |
| General program | 4,987 | 8,932 | - | 13,919 |
| Donor recognition | 5,827 | - | - | 5,827 |
| Marketing and development | 4,789 | - | - | 4,789 |
| Alumni relations | 3,927 | - | - | 3,927 |
| Insurance | 3,800 | - | - | 3,800 |
| Provision for uncollectible receivables | - | 3,396 | - | 3,396 |
| Conferences and travel | 1,690 | - | - | 1,690 |
| Printing and mailing | 1,119 | - | - | 1,119 |
| Bank and merchant fees | 970 | - | - | 970 |
| Total Expenses | 501,674 | 394,268 | 588,378 | 1,484,320 |
| Change in Net Assets | \$ (51,036) | \$ 133,864 | \$ (2,011,618) | \$ (1,928,790) |