

# Wenatchee Valley College Foundation, Inc.

Financial Statements and  
Independent Auditors' Report

June 30, 2024 and 2023

DRAFT

**Wenatchee Valley College Foundation, Inc.**  
**Table of Contents**

|  | <b>Page</b> |
|--|-------------|
| <i>INDEPENDENT AUDITORS' REPORT</i>                | 1-2         |
| <i>FINANCIAL STATEMENTS:</i>                       |             |
| Statements of financial position                   | 3           |
| Statements of activities and changes in net assets | 4-5         |
| Statements of cash flows                           | 6-7         |
| Notes to the financial statements                  | 8-18        |

DRAFT

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wenatchee Valley College Foundation, Inc.  
Wenatchee, Washington

### **Opinion**

We have audited the accompanying financial statements of Wenatchee Valley College Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Other Matters – Predecessor Auditor**

The financial statements of the Foundation as of June 30, 2023, were audited by Goetz, Bailey & Yale P.S., whose report dated December 1, 2023, expressed an unmodified opinion on those statements.

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

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

*D3A PLLC*

Spokane Valley, Washington

[REPORT DATE]

**Wenatchee Valley College Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

| <b>ASSETS</b>   | <b>2024</b>          | <b>2023</b>          |
|---|----------------------|----------------------|
| Cash and cash equivalents                                   | \$ 1,033,312         | \$ 968,222           |
| Investments   | 280,630              | 241,733              |
| Cash restricted for endowments                              | -                    | 640,277              |
| Investments restricted for endowments                       | 12,452,467           | 9,874,130            |
| Promises to give, net                                       | 3,501,424            | 154,166              |
| Other receivables   | 27,488               | 67,521               |
| Tangible asset  | 6,608                | 8,000                |
| <b>Total assets</b>   | <b>\$ 17,301,929</b> | <b>\$ 11,954,049</b> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                      |                      |
| <i>Liabilities</i>  |                      |                      |
| Accounts payable and accrued liabilities                    | \$ 19,882            | \$ -                 |
| Scholarships and awards payable to Wenatchee Valley College | 514,397              | 590,246              |
| Accrued compensation payable to Wenatchee Valley College    | 23,470               | 14,789               |
| <b>Total liabilities</b>                                    | <b>557,749</b>       | <b>605,035</b>       |
| <i>Net assets</i>   |                      |                      |
| Without donor restrictions                                  | 1,567,053            | 882,102              |
| With donor restrictions                                     | 15,177,127           | 10,466,912           |
| <b>Total net assets</b>                                     | <b>16,744,180</b>    | <b>11,349,014</b>    |
| <b>Total liabilities and net assets</b>                     | <b>\$ 17,301,929</b> | <b>\$ 11,954,049</b> |

*See accompanying notes to financial statements.*

**Wenatchee Valley College Foundation, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2024**

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|---|---------------------------------------|------------------------------------|----------------------|
| <i>Revenue and support</i>  |                                       |                                    |                      |
| Contributions of cash and other financial assets                      | \$ 846,896                            | \$ 5,171,054                       | \$ 6,017,950         |
| Investment return, net  | 233,949                               | 1,155,920                          | 1,389,869            |
| Contributions of nonfinancial assets from<br>Wenatchee Valley College | 305,838                               | 19,108                             | 324,946              |
| <b>Total revenue and support</b>                                      | <b>1,386,683</b>                      | <b>6,346,082</b>                   | <b>7,732,765</b>     |
| <i>Net assets released from restrictions</i>                          | 1,635,867                             | (1,635,867)                        | -                    |
| <i>Expenses</i>   |                                       |                                    |                      |
| Program services  | 1,853,718                             | -                                  | 1,853,718            |
| Management and general  | 362,790                               | -                                  | 362,790              |
| Fundraising   | 121,091                               | -                                  | 121,091              |
| <b>Total expenses</b>   | <b>2,337,599</b>                      | <b>-</b>                           | <b>2,337,599</b>     |
| <i>Change in net assets</i>   | 684,951                               | 4,710,215                          | 5,395,166            |
| <i>Net assets, beginning of year</i>                                  | 882,102                               | 10,466,912                         | 11,349,014           |
| <b>Net assets, end of year</b>  | <b>\$ 1,567,053</b>                   | <b>\$ 15,177,127</b>               | <b>\$ 16,744,180</b> |

*See accompanying notes to financial statements.*

**Wenatchee Valley College Foundation, Inc.**  
**Statement of Activities and Changes in Net Assets (Continued)**  
**Year Ended June 30, 2024**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|---|-------------------------------|----------------------------|----------------------|
| <i>Revenue and support</i>  |                               |                            |                      |
| Contributions of cash and other financial assets                      | \$ 171,473                    | \$ 1,607,179               | \$ 1,778,652         |
| Investment return, net  | 188,578                       | 788,762                    | 977,340              |
| Contributions of nonfinancial assets from<br>Wenatchee Valley College | 301,610                       | -                          | 301,610              |
| <b>Total revenue and support</b>                                      | <b>661,661</b>                | <b>2,395,941</b>           | <b>3,057,602</b>     |
| <i>Net assets released from restrictions</i>                          | 954,544                       | (954,544)                  | -                    |
| <i>Expenses</i>   |                               |                            |                      |
| Program services  | 1,273,971                     | -                          | 1,273,971            |
| Management and general  | 326,219                       | -                          | 326,219              |
| Fundraising   | 102,222                       | -                          | 102,222              |
| <b>Total expenses</b>   | <b>1,702,412</b>              | <b>-</b>                   | <b>1,702,412</b>     |
| <i>Change in net assets</i>   | (86,207)                      | 1,441,397                  | 1,355,190            |
| <i>Net assets, beginning of year</i>                                  | 968,309                       | 9,025,515                  | 9,993,824            |
| <b>Net assets, end of year</b>  | <b>\$ 882,102</b>             | <b>\$ 10,466,912</b>       | <b>\$ 11,349,014</b> |

*See accompanying notes to financial statements.*

**Wenatchee Valley College Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

|   | 2024                | 2023              |
|---|---------------------|-------------------|
| <b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>                                    |                     |                   |
| <i>Cash flows from operating activities</i>   |                     |                   |
| Cash received from contributions  | \$ 2,026,457        | \$ 1,092,275      |
| Cash received from investment income  | 262,529             | 249,489           |
| Cash paid for salaries and benefits   | (242,553)           | (155,398)         |
| Cash paid for other expenses  | (1,815,994)         | (1,647,866)       |
| Net cash from operating activities  | 230,439             | (461,500)         |
| <i>Cash flows from investing activities</i>   |                     |                   |
| Purchases of investments  | (2,101,978)         | (449,749)         |
| Sales or maturity of investments  | 1,252,361           | 344,101           |
| Net cash from investing activities  | (849,617)           | (105,648)         |
| <i>Cash flows from financing activities</i>   |                     |                   |
| Cash received from contributions restricted for investments in endowments                         | 684,268             | 716,425           |
| Net change in cash and cash equivalents   | 65,090              | 149,277           |
| Cash and cash equivalents, beginning of year  | 968,222             | 818,945           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 1,033,312</b> | <b>\$ 968,222</b> |
| <b><i>Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position</i></b> |                     |                   |
| Cash and cash equivalents   | \$ 1,033,312        | \$ 968,222        |

*See accompanying notes to financial statements.*



**Wenatchee Valley College Foundation, Inc.**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2024 and 2023**

|  | 2024              | 2023                |
|--|-------------------|---------------------|
| <b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities</b>        |                   |                     |
| Change in net assets   | \$ 5,395,166      | \$ 1,355,190        |
| <i>Adjustments to reconcile change in net assets to net cash from operating activities</i> |                   |                     |
| Unrealized gain on investments   | (1,127,340)       | (727,851)           |
| In-kind contributions  | (6,608)           | -                   |
| Contributions restricted for investments in endowments                                     | (684,268)         | (716,425)           |
| (Increase) decrease in assets:   |                   |                     |
| Promises to give   | (3,347,258)       | 47,957              |
| Other receivables  | 40,033            | (17,909)            |
| Tangible asset   | 8,000             | -                   |
| Increase (decrease) in liabilities:  |                   |                     |
| Accounts payable and accrued liabilities   | 19,882            | (104,050)           |
| Scholarships and awards payable to Wenatchee Valley College                                | (75,849)          | (299,639)           |
| Accrued compensation payable to Wenatchee Valley College                                   | 8,681             | 1,227               |
| <b>Net cash from operating activities</b>  | <b>\$ 230,439</b> | <b>\$ (461,500)</b> |

*See accompanying notes to financial statements.*

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2024 and 2023**

**1. Organization and Summary of Significant Accounting Policies:**

**a. Organization**

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 College, through its campus in Wenatchee and community outreach programs in other communities, serves the citizens of Chelan, Douglas, and Okanogan counties. The Foundation receives its support primarily from contributions, program income, and investment earnings.

The Foundation and the College have entered into an agreement, which memorializes their interdependent relationship. The agreement incorporates the purpose of the Foundation and recognizes the mutual interest of both parties, as well as the shared economic resources, including staff and facilities. The agreement is subject to amendment and cancellation and contains renewal options.

**b. Summary of Significant Accounting Policies**

***Basis of presentation*** – The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

***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 and expenses during the reporting period. Actual results could differ from those estimates.

***Cash equivalents*** – The Foundation considers all unrestricted, highly-liquid investments with an original maturity of three months or less to be cash equivalents. At various times during the year, the Foundation's cash on deposit in banks exceeded the limit insured by the Federal Deposit Insurance Corporation.

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

Investments have been reported in the financial statements at their current fair value as reported by the CFNCW. The net increase (decrease) in realized and unrealized appreciation (depreciation) in the fair 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 CFNCW and its investment advisors, and any mutual funds held in the pooled investment balances.

***Net assets with donor restrictions*** – Net assets with donor restrictions are those whose use by the Foundation has been restricted by donors to a specific time period or purpose. The net assets with donor restrictions are restricted to provide scholarships and to support educational programs provided by the College.

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**1. Organization and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

**Contributions and promises to give** – Contributions and promises to give are recognized as with or without donor restrictions, depending on the existence and/or nature of the donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities.

**Investment income** – Investment income includes realized gains and losses on investments, unrealized gains and losses on investments, interest, dividends, and expenses. Investment income restricted by a donor is reported as increases in net assets without donor restrictions if the restrictions are met (with the passage of time or by use) in the reporting period in which the investment income was recognized.

**Income taxes** – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income, if any, from activities unrelated to the Foundation’s exempt purpose. The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2024, the Foundation had no uncertain tax positions requiring accrual.

**Reclassifications** - Certain prior year amounts have been reclassified for consistency with the current period presentation. The reclassifications had no effect on the reported results of operations or changes in net assets without donor restrictions.

**Subsequent events** – Subsequent events have been evaluated through **[REPORT DATE]**, the date the financial statements were available to be issued.

**2. Liquidity and Availability of Financial Assets:**

The Foundation’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 1,033,312        | \$ 968,222          |
| Investments   | 280,630             | 241,733             |
| Other receivables   | 27,488              | 67,521              |
|   | <b>1,341,430</b>    | <b>1,277,476</b>    |
| Less amounts unavailable to management without Board approval:                                |                     |                     |
| Reserves  | (99,545)            | (25,630)            |
| College supporting activities   | (63,800)            | (67,800)            |
| <b>Financial assets available to meet cash needs for general expenditures within one year</b> | <b>\$ 1,178,085</b> | <b>\$ 1,184,046</b> |

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**2. Liquidity and Availability of Financial Assets (continued):**

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

**3. Investments:**

|   | 2024                 | 2023                 |
|---|----------------------|----------------------|
| <i>Separate accounts</i>                  |                      |                      |
| Cash equivalents                          | \$ 101,000           | \$ 513               |
| Certificate of deposit - less than 1 year | 98,000               | 96,000               |
| Total separate accounts                   | 199,000              | 96,513               |
| <i>Pooled investments</i>                 |                      |                      |
| Cash equivalents                          | \$ 500,185           | \$ 79,731            |
| Fixed income funds                        |                      |                      |
| <i>Bond funds</i>                         | 3,090,409            | 2,524,024            |
| <i>Mortgage pools</i>                     | 1,230,633            | 1,036,795            |
| Total fixed income funds                  | 4,321,042            | 3,560,819            |
| Equities                                  |                      |                      |
| <i>U.S. Large and Mid-Cap</i>             | 4,730,145            | 4,583,687            |
| <i>U.S. Small Cap</i>                     | 1,202,649            | 1,132,445            |
| <i>International</i>                      | 1,780,076            | 662,668              |
| Total equities                            | 7,712,870            | 6,378,800            |
| Total pooled investments                  | 12,534,097           | 10,019,350           |
| <b>Total investments</b>                  | <b>\$ 12,733,097</b> | <b>\$ 10,115,863</b> |

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**3. Investments (continued):**

Investment return and its classification included in the statement of activities is as follows:

| <b>2024</b>                   |   |                                    |                     |
|-------------------------------|---|------------------------------------|---------------------|
|                               | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Interest and dividends        | \$ 30,909                                 | \$ 354,179                         | \$ <b>385,088</b>   |
| Net realized gains            | 25,750                                    | 320,949                            | <b>346,699</b>      |
| Net unrealized gains          | 54,905                                    | 725,736                            | <b>780,641</b>      |
| Investment expenses           | (19,867)                                  | (102,692)                          | <b>(122,559)</b>    |
| <b>Investment return, net</b> | <b>\$ 91,697</b>                          | <b>\$ 1,298,172</b>                | <b>\$ 1,389,869</b> |
| <b>2023</b>                   |   |                                    |                     |
|                               | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Interest and dividends        | \$ 29,273                                 | \$ 336,693                         | \$ <b>365,966</b>   |
| Net realized gains            | (5,329)                                   | (43,689)                           | <b>(49,018)</b>     |
| Net unrealized gains          | 56,520                                    | 720,349                            | <b>776,869</b>      |
| Investment expenses           | (19,889)                                  | (96,588)                           | <b>(116,477)</b>    |
| <b>Investment return, net</b> | <b>\$ 60,575</b>                          | <b>\$ 916,765</b>                  | <b>\$ 977,340</b>   |

The Foundation charges an annual management fee of 1.35 percent 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 and recognized over a period of time. Program assessment is a 5 percent fee that is charged upon the receipt of contributions that are designated to programs or scholarships and is recognized at a point in time, which occurs when the Foundation receives contributions.

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

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**4. Fair Value Measurements:**

Fair value is defined as the price that the Foundation would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. The guidance established a three-tier hierarchy to maximize the use of observable measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed 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 or liability developed based on the best information available. The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- **Level 2** – Valuations for assets and liabilities traded in less-active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- **Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

As required by FASB Accounting Standards Codification (ASC) 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Investments are stated at fair value, which is determined by using market quotations and other information available at the valuation date.

The Foundation's investments are held at CFNCW whom 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.

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

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**4. Fair Value Measurements (continued):**

The following table sets forth, within the fair value hierarchy, the Foundation's assets at fair value:

| <b>2024</b>            |                |    |                |    |                |               |
|------------------------|----------------|----|----------------|----|----------------|---------------|
|                        | <b>Level 1</b> |    | <b>Level 2</b> |    | <b>Level 3</b> | <b>Total</b>  |
| Investments            | \$ 12,635,097  | \$ | -              | \$ | -              | \$ 12,635,097 |
| Certificate of deposit | -              |    | 98,000         |    | -              | 98,000        |
|                        | \$ 12,635,097  | \$ | 98,000         | \$ | -              | \$ 12,733,097 |

| <b>2023</b>            |                |    |                |    |                |               |
|------------------------|----------------|----|----------------|----|----------------|---------------|
|                        | <b>Level 1</b> |    | <b>Level 2</b> |    | <b>Level 3</b> | <b>Total</b>  |
| Investments            | \$ 10,019,863  | \$ | -              | \$ | -              | \$ 10,019,863 |
| Certificate of deposit | -              |    | 96,000         |    | -              | 96,000        |
|                        | \$ 10,019,863  | \$ | 96,000         | \$ | -              | \$ 10,115,863 |

**5. Endowments:**

The Foundation's endowments consist of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (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.

**Interpretation of relevant law** – The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time-restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund
- the purpose of the organization and the donor-restricted endowment fund
- general economic conditions

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**5. Endowments (continued):**

- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- other resources of the Foundation
- the investment policies of the Foundation

Endowment net assets are composed of the following:

| <b>2024</b>                      |                                       |                                    |                      |
|----------------------------------|---------------------------------------|------------------------------------|----------------------|
|                                  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
| Donor-restricted endowment funds | \$ -                                  | \$ 10,575,478                      | \$ 10,575,478        |
| Board-designated endowment funds | 1,343,665                             | -                                  | 1,343,665            |
| <b>Total funds</b>               | <b>\$ 1,343,665</b>                   | <b>\$ 10,575,478</b>               | <b>\$ 11,919,143</b> |

| <b>2023</b>                      |                                       |                                    |                     |
|----------------------------------|---------------------------------------|------------------------------------|---------------------|
|                                  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Donor-restricted endowment funds | \$ -                                  | \$ 9,264,477                       | \$ 9,264,477        |
| Board-designated endowment funds | 675,185                               | -                                  | 675,185             |
| <b>Total funds</b>               | <b>\$ 675,185</b>                     | <b>\$ 9,264,477</b>                | <b>\$ 9,939,662</b> |

Changes in endowment net assets as of the dates listed:

| <b>2024</b>                              |                                       |                                    |                      |
|--|---------------------------------------|------------------------------------|----------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
| Endowment net assets, beginning of year  | \$ 675,185                            | \$ 9,264,477                       | \$ 9,939,662         |
| Contributions                            | -                                     | 684,268                            | 684,268              |
| Investment return, net                   | 88,437                                | 1,140,421                          | 1,228,858            |
| Transfers (to) from other funds          | 613,483                               | 34,945                             | 648,428              |
| Amounts appropriated for expenditure     | (33,440)                              | (548,633)                          | (582,073)            |
| <b>Endowment net assets, end of year</b> | <b>\$ 1,343,665</b>                   | <b>\$ 10,575,478</b>               | <b>\$ 11,919,143</b> |

| <b>2023</b>                              |                                       |                                    |                     |
|--|---------------------------------------|------------------------------------|---------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Endowment net assets, beginning of year  | \$ 765,153                            | \$ 8,329,230                       | \$ 9,094,383        |
| Contributions                            | -                                     | 716,425                            | 716,425             |
| Investment return, net                   | 58,173                                | 770,432                            | 828,605             |
| Transfers (to) from other funds          | (110,590)                             | 670                                | (109,920)           |
| Amounts appropriated for expenditure     | (37,551)                              | (552,280)                          | (589,831)           |
| <b>Endowment net assets, end of year</b> | <b>\$ 675,185</b>                     | <b>\$ 9,264,477</b>                | <b>\$ 9,939,662</b> |



**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**5. Endowments (continued):**

*Underwater endowment funds* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Directors. There were no material underwater endowments as of June 30, 2024 and 2023.

*Investment return objectives and risk parameters* – 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 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 the investment objectives relate to spending policy* – 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 percent – 7 percent gross and should be calculated over a five-year rolling average of fair value. The calculation will be performed by the CFNCW, 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.

**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**6. Promises to Give:**

Promises to give reported in the statements of financial position are as follows:

|   | 2024                | 2023              |
|---|---------------------|-------------------|
| Promises to give                            | \$ 3,508,380        | \$ 168,185        |
| Less unamortized discount                   | (5,695)             | (12,758)          |
| Less allowance for uncollectible receivable | (1,261)             | (1,261)           |
| <b>Promises to give, net</b>                | <b>\$ 3,501,424</b> | <b>\$ 154,166</b> |
| Amounts due in :                            |                     |                   |
| <i>Less than one year</i>                   | \$ 3,452,834        | \$ 57,740         |
| <i>One to five years</i>                    | 55,546              | 110,445           |
|   | <b>\$ 3,508,380</b> | <b>\$ 168,185</b> |

**7. Net Assets with Donor Restrictions:**

Net assets with donor restrictions are restricted for the following purpose:

|  | 2024                 | 2023                 |
|--|----------------------|----------------------|
| <i>Subject to expenditure for scholarships and programs</i>          | \$ 1,100,225         | \$ 1,048,269         |
| <i>Subject to the passage of time, promises to give</i>              | 3,501,424            | 154,166              |
| <i>Subject to the Foundation's spending policy and appropriation</i> |                      |                      |
| Investment in perpetuity   |                      |                      |
| Endowments   | 10,575,478           | 9,264,477            |
| <b>Total net assets with donor restrictions</b>                      | <b>\$ 15,177,127</b> | <b>\$ 10,466,912</b> |

**8. 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 provided funding for operating shortfalls and other assistance when deemed necessary by the Foundation's governing body. Board designated net assets are as follows:

|   | 2024                | 2023              |
|---|---------------------|-------------------|
| Board designated endowment funds                | \$ 1,343,665        | \$ 675,185        |
| Reserves  | 99,545              | 25,630            |
| College supporting activities                   | 63,800              | 67,800            |
| <b>Total net assets with donor restrictions</b> | <b>\$ 1,507,010</b> | <b>\$ 768,615</b> |

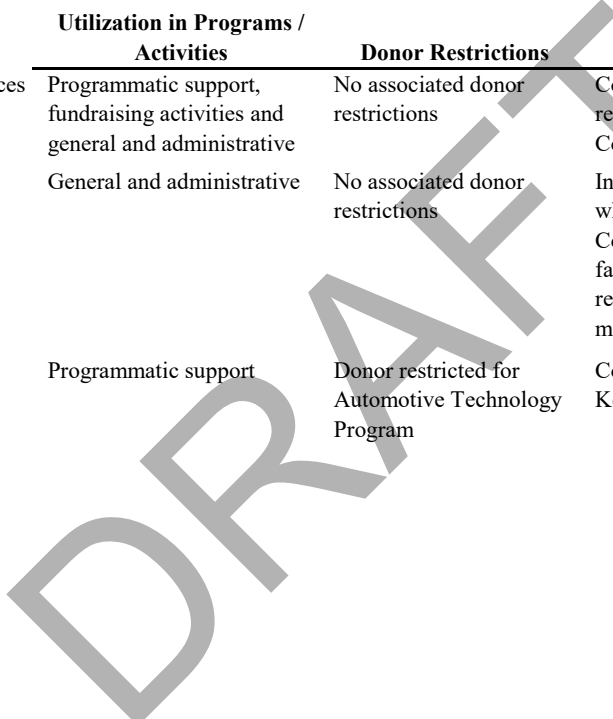
**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**9. Contributed Nonfinancial Assets:**

Contributed nonfinancial assets recognized within the statement of activities includes:

|                         | <b>2024</b>       | <b>2023</b>       |
|-------------------------|-------------------|-------------------|
| Contributed services    | \$ 278,957        | \$ 236,794        |
| Facilities and supplies | 18,281            | 64,816            |
| Vehicles                | 27,708            | -                 |
|                         | <b>\$ 324,946</b> | <b>\$ 301,610</b> |

|                      | <b>Utilization in Programs /<br/>Activities</b>                             | <b>Donor Restrictions</b>                          | <b>Valuation Techniques and Inputs</b>   |
|----------------------|---|--|--|
| Contributed services | Programmatic support, fundraising activities and general and administrative | No associated donor restrictions                   | Contributed services are valued and reported at the actual wages paid by the College.  |
| Facilities           | General and administrative  | No associated donor restrictions                   | In valuing the contributed facilities, which are located on the campus of the College, the Foundation estimated the fair value on the basis of comparable rental prices in the local real estate market. |
| Vehicle              | Programmatic support  | Donor restricted for Automotive Technology Program | Contributed vehicles are valued using Kelly Blue Book.   |



**Wenatchee Valley College Foundation, Inc.**  
**Notes to the Financial Statements (Continued)**  
**Years Ended June 30, 2024 and 2023**

**10. Expenses by Function and Natural Classification:**

The costs of providing various program services and other activities have been summarized on a functional basis as follows:

| 2024   |                     |                           |                   |                     |
|--|---------------------|---------------------------|-------------------|---------------------|
|  | Program<br>Services | Management<br>and General | Fundraising       | Total               |
| Scholarships   | \$ 663,306          | \$ -                      | \$ -              | \$ 663,306          |
| Contributions to support departments and programs<br>of Wenatchee Valley College | 1,007,753           | -                         | -                 | 1,007,753           |
| Salaries, benefits, and payroll taxes  | 156,003             | 269,382                   | 104,806           | 530,191             |
| Donated facilities   | 5,556               | 7,984                     | 4,741             | 18,281              |
| Office and software  | -                   | 25,774                    | -                 | 25,774              |
| Travel and training  | -                   | 7,077                     | -                 | 7,077               |
| Professional fees  | -                   | 24,895                    | -                 | 24,895              |
| Marketing  | -                   | 19,022                    | 11,544            | 30,566              |
| Insurance  | -                   | 6,281                     | -                 | 6,281               |
| In-kind  | 21,100              | -                         | -                 | 21,100              |
| Other  | -                   | 2,375                     | -                 | 2,375               |
| <b>Total expenses</b>  | <b>\$ 1,853,718</b> | <b>\$ 362,790</b>         | <b>\$ 121,091</b> | <b>\$ 2,337,599</b> |
| 2023   |                     |                           |                   |                     |
|  | Program<br>Services | Management<br>and General | Fundraising       | Total               |
| Scholarships   | \$ 398,465          | \$ -                      | \$ -              | \$ 398,465          |
| Contributions to support departments and programs<br>of Wenatchee Valley College | 741,716             | -                         | -                 | 741,716             |
| Salaries, benefits, and payroll taxes  | 114,091             | 200,644                   | 78,684            | 393,419             |
| Donated facilities   | 19,699              | 28,306                    | 16,811            | 64,816              |
| Office and software  | -                   | 22,004                    | -                 | 22,004              |
| Travel and training  | -                   | 9,299                     | -                 | 9,299               |
| Professional fees  | -                   | 36,473                    | -                 | 36,473              |
| Marketing  | -                   | 19,121                    | 6,727             | 25,848              |
| Insurance  | -                   | 5,179                     | -                 | 5,179               |
| Other  | -                   | 5,193                     | -                 | 5,193               |
| <b>Total expenses</b>  | <b>\$ 1,273,971</b> | <b>\$ 326,219</b>         | <b>\$ 102,222</b> | <b>\$ 1,702,412</b> |

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, and occupancy, which is allocated on a square-footage basis.