

**WENATCHEE VALLEY COLLEGE  
FOUNDATION, INC.**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2011 With Comparative 2010 Totals

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# LINDER & GOETZ, P.S.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Finance Committee  
Wenatchee Valley College Foundation, Inc.

We have reviewed the accompanying statement of financial position of Wenatchee Valley College Foundation, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements and, in our report dated December 7, 2010, we indicated that we were not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Linder & Goetz, P.S.*

October 18, 2011

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# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Financial Position

For the Year Ended June 30, 2011

With Comparative Totals For The Year Ended June 30, 2010

	<u>Current Funds</u>	<u>Program Funds</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 113,838	\$ 1,269,687
Pledges and other receivables, net:		
Pledges and other receivables, net	12,614	2,000,898
Pledges from board members, net	-	29,263
Total Pledges and other receivables, net	<u>12,614</u>	<u>2,030,161</u>
Interfund receivables	-	-
Investments at fair value	321,248	733,110
Other	-	18,875
Equipment	7,469	-
Buildings	-	-
Real estate	-	-
Accumulated depreciation	<u>(1,688)</u>	<u>-</u>
<b>Total Assets</b>	<b><u><u>\$ 453,481</u></u></b>	<b><u><u>\$ 4,051,833</u></u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Interfund payables	\$ -	\$ -
Accounts payable and accrued liabilities	8,830	1,560
Scholarships and awards payable-related party	48,621	117,479
Real estate loans payable	-	-
Total liabilities	<u>57,451</u>	<u>119,039</u>
<b>Net Assets</b>		
Unrestricted	396,030	-
Temporarily restricted	-	3,932,794
Permanently restricted	-	-
Total net assets	<u>396,030</u>	<u>3,932,794</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 453,481</u></u></b>	<b><u><u>\$ 4,051,833</u></u></b>

Endowment Funds	Total of All Funds	
	2011	2010
\$ 266,353	\$ 1,649,878	\$ 2,383,643
27,574	2,041,086	1,179,065
-	29,263	37,718
<u>27,574</u>	<u>2,070,349</u>	<u>1,216,783</u>
-	-	72,198
5,527,955	6,582,313	5,120,121
-	18,875	3,500
-	7,469	7,469
1,455,363	1,455,363	1,455,363
1,225,195	1,225,195	1,225,195
<u>(194,215)</u>	<u>(195,903)</u>	<u>(159,075)</u>
<u>\$ 8,308,225</u>	<u>\$ 12,813,539</u>	<u>\$ 11,325,197</u>
\$ -	\$ -	\$ 72,197
876	11,266	123,522
182,888	348,988	333,426
<u>2,024,211</u>	<u>2,024,211</u>	<u>2,184,588</u>
<u>2,207,975</u>	<u>2,384,465</u>	<u>2,713,733</u>
-	396,030	395,683
2,905,284	6,838,078	5,207,537
<u>3,194,966</u>	<u>3,194,966</u>	<u>3,008,244</u>
<u>6,100,250</u>	<u>10,429,074</u>	<u>8,611,464</u>
<u>\$ 8,308,225</u>	<u>\$ 12,813,539</u>	<u>\$ 11,325,197</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Statements of Activities

For the Year Ended June 30, 2011

With Comparative Totals For The Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>REVENUES, GAINS AND OTHER SUPPORT -</b>		
Gifts, contributions, and other grants	\$ 12,730	\$ 1,224,893
Scholarships	10,537	25,538
Management fees	97,750	-
Rental income	3,600	-
Investment income	10,751	27,087
Unrealized gain (loss) on investments	10,272	(17,193)
Realized gain (loss) on sale of investments	1,685	361
Program income, events net of direct costs, and other income	14,932	87,285
In-kind donations	64,753	19,355
Net assets released from restrictions:		
Satisfaction of program restrictions	434,145	(434,145)
Satisfaction of donor restrictions	838,858	697,360
	<u>1,500,013</u>	<u>1,630,541</u>
Total revenues, gains and other support	1,500,013	1,630,541
<b>EXPENSES AND LOSSES -</b>		
Management and general	91,146	-
Programs	497,999	-
Scholarships	212,029	-
Fundraising	121,397	-
Gifts, grants and awards to college	577,095	-
	<u>1,499,666</u>	<u>-</u>
Total expenses and losses	1,499,666	-
Change in net assets	347	1,630,541
Net assets - beginning of year	<u>395,683</u>	<u>5,207,537</u>
<b>Net Assets - End of Year</b>	<u>\$ 396,030</u>	<u>\$ 6,838,078</u>

Permanently Restricted	2011 Total	2010 Total
\$ 341,206	\$ 1,578,829	\$ 2,219,203
1,270	37,345	39,556
-	97,750	98,726
288,765	292,365	292,100
120,275	158,113	185,782
882,008	875,087	891,282
89,416	91,462	(174,066)
-	102,217	39,363
-	84,108	146,823
-	-	-
(1,536,218)	-	-
186,722	3,317,276	3,738,769
-	91,146	182,711
-	497,999	693,200
-	212,029	223,969
-	121,397	162,835
-	577,095	1,074,832
-	1,499,666	2,337,547
186,722	1,817,610	1,401,222
3,008,244	8,611,464	7,210,242
<u>\$ 3,194,966</u>	<u>\$ 10,429,074</u>	<u>\$ 8,611,464</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Statements of Cash Flows

For the Year Ended June 30, 2011

With Comparative Totals For The Year Ended June 30, 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions received	\$ 725,263	\$ 1,084,493
Payments to suppliers and employees	(1,296,806)	(2,119,449)
Cash paid for interest during the year	(138,456)	(151,480)
Payments for scholarships	(196,467)	(179,986)
Interest and dividends received	158,113	185,782
Other receipts	670,608	830,783
	<u>(77,745)</u>	<u>(349,857)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Real estate and building costs	-	(2,110)
Net (additions) to investment account	(495,643)	-
Net withdrawals from investment account	-	1,004,441
	<u>(495,643)</u>	<u>1,002,331</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgage	(160,377)	(70,806)
	<u>(160,377)</u>	<u>(70,806)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(733,765)	581,668
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,383,643</u>	<u>1,801,975</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,649,878</u>	<u>\$ 2,383,643</u>



	<u>2011</u>	<u>2010</u>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	<b>\$ 1,817,610</b>	\$ 1,401,222
Non-operating income and losses -		
Net realized and unrealized investment gain	<b>(966,549)</b>	(717,216)
Noncash support and expenses -		
Depreciation	<b>36,828</b>	36,617
Decrease (increase) in operating assets -		
Interfund receivables	<b>72,198</b>	252,395
Pledges and other receivables	<b>(853,566)</b>	(1,174,266)
Other	<b>(15,375)</b>	1,375
(Decrease) increase in operating liabilities -		
Interfund payables	<b>(72,197)</b>	(252,395)
Accounts payable and accrued liabilities	<b>(112,256)</b>	58,428
Scholarships and awards payable	<b>15,562</b>	43,983
Net cash used by operating activities	<b><u>\$ (77,745)</u></b>	<b><u>\$ (349,857)</u></b>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

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## **ORGANIZATION AND NATURE OF ACTIVITIES**

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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 the Wenatchee Valley College located in Wenatchee, Washington. The Foundation receives its support from primarily contributions and gifts.

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 out-reach programs in other communities, serves the citizens of Chelan, Douglas and Okanogan counties.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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### **Basis of Presentation**

The Foundation's financial statements are presented on the accrual basis of accounting. The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets. The net assets of the Foundation are classified and reported as follows:

***Unrestricted*** - Net assets that are not subject to donor-imposed restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The use of these funds is determined by the Board of Directors.

***Temporarily Restricted*** - Net assets that are subject to donor-imposed stipulations that may or will be met either by action of the Foundation and/or the passage of time are classified as temporarily restricted net assets. When a donor restriction expires, a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted assets are made up of program funds.

***Permanently Restricted*** - Net assets that are required by donor-imposed stipulations to be maintained permanently by the Foundation are classified as permanently restricted net assets.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### Investments

At June 30, 2011 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.

During current fiscal year, the Foundation moved their money market account from the Community Foundation of North Central Washington to Cashmere Valley Bank. The balance of the money market account as of June 30, 2011 is presented under the cash and cash equivalents caption on the statement of financial position.

### Pledges Receivable

Unconditional promises to give that are expected to be received in one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. The discount on these pledges is computed using a risk-free interest rate applicable to the year in which the promise is expected to be received. Amortization of the discount is netted against contribution revenue. Conditional promises to give are not recognized in revenue until such time as the conditions are substantially met.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore no provision for income taxes is included in these financial statements.

### Functional Allocation of Expenses

The cost of providing various programs and related supporting services have been allocated to the appropriate programs and services in the Statements of Activities and Changes in Net Assets.

### Depreciable Assets

Property and equipment are capitalized at cost, if purchased or constructed by the Foundation, or at the fair market value at the date contributed, if donated. Depreciation is provided using the straight-line method over estimated useful lives ranging from twelve to forty years. Amounts paid for repairs that do not significantly increase the useful life of the related asset are expensed as incurred.

### Advertising Costs

Advertising costs are expensed as incurred.

### Reclassifications

Certain reclassifications have been made to the 2010 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.

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## TRANSACTIONS WITH THE COLLEGE

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In-kind donations consist of cash paid by the Wenatchee Valley College as reimbursement for salaries and goods and services. The amount paid for the years ended June 30, 2011 and 2010 was \$64,169 and \$128,114, respectively. In addition to direct cash payments, the College provides the Foundation with in-kind support that consists of office space, telephone, computer support, and other miscellaneous items. The value of this support for the years ended June 30, 2011 and 2010 was determined to be \$19,939 and \$18,709, respectively.

The Foundation provides supplemental funding for the Wenatchee Valley College, its programs, and students through scholarships and other financial support. The Foundation has liabilities recorded for scholarships and awards payable to the Wenatchee Valley College as of June 30, 2011 and 2010 in the amount of \$348,988 and \$333,426, respectively. Gifts, grants, awards, and scholarships paid to the Wenatchee Valley College during the years ended June 30, 2011 and 2010 totaled \$789,123 and \$1,298,801, respectively.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

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## INVESTMENTS

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Financial Accounting Standards Board Accounting Standards Codification 820-10-50, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets for liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10-50 are described below:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>- <i>Quoted prices for similar assets or liabilities in active markets;</i></li><li>- <i>Quoted prices for identical or similar assets or liabilities in inactive markets;</i></li><li>- <i>Inputs other than quoted prices that are observable for the asset or liability;</i></li><li>- <i>Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</i></li></ul> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.   |

All 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.

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, 2011 and 2010

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## INVESTMENTS (CONTINUED)

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

	<u>2011</u>	<u>2010</u>
Government and corporate securities	\$ 2,619,159	\$ 2,267,246
Common stocks	<u>3,963,154</u>	<u>2,852,875</u>
Total investments held for the Foundation	<u>\$ 6,582,313</u>	<u>\$ 5,120,121</u>

The cost of investments and unrealized gain approximated \$5,774,474 and \$807,839 respectively for the year ended June 30, 2011. The cost of investments and unrealized loss approximated \$5,250,736 and \$(130,615) respectively at June 30, 2010.

Investment income is summarized as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 158,113	\$ 185,782
Net realized gains (losses)	91,462	(174,066)
Net unrealized gains	<u>875,087</u>	<u>891,282</u>
	<u>\$ 1,124,662</u>	<u>\$ 902,998</u>

The Foundation charges an annual administrative fee of 1.35% of the market value of the various funds and endowments under its control. The fee is charged monthly and is reflected as an administrative fee expenses to the various funds and as unrestricted support to the operating fund. Total fees assessed were \$97,750 and \$98,726 for fiscal years ended June 30, 2011 and 2010, 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, 2011 and 2010

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## CONCENTRATIONS

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Operating costs of the Foundation are paid for through the assessment of management fees on investments and unrestricted donations. 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 uninsured balance was approximately \$1,399,878 at June 30, 2011. The foundation did not have deposits in excess of federally insured limits as of June 30, 2010.

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## PLEDGES AND OTHER RECEIVABLES

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	<u>2011</u>	<u>2010</u>
Pledges and other receivables consisted of the following at June 30:		
Unconditional promises to give -		
Receivable in less than one year	\$ 1,980,473	\$ 1,069,878
Receivable in one to five years	<u>170,497</u>	<u>146,578</u>
Total unconditional promises to give	<b>2,150,970</b>	1,216,456
Less discounts to net present value	<b>(118,529)</b>	(72,096)
Less allowance for uncollectible promises	<u>(3,741)</u>	<u>(5,013)</u>
Net unconditional promises to give	<b>2,028,700</b>	1,139,347
Other receivables -		
Administrative fee	7,764	7,854
Other receivables	<u>33,885</u>	<u>69,582</u>
Total net pledges and other receivables	<u><b>\$ 2,070,349</b></u>	<u><b>\$ 1,216,783</b></u>

The discount rate used for long-term promises to give was 5.00%

Pledge receivables at June 30, 2011 and 2010 included \$29,263 and \$37,718 from Foundation Board members.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

## REAL ESTATE LOANS PAYABLE

	<u>2011</u>	<u>2010</u>
The Organization's real estate loans consist of the following at June 30:		
 Mortgage payable to Cashmere Valley Bank, due in monthly installments of \$14,833, including interest at a fixed rate of 6.75%. The obligation is secured by a first deed of trust on real property at 1510 Ninth Street, Wenatchee, Washington. The original maturity was April 1, 2011. On February 22, 2011, the terms of the loan were renegotiated. The new maturity date is January 1, 2012 with a new fixed rate of 6.00%, and the monthly installment amounts of \$14,833 remained the same.	<b>\$ 1,674,956</b>	\$ 1,747,139
 Contract payable to Eagles Lodge due in monthly installments of \$3,802, including interest at a fixed rate of 6.75%. The obligation is secured by property located at 1510 Ninth Street, Wenatchee, Washington. The contract's original maturity was March 1, 2011. The loan was renegotiated on March 8, 2011. The terms of the loan remain the same, with the exception of the maturity date which was extended to December 31, 2011. In addition, \$75,000 was paid on the principal as a result of the renegotiation.	<u>349,255</u>	<u>437,449</u>
	<b><u>\$ 2,024,211</u></b>	<b><u>\$ 2,184,588</u></b>
 Future scheduled principal maturities for long-term debt are as follows:		
Years ending June 30,		
2012	\$ 2,024,211	
2013	-	
2014	-	
2015	-	
2016	-	
	<b><u>\$ 2,024,211</u></b>	



# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2011 and 2010

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## ENDOWMENTS

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The Foundation's endowment consists of approximately 52 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors of function as 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.

On May 11, 2009, the Governor of the State of Washington signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminates the historic dollar value rule with respect to endowment fund spending, updates the prudence standard for the management and investment of charitable funds, and amends the provisions governing the release and modification of restrictions on charitable funds.

Interpretation of relevant law:

For donor-restricted endowment funds, the Board of Trustees 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 donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the Foundation.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

## ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consist of the following at **June 30, 2011**:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 2,082,708	\$ 3,194,966	\$ 5,277,674
Board-designated funds	-	822,576	-	822,576
	<u>\$ -</u>	<u>\$ 2,905,284</u>	<u>\$ 3,194,966</u>	<u>\$ 6,100,250</u>

Changes in endowment net assets as of **June 30, 2011**:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,207,924	\$ 3,008,244	\$ 5,216,168
Investment return:				
Interest and dividends	-	27,087	120,275	147,362
Net (loss) gain - realized and unrealized	-	(16,832)	971,424	954,592
Total investment return	<u>-</u>	<u>2,218,179</u>	<u>4,099,943</u>	<u>6,318,122</u>
Gifts, contributions, and other support		1,269,786	342,476	1,612,262
Rental income	-	-	288,765	288,765
Program income	-	87,285	-	87,285
Reclassifications and appropriations	<u>-</u>	<u>(669,966)</u>	<u>(1,536,218)</u>	<u>(2,206,184)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,905,284</u>	<u>\$ 3,194,966</u>	<u>\$ 6,100,250</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

## ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consist of the following at June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ (72,198)	\$ 1,530,160	\$ 3,008,244	\$ 4,466,206
Board-designated funds	<u>72,198</u>	<u>677,764</u>	<u>-</u>	<u>749,962</u>
	<u>\$ -</u>	<u>\$ 2,207,924</u>	<u>\$ 3,008,244</u>	<u>\$ 5,216,168</u>

Changes in endowment net assets as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,793,529	\$ 2,865,685	\$ 5,659,214
Investment return:				-
Interest and dividends	-	39,353	134,627	173,980
Net gain - realized and unrealized	<u>-</u>	<u>7,345</u>	<u>690,272</u>	<u>697,617</u>
Total investment return	<u>-</u>	<u>2,840,227</u>	<u>3,690,584</u>	<u>6,530,811</u>
Gifts, contributions, and other support		2,199,578	37,361	2,236,939
Rental income	-	-	288,500	288,500
Program and other income	-	25,369	-	25,369
Reclassifications and appropriations	<u>-</u>	<u>(2,857,250)</u>	<u>(1,008,201)</u>	<u>(3,865,451)</u>
			-	
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,207,924</u>	<u>\$ 3,008,244</u>	<u>\$ 5,216,168</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2011 and 2010

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## **ENDOWMENTS (CONTINUED)**

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Funds with deficiencies:

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. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets, and were \$0 and \$72,198 as of June 30, 2011 and 2010, respectively.

## **SUBSEQUENT EVENTS**

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Subsequent events were evaluated through October 18, 2011, which is the date the financial statements were available to be issued. During October 2011, the Foundation agreed to a real estate exchange involving the Wenatchee School District and the Wenatchee Valley College. The Foundation is to transfer the Eagles property to the Wenatchee School District and be relieved of the real estate mortgage with Cashmere Valley Bank and contract payable to the Eagles Lodge. In addition, it is anticipated the Foundation would receive approximately \$270,000 which will be contributed to the Music and Arts building campaign.



# LINDER & GOETZ, P.S.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Accountants' Review Report on Supplementary Information

To the Finance Committee  
Wenatchee Valley College Foundation, Inc.

Our report on our review of the basic financial statements of the Wenatchee Valley College Foundation, Inc. for 2011 appears on page 1. That review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The Schedule of Activities by Fund as of June 30, 2011 located on pages 21 and 22 are presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements and, in our report dated December 7, 2010, we indicated that such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Linder & Goetz, P.S.*

October 18, 2011

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Schedule I - Schedule of Activities by Fund

For the Year Ended June 30, 2011

With Comparative Totals For The Year Ended June 30, 2010

	Current Funds	Program Funds
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public Support -		
Gifts - unrestricted	\$ 7,642	\$ -
Gifts - restricted	5,088	1,224,893
Scholarships	10,537	25,538
In-kind donations	64,753	19,355
Revenue -		
Investment income	10,751	27,087
Unrealized gain (loss) on investments	10,272	(17,193)
Realized gain (loss) on sale of investments and real estate	1,685	361
Management fees	97,750	-
Rental income	3,600	-
Program income, events net of direct costs, and other income	14,932	87,285
Total public support and revenue	<u>227,010</u>	<u>1,367,326</u>
<b>EXPENSES AND LOSSES</b>		
Compensation and related costs	96,606	15,578
Real estate taxes and assessments	95	-
Insurance	6,522	-
Legal and accounting	9,006	-
Administrative fee	8,913	32,401
Consulting fees	-	65,500
Investment expenses	739	664
Interest expense	-	-
Meals and entertainment	5,411	4,016
Office and general	2,335	248
Miscellaneous	1,736	9,673
General program expenses	6,286	56,360
Depreciation expense	444	-
President's and Executive Director's discretionary fund	-	-
Gifts, grants and awards to college	145,894	136,447
Mailings, recognition, and special events	14,874	18,868
Scholarships awarded	-	94,390
Total expenses and losses	<u>298,861</u>	<u>434,145</u>
<b>INCREASE IN NET ASSETS</b>	<u>\$ (71,851)</u>	<u>\$ 933,181</u>

Endowment Funds	<b>2011 Total</b>	2010 Total
\$ -	\$ 7,642	\$ 23,010
341,206	1,571,187	2,196,193
1,270	37,345	39,556
-	84,108	146,823
120,275	158,113	185,782
882,008	875,087	891,282
89,416	91,462	(174,066)
-	97,750	98,726
288,765	292,365	292,100
-	102,217	39,363
1,722,940	3,317,276	3,738,769
-	112,184	160,140
825	920	1,609
-	6,522	6,966
-	9,006	7,468
116,864	158,178	154,672
-	65,500	62,170
29,697	31,100	33,734
138,456	138,456	151,480
-	9,427	15,105
-	2,583	8,565
32,041	43,450	49,337
-	62,646	293,790
36,384	36,828	36,617
-	-	112
294,754	577,095	1,074,832
-	33,742	56,981
117,639	212,029	223,969
766,660	1,499,666	2,337,547
\$ 956,280	\$ 1,817,610	\$ 1,401,222