

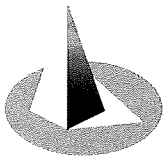
**WENATCHEE VALLEY COLLEGE  
FOUNDATION, INC.**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2014 With Comparative 2013 Totals

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**INDEPENDENT ACCOUNTANT'S 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, 2014, 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 2013 financial statements and, in our reported dated April 9, 2014, 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.

Our review was made primarily for the purpose of expressing a conclusion 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 supplementary information included in the accompanying Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*Linder & Goetz, P.S.*

January 12, 2015  
Wenatchee, Washington

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2014

With Comparative Totals As of June 30, 2013

	Current Funds	Program Funds
<b><u>ASSETS</u></b>		
Cash	\$ 106,791	\$ 193,282
Pledges and other receivables - net:		
Pledges and other receivables	9,558	43,866
Pledges from board members and trustees	-	2,777
	<u>9,558</u>	<u>46,643</u>
Total pledges and other receivables - net		
Investments at fair value	824,634	708,626
Other	998	3,400
Equipment	-	-
Real estate	-	-
Accumulated depreciation	-	-
	<u>941,981</u>	<u>951,951</u>
<b>Total Assets</b>	<b>\$ 941,981</b>	<b>\$ 951,951</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,159	\$ 2,178
Accounts payable and accrued liabilities - related party	-	709
Scholarships and awards payable - related party	6,000	12,574
	<u>9,159</u>	<u>15,461</u>
Total liabilities		
<b>Net Assets</b>		
Unrestricted	932,822	43,751
Temporarily restricted	-	892,739
Permanently restricted	-	-
	<u>932,822</u>	<u>936,490</u>
Total net assets		
<b>Total Liabilities and Net Assets</b>	<b>\$ 941,981</b>	<b>\$ 951,951</b>

Endowment Funds	Total of All Funds	
	2014	2013
\$ 30,595	\$ 330,668	\$ 319,270
-	53,424	213,267
-	2,777	5,275
-	56,201	218,542
6,633,593	8,166,853	6,839,737
-	4,398	15,081
-	-	7,469
58,781	58,781	58,781
-	-	(2,536)
<u>\$ 6,722,969</u>	<u>\$ 8,616,901</u>	<u>\$ 7,456,344</u>
\$ -	\$ 5,337	\$ 1,799
-	709	56,270
156,171	174,745	191,697
<u>156,171</u>	<u>180,791</u>	<u>249,766</u>
-	976,573	616,517
2,734,022	3,626,761	2,008,628
3,832,776	3,832,776	4,581,433
<u>6,566,798</u>	<u>8,436,110</u>	<u>7,206,578</u>
<u>\$ 6,722,969</u>	<u>\$ 8,616,901</u>	<u>\$ 7,456,344</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Statements of Activities

For The Year Ended June 30, 2014

With Comparative Totals For The Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ -	\$ 95,300
Gifts, contributions, and other grants - restricted	440,576	121,924
Scholarships	2,000	23,395
In-kind contributions-related party	160,571	-
In-kind contributions	3,134	19,311
Revenue -		
Interest and dividends	12,981	10,077
Unrealized gain on investments	67,740	79,579
Realized gain on investments	18,667	14,371
Loss on sale of donated assets	(7,435)	-
Loss on disposal of assets	(4,933)	-
Management fees	103,580	-
Rental income - related party	3,600	-
Program income, events net of direct costs, and other income	21,729	125,523
Net assets released from restrictions:		
Satisfaction of program restrictions	749,938	(749,938)
Satisfaction of donor restrictions and reclassifications	-	1,878,591
<b>Total Public Support and Revenue</b>	<b>1,572,148</b>	<b>1,618,133</b>
<b>EXPENSES</b>		
Management and general	116,475	-
Programs	605,551	-
Scholarships - related party	149,691	-
Fundraising	9,573	-
Gifts, grants and awards - related party	330,802	-
<b>Total expenses</b>	<b>1,212,092</b>	<b>-</b>
<b>Change in net assets</b>	<b>360,056</b>	<b>1,618,133</b>
<b>Net assets - beginning of year</b>	<b>616,517</b>	<b>2,008,628</b>
<b>Net Assets - End of Year</b>	<b>\$ 976,573</b>	<b>\$ 3,626,761</b>

Permanently Restricted	2014 Total	2013 Total
\$ -	\$ 95,300	\$ 71,872
63,699	626,199	284,634
650	26,045	7,483
-	160,571	158,159
-	22,445	98,520
102,580	125,638	137,567
814,451	961,770	715,755
145,129	178,167	18,500
-	(7,435)	-
-	(4,933)	-
-	103,580	90,779
-	3,600	3,600
3,425	150,677	67,028
-	-	-
(1,878,591)	-	-
(748,657)	2,441,624	1,653,897
-	116,475	165,401
-	605,551	372,734
-	149,691	142,801
-	9,573	61,166
-	330,802	1,233,882
-	1,212,092	1,975,984
(748,657)	1,229,532	(322,087)
4,581,433	7,206,578	7,528,665
<u>\$ 3,832,776</u>	<u>\$ 8,436,110</u>	<u>\$ 7,206,578</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Statements of Cash Flows

For The Year Ended June 30, 2014

With Comparative Totals For The Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from donors, supporters, and programs	\$ 593,503	\$ 635,112
Cash payments for suppliers, programs, and employees	(935,847)	(1,801,994)
Cash received from sale of donated assets	436,689	-
Cash payments for scholarships and awards	(166,643)	(226,806)
Interest and dividends received	125,638	137,567
Other receipts	145,237	170,964
	<u>198,577</u>	<u>(1,085,157)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (disbursements) receipts from investment account	<u>(187,179)</u>	<u>257,715</u>
	<u>(187,179)</u>	<u>257,715</u>
<b>Net increase (decrease) in cash</b>	<b>11,398</b>	<b>(827,442)</b>
<b>Cash - beginning of year</b>	<u>319,270</u>	<u>1,146,712</u>
<b>Cash - end of year</b>	<u>\$ 330,668</u>	<u>\$ 319,270</u>



	<u>2014</u>	<u>2013</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,229,532	\$ (322,087)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized investment gain	(1,139,937)	(734,255)
Loss on disposal of assets	4,933	-
Depreciation	-	422
Loss on sale of donated assets	7,435	-
Decrease (increase) in assets -		
Pledges and other receivables - net	162,341	21,927
Other	3,248	(10,056)
(Decrease) increase in liabilities -		
Accounts payable and accrued liabilities	(52,023)	42,897
Scholarships and awards payable	(16,952)	(84,005)
Net cash provided (used) by operating activities	<u>\$ 198,577</u>	<u>\$ (1,085,157)</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2014 and 2013

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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 primarily from 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. Wenatchee Valley College is considered a related party to the Foundation based on their relationship.

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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### **Basis of Presentation**

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. Under such guidance, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets. The Foundation's net assets 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.

### **Comparative Financial Information**

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### **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). The Foundation did not engage in any unrelated business activities during the years ending June 30, 2014 and 2013. 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. Generally, the Foundation's tax returns for the past three years are subject to examination by the tax authorities, and may change upon examination.

### **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. There were no cash equivalents for the years ending June 30, 2014 and 2013.

### **Investments**

At June 30, 2014, 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.

### **Advertising Costs**

Advertising costs are expensed in the year incurred and totaled \$5,729 and \$6,145 for the years ended June 30, 2014 and 2013, respectively.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation chooses to show restricted contributions whose restrictions are met in the same reporting period as restricted contributions and a reclassification.

Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received. Conditional promises to give are not recognized in revenue until such time as the conditions are substantially met.

Donations of assets are recorded as support and reported at their estimated fair value at the date of the gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose.

### **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.

### **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.

### **Reclassifications**

Certain reclassifications have been made to the 2013 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, 2014 and 2013

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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.

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, 2014 and 2013

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## INVESTMENTS (CONTINUED)

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

	<u>2014</u>	<u>2013</u>
Government and corporate bonds	\$ 3,162,947	\$ 2,602,419
Common stocks	<u>5,003,906</u>	<u>4,237,318</u>
Total investments held for the Foundation	<u>\$ 8,166,853</u>	<u>\$ 6,839,737</u>

The cost of investments and unrealized gain approximated \$6,069,369 and \$2,097,484 respectively for the year ended June 30, 2014. The cost of investments and unrealized gain approximated \$5,632,701 and \$1,207,036 respectively at June 30, 2013.

Investment income is summarized as follows:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 125,638	\$ 137,567
Net realized gains	178,167	18,500
Net unrealized gain	<u>961,770</u>	<u>715,755</u>
	<u>\$ 1,265,575</u>	<u>\$ 871,822</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 \$103,580 and \$90,779 for fiscal years ended June 30, 2014 and 2013, 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, 2014 and 2013

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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 \$74,130 and \$69,270 at June 30, 2014 and June 30, 2013, 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.

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## PLEDGES AND OTHER RECEIVABLES - NET

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	<u>2014</u>	<u>2013</u>
Pledges and other receivables consisted of the following at June 30:		
Unconditional promises to give -		
Receivable in less than one year	\$ 40,065	\$ 69,460
Receivable in one to five years	<u>7,500</u>	<u>41,696</u>
Total unconditional promises to give	47,565	111,156
Less discounts to net present value	<u>(692)</u>	<u>(7,223)</u>
Net unconditional promises to give	46,873	103,933
Other receivables -		
Administrative fee	9,203	7,969
Other receivables	<u>125</u>	<u>106,640</u>
Total pledges and other receivables - net	<u>\$ 56,201</u>	<u>\$ 218,542</u>

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

Pledges receivables at June 30, 2014 and 2013 include \$2,777 and \$5,275 due from Foundation board members and trustees. Management has determined that all pledges are fully collectible, therefore no allowance for uncollectible pledges has been recorded.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

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## ENDOWMENTS

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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 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, 2014 and 2013

## ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consist of the following at **June 30, 2014**:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 2,154,383	\$ 3,832,776	\$ 5,987,159
Board-designated funds	-	579,639	-	579,639
	<u>\$ -</u>	<u>\$ 2,734,022</u>	<u>\$ 3,832,776</u>	<u>\$ 6,566,798</u>

Changes in endowment net assets as of **June 30, 2014**:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 1,164,420	\$ 4,581,433	\$ 5,745,853
Investment return:				-
Interest and dividends	-	10,077	102,580	112,657
Net gain - realized and unrealized	-	93,950	959,580	1,053,530
Total investment return	-	104,027	1,062,160	1,166,187
Gifts, contributions, and other support Program and other income	-	259,930	64,349	324,279
Reclassifications and appropriations	-	125,523	3,425	128,948
	-	1,080,122	(1,878,591)	(798,469)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,734,022</u>	<u>\$ 3,832,776</u>	<u>\$ 6,566,798</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

## ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consist of the following at June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 652,275	\$ 4,581,433	\$ 5,233,708
Board-designated funds	-	512,145	-	512,145
	<u>\$ -</u>	<u>\$ 1,164,420</u>	<u>\$ 4,581,433</u>	<u>\$ 5,745,853</u>

Changes in endowment net assets as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 1,661,861	\$ 3,899,520	\$ 5,561,381
Investment return:				
Interest and dividends	-	11,091	114,166	125,257
Net gain - realized and unrealized	-	60,879	620,601	681,480
Total investment return	-	71,970	734,767	806,737
Gifts, contributions, and other support	-	421,819	6,728	428,547
Program and other income	-	41,215	(1,429)	39,786
Reclassifications and appropriations	-	(1,032,445)	(58,153)	(1,090,598)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,164,420</u>	<u>\$ 4,581,433</u>	<u>\$ 5,745,853</u>

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

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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. There were no funds with deficiencies for years ending June 30, 2014 and 2013.

## RELATED PARTY TRANSACTIONS

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The following related party transactions occurred between the Foundation and Wenatchee Valley College (College) during the years ending June 30, 2014 and 2013:

### In-Kind Contributions

The Foundation received a total of \$160,571 and \$158,159 of in-kind contributions from the College during the years ending June 30, 2014 and 2013, respectively. These contributions consist of salaries, payroll taxes, goods, services, office space, and other miscellaneous items.

### Rental Income

The Foundation rented property to the College and received total rent of \$3,600 for the years ending June 30, 2014 and 2013.

### Scholarships, Gifts, Grants, and Awards

The Foundation provides supplemental funding for the College, its programs, and students through scholarships and other financial support. The Foundation has liabilities recorded for scholarships and awards payable to the College as of June 30, 2014 and 2013 in the amount of \$174,745 and \$191,967, respectively. Total expense recognized by the Foundation related to scholarships, awards, gifts, grants, that were paid or given to the College totaled \$480,493 and \$1,376,683 for the years ending June 30, 2014 and 2013, respectively.

### Compensation and Related Costs

The College employed all the Foundation's staff for the years ending June 30, 2014 and 2013. For the current year ending, the Foundation reimbursed the College employment costs for some employees as other employees costs were donated by the College. The donated costs have been properly reflected as in-kind contributions in these financial statements. Compensation and related costs totaled \$240,040 and \$190,876 for the years ending June 30, 2014 and 2013.

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements  
June 30, 2014 and 2013

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## **IN-KIND CONTRIBUTIONS**

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Donated goods and facilities are valued at their fair value on the date of donation. Donated services are recognized in the financial statements at their fair value if both of the following criteria are met:

- The services require specialized skills and are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, 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.

The Foundation received total in-kind contributions of \$183,016 and \$256,679 for the years ending June 30, 2014 and June 30, 2013, respectively.

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## **SUBSEQUENT EVENTS**

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Subsequent events were evaluated through January 12, 2015, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

# WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

## Schedule I - Schedule of Activities by Fund

For The Year Ended June 30, 2014

With Comparative Totals For The Year Ended June 30, 2013

	Current Funds	Program Funds
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ -	\$ 95,300
Gifts, contributions, and other grants - restricted	440,576	121,924
Scholarships	2,000	23,395
In-kind contributions-related party	160,571	-
In-kind contributions	3,134	19,311
Revenue -		
Interest and dividends	12,981	10,077
Unrealized gain on investments	67,740	79,579
Realized gain on investments	18,667	14,371
Loss on sale of donated assets	(3,235)	(4,200)
Loss on disposal of assets	(4,933)	-
Management fees	103,580	-
Rental income - related party	3,600	-
Program income, events net of direct costs, and other income	21,729	125,523
Total public support and revenue	826,410	485,280
<b>EXPENSES</b>		
Compensation and related costs	236,532	3,508
Real estate taxes and assessments	100	-
Insurance	2,500	-
Legal and accounting	16,659	-
Administrative fee	14,664	13,584
Alumni relations	9,615	-
Investment expenses	3,561	3,278
Travel, meals, and entertainment	6,914	7,070
Office and general	5,857	1,537
Miscellaneous	513	4,800
Advertising	5,729	-
General program expenses	6,050	199,539
Depreciation expense	-	-
President's and Executive Director's discretionary fund	3,317	-
Gifts, grants and awards - related party	49,779	231,712
In-kind gifts - related party	2,005	19,773
Mailings and recognition	9,889	332
Education, conferences, training	2,631	1,150
Scholarships awarded - related party	-	40,660
Total expenses	376,315	526,943
<b>Change in net assets</b>	<b>\$ 450,095</b>	<b>\$ (41,663)</b>

See Independent accountant's review report.

Endowment Funds	2014 Total	2013 Total
\$ -	\$ 95,300	\$ 71,872
63,699	626,199	284,634
650	26,045	7,483
-	160,571	158,159
-	22,445	98,520
102,580	125,638	137,567
814,451	961,770	715,755
145,129	178,167	18,500
-	(7,435)	-
-	(4,933)	-
-	103,580	90,779
-	3,600	3,600
3,425	150,677	67,028
1,129,934	2,441,624	1,653,897
-	240,040	190,876
-	100	48
-	2,500	3,647
-	16,659	10,503
137,405	165,653	144,563
-	9,615	4,339
33,365	40,204	36,114
-	13,984	22,773
-	7,394	9,747
-	5,313	7,267
-	5,729	6,145
-	205,589	132,874
-	-	422
-	3,317	2,839
27,533	309,024	1,152,277
-	21,778	81,605
1,500	11,721	15,091
-	3,781	12,053
109,031	149,691	142,801
308,834	1,212,092	1,975,984
<u>\$ 821,100</u>	<u>\$ 1,229,532</u>	<u>\$ (322,087)</u>

See Independent accountant's review report.