

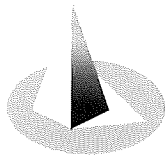
**WENATCHEE VALLEY COLLEGE
FOUNDATION, INC.**

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2015 With Comparative 2014 Totals

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Finance Committee
Wenatchee Valley College Foundation, Inc.

We have reviewed the accompanying financial statements of Wenatchee Valley College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 2014 financial statements and, in our report dated January 12, 2015, 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's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

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.

Wenatchee, Washington
May 5, 2016

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2015

With Comparative Totals As of June 30, 2014

	<u>Current Funds</u>	<u>Program Funds</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 101,094	\$ 322,238
Other current asset	-	5,600
Pledges and other receivables - net:		
Pledges and other receivables	9,572	2,294
Pledges from board members and trustees	-	1,301
	<u>9,572</u>	<u>3,595</u>
Total pledges and other receivables - net		
	<u>9,572</u>	<u>3,595</u>
Total Current Assets	110,666	331,433
Non-Current Assets		
Investments at fair value	767,713	714,977
Property	-	-
	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 878,379</u>	<u>\$ 1,046,410</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 4,839	\$ 10,375
Accounts payable and accrued liabilities - related party	30,941	25,580
Scholarships and awards payable - related party	14,000	31,405
	<u>49,780</u>	<u>67,360</u>
Total Current Liabilities	<u>49,780</u>	<u>67,360</u>
Net Assets		
Unrestricted	828,599	-
Temporarily restricted	-	979,050
Permanently restricted	-	-
	<u>-</u>	<u>-</u>
Total Net Assets	<u>828,599</u>	<u>979,050</u>
Total Liabilities and Net Assets	<u>\$ 878,379</u>	<u>\$ 1,046,410</u>

See independent accountant's review report and accompanying notes.

Endowment Funds	Total of All Funds	
	2015	2014
\$ 110,904	\$ 534,236	\$ 330,668
-	5,600	4,398
-	11,866	53,424
-	1,301	2,777
-	13,167	56,201
110,904	553,003	391,267
6,670,753	8,153,443	8,166,853
58,781	58,781	58,781
<u>\$ 6,840,438</u>	<u>\$ 8,765,227</u>	<u>\$ 8,616,901</u>
\$ -	\$ 15,214	\$ 5,337
17,400	73,921	709
235,021	280,426	174,745
252,421	369,561	180,791
-	828,599	976,573
2,680,541	3,659,591	3,626,761
3,907,476	3,907,476	3,832,776
6,588,017	8,395,666	8,436,110
<u>\$ 6,840,438</u>	<u>\$ 8,765,227</u>	<u>\$ 8,616,901</u>

See independent accountant's review report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Activities

For The Year Ended June 30, 2015

With Comparative Totals For The Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted
PUBLIC SUPPORT AND REVENUE		
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ -	\$ 13,085
Gifts, contributions, and other grants - restricted	26,898	39,165
Scholarships	500	85,973
In-kind contributions-related party	160,291	3,500
In-kind contributions	1,693	64,343
Revenue -		
Interest and dividends	11,929	10,031
Unrealized (loss) gain on investments	(5,399)	(5,113)
Realized gain on investments	23,724	21,637
Loss on sale of donated assets	(289)	(2,600)
Loss on disposal of assets	-	-
Management fees	109,730	-
Rental income - related party	3,600	-
Program income, events net of direct costs, and other income	59,026	142,555
Net assets released from restrictions:		
Satisfaction of program restrictions	634,698	(634,698)
Satisfaction of donor restrictions and reclassifications	-	294,952
 Total Public Support and Revenue	 1,026,401	 32,830
EXPENSES		
Management and general	100,687	-
Programs	633,068	-
Scholarships - related party	195,219	-
Fundraising	12,730	-
Gifts, grants and awards - related party	232,671	-
 Total Expenses	 1,174,375	 -
 Change in Net Assets	 (147,974)	 32,830
 Net assets - Beginning of Year	 976,573	 3,626,761
 Net Assets - End of Year	 \$ 828,599	 \$ 3,659,591

See independent accountant's review report and accompanying notes.

Permanently Restricted	2015 Total	2014 Total
\$ -	\$ 13,085	\$ 95,300
100,933	166,996	626,199
12,100	98,573	26,045
-	163,791	160,571
-	66,036	22,445
93,712	115,672	125,638
(47,103)	(57,615)	961,770
201,699	247,060	178,167
-	(2,889)	(7,435)
-	-	(4,933)
-	109,730	103,580
-	3,600	3,600
8,311	209,892	150,677
-	-	-
(294,952)	-	-
74,700	1,133,931	2,441,624
-	100,687	116,475
-	633,068	605,551
-	195,219	149,691
-	12,730	9,573
-	232,671	330,802
-	1,174,375	1,212,092
74,700	(40,444)	1,229,532
3,832,776	8,436,110	7,206,578
<u>\$ 3,907,476</u>	<u>\$ 8,395,666</u>	<u>\$ 8,436,110</u>

See independent accountant's review report and accompanying notes.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Cash Flows

For The Year Ended June 30, 2015

With Comparative Totals For The Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors, supporters, and programs	\$ 439,764	\$ 593,503
Cash payments for suppliers, programs, and employees	(662,831)	(935,847)
Cash received from sale of donated assets	26,979	436,689
Cash payments for scholarships and awards	(97,038)	(166,643)
Interest and dividends received	115,672	125,638
Other receipts	178,167	145,237
	<u>713</u>	<u>198,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net receipts (disbursements) from investment account	<u>202,855</u>	<u>(187,179)</u>
	<u>202,855</u>	<u>(187,179)</u>
Net Change in Cash	203,568	11,398
Cash - Beginning of Year	<u>330,668</u>	<u>319,270</u>
Cash - End of Year	<u>\$ 534,236</u>	<u>\$ 330,668</u>

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (40,444)	\$ 1,229,532
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(247,060)	(178,167)
Net unrealized loss (gain) on investments	57,615	(961,770)
Loss on disposal of assets	-	4,933
Loss on sale of donated assets	2,889	7,435
Decrease (increase) in assets -		
Pledges and other receivables - net	43,034	162,341
Other current asset	(4,091)	3,248
Increase (decrease) in liabilities -		
Accounts payable and accrued liabilities	83,089	(52,023)
Scholarships and awards payable	105,681	(16,952)
Net cash provided by operating activities	<u>\$ 713</u>	<u>\$ 198,577</u>

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2015 and 2014

ORGANIZATION AND NATURE OF ACTIVITIES

The Wenatchee Valley College Foundation, Inc. (the Foundation) is a non-profit corporation founded in 1971 for the exclusive purpose of encouraging, promoting, and supporting educational programs, scholarly programs, and scholarly pursuits in connection with 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2014, from which the summarized information was derived.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2015 and 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 and 2014. 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, 2015 and 2014.

Investments

As of June 30, 2015, 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 \$4,404 and \$5,729 for the years ended June 30, 2015 and 2014, respectively.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2015 and 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Other Current Asset

This account balance consist of assets donated to the Foundation that will either be sold or transferred to the Wenatchee Valley College within the subsequent year.

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.

Property and Equipment

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 2014 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, 2015 and 2014

INVESTMENTS

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">- <i>Quoted prices for similar assets or liabilities in active markets;</i>- <i>Quoted prices for identical or similar assets or liabilities in inactive markets;</i>- <i>Inputs other than quoted prices that are observable for the asset or liability;</i>- <i>Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</i> |
| 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, 2015 and 2014

INVESTMENTS (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Government and corporate bonds	\$ 3,216,401	\$ 3,162,947
Common stocks	<u>4,937,042</u>	<u>5,003,906</u>
Total investments held for the Foundation	<u>\$ 8,153,443</u>	<u>\$ 8,166,853</u>

The cost of investments and unrealized gain approximated \$6,318,837 and \$1,834,606 respectively for the year ended June 30, 2015. The cost of investments and unrealized gain approximated \$6,069,369 and \$2,097,484 respectively at June 30, 2014.

Investment income is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 115,672	\$ 125,638
Net realized gains	247,060	178,167
Net unrealized (loss) gain	<u>(57,615)</u>	<u>961,770</u>
	<u>\$ 305,117</u>	<u>\$ 1,265,575</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 \$109,730 and \$103,580 for fiscal years ended June 30, 2015 and 2014, 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, 2015 and 2014

CONCENTRATIONS

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 \$272,196 and \$74,130 at June 30, 2015 and June 30, 2014, 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.

PLEDGES AND OTHER RECEIVABLES - NET

	<u>2015</u>	<u>2014</u>
Pledges and other receivables consisted of the following at June 30:		
Unconditional promises to give -		
Receivable in less than one year	\$ 3,775	\$ 40,065
Receivable in one to five years	-	7,500
Total unconditional promises to give	<u>3,775</u>	<u>47,565</u>
Less discounts to net present value	<u>-</u>	<u>(692)</u>
Net unconditional promises to give	3,775	46,873
Other receivables -		
Administrative fee	9,298	9,203
Other receivables	<u>94</u>	<u>125</u>
Total pledges and other receivables - net	<u>\$ 13,167</u>	<u>\$ 56,201</u>

Management has determined that all pledges as of June 30, 2015 will be collected within one year and any uncollected pledges will be written off. As such, pledges as of June 30, 2015 approximates fair value based on their short-term nature and no discount to net present value is required. No allowance for uncollectible pledges has been recorded as the amount cannot be reasonably determined and such amount would clearly be immaterial to these financial statements.

Pledges receivables at June 30, 2015 and 2014 include \$1,301 and \$2,777 due from Foundation board members and trustees.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2015 and 2014

ENDOWMENTS

The Foundation's endowment consists of numerous individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors 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, 2015 and 2014

ENDOWMENTS (CONTINUED)

Endowment net assets by type of fund consist of the following at **June 30, 2015**:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 2,097,433	\$ 3,907,476	\$ 6,004,909
Board-designated funds	-	583,108	-	583,108
	<u>\$ -</u>	<u>\$ 2,680,541</u>	<u>\$ 3,907,476</u>	<u>\$ 6,588,017</u>

Changes in endowment net assets as of **June 30, 2015**:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 2,734,022	\$ 3,832,776	\$ 6,566,798
Investment return:				
Interest and dividends	-	10,031	93,712	103,743
Net gain - realized and unrealized	-	16,524	154,596	171,120
Total investment return	-	26,555	248,308	274,863
Gifts, contributions, and other support	-	206,065	113,033	319,098
Program and other income	-	139,956	8,311	148,267
Reclassifications and appropriations	-	(426,057)	(294,952)	(721,009)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,680,541</u>	<u>\$ 3,907,476</u>	<u>\$ 6,588,017</u>

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2015 and 2014

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	<u>-</u>	<u>104,027</u>	<u>1,062,160</u>	<u>1,166,187</u>
Gifts, contributions, and other support	-	259,930	64,349	324,279
Program and other income	-	125,523	3,425	128,948
Reclassifications and appropriations	-	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, 2015 and 2014

ENDOWMENTS (CONTINUED)

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the 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, 2015 and 2014.

RELATED PARTY TRANSACTIONS

The following related party transactions occurred between the Foundation and Wenatchee Valley College (College) during the years ending June 30, 2015 and 2014:

In-Kind Contributions

The Foundation received a total of \$163,791 and \$160,571 of in-kind contributions from the College during the years ending June 30, 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014 in the amount of \$280,426 and \$174,745, respectively. Total funding provided by the Foundation to the College in the form of programs, scholarships, awards and gifts totaled \$587,398 and \$480,493 for the years ending June 30, 2015 and 2014, respectively.

Compensation and Related Costs

The College employed all the Foundation's staff for the years ending June 30, 2015 and 2014. 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 \$280,761 and \$240,040 for the years ending June 30, 2015 and 2014.

WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2015 and 2014

IN-KIND CONTRIBUTIONS

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 \$229,827 and \$183,016 for the years ending June 30, 2015 and June 30, 2014, respectively.

SPECIAL EVENTS

The Foundation holds various special events to raise funds to help support their operations and activities. Fundraising income totaled \$133,786 and \$5,835 with related direct expenses of \$76,132 and \$7,687 for the years ending June 30, 2015 and 2014, respectively.

SUBSEQUENT EVENTS

On December 23, 2015, the Foundation received a \$1,371,291 donation of which \$1,000,000 will be permanently endowed. The remaining portion of \$371,291 plus annual earnings can be used by the Foundation for general agricultural support.

Management has evaluated subsequent events through May 5, 2016, the date which 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, 2015

With Comparative Totals For The Year Ended June 30, 2014

PUBLIC SUPPORT AND REVENUE	Current Funds	Program Funds
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ -	\$ 13,085
Gifts, contributions, and other grants - restricted	26,898	39,165
Scholarships	500	85,973
In-kind contributions-related party	160,291	3,500
In-kind contributions	1,693	64,343
Revenue -		
Interest and dividends	11,929	10,031
Unrealized (loss) gain on investments	(5,399)	(5,113)
Realized gain on investments	23,724	21,637
Loss on sale of donated assets	(289)	(2,600)
Loss on disposal of assets	-	-
Management fees	109,730	-
Rental income - related party	3,600	-
Program income, events net of direct costs, and other income	59,026	142,555
Total public support and revenue	391,703	372,576
EXPENSES		
Compensation and related costs	258,743	22,018
Uncollectible pledge expense	250	11,963
Insurance	2,625	-
Legal and accounting	9,361	-
Administrative fee	16,918	15,331
Advertising	4,404	-
Alumni relations	19,792	-
Investment expenses	3,734	3,373
Travel, meals, and entertainment	17,400	6,419
Office and general	10,482	721
Miscellaneous	230	-
General program expenses	4,029	139,823
President's and Executive Director's discretionary fund	2,319	-
Gifts, grants and awards - related party	127,050	7,376
In-kind gifts - related party	2,902	62,843
Recognition	1,836	2,929
Mailings	6,559	-
Education, conferences, training	9,292	-
Scholarships awarded - related party	(2,000)	57,219
Total expenses	495,926	330,015
Change in net assets	\$ (104,223)	\$ 42,561

See Independent accountant's review report.

Endowment Funds	2015 Total	2014 Total
\$ -	\$ 13,085	\$ 95,300
100,933	166,996	626,199
12,100	98,573	26,045
-	163,791	160,571
-	66,036	22,445
93,712	115,672	125,638
(47,103)	(57,615)	961,770
201,699	247,060	178,167
-	(2,889)	(7,435)
-	-	(4,933)
-	109,730	103,580
-	3,600	3,600
8,311	209,892	150,677
369,652	1,133,931	2,441,624
-	280,761	240,040
-	12,213	4,800
-	2,625	2,500
-	9,361	16,659
143,440	175,689	165,653
-	4,404	5,729
-	19,792	9,615
31,494	38,601	40,204
-	23,819	13,984
-	11,203	7,394
-	230	369
-	143,852	205,589
-	2,319	3,317
32,500	166,926	309,024
-	65,745	21,778
1,000	5,765	7,931
-	6,559	4,034
-	9,292	3,781
140,000	195,219	149,691
348,434	1,174,375	1,212,092
\$ 21,218	\$ (40,444)	\$ 1,229,532

See Independent accountant's review report.