

**WENATCHEE VALLEY COLLEGE
FOUNDATION, INC.**

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

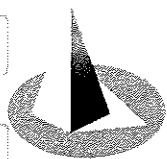
For The Year Ended June 30, 2016 With Comparative 2015 Totals



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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, 2016, 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 2015 financial statements and, in our report dated May 5, 2016, 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
January 30, 2017





WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Financial Position

As of June 30, 2016

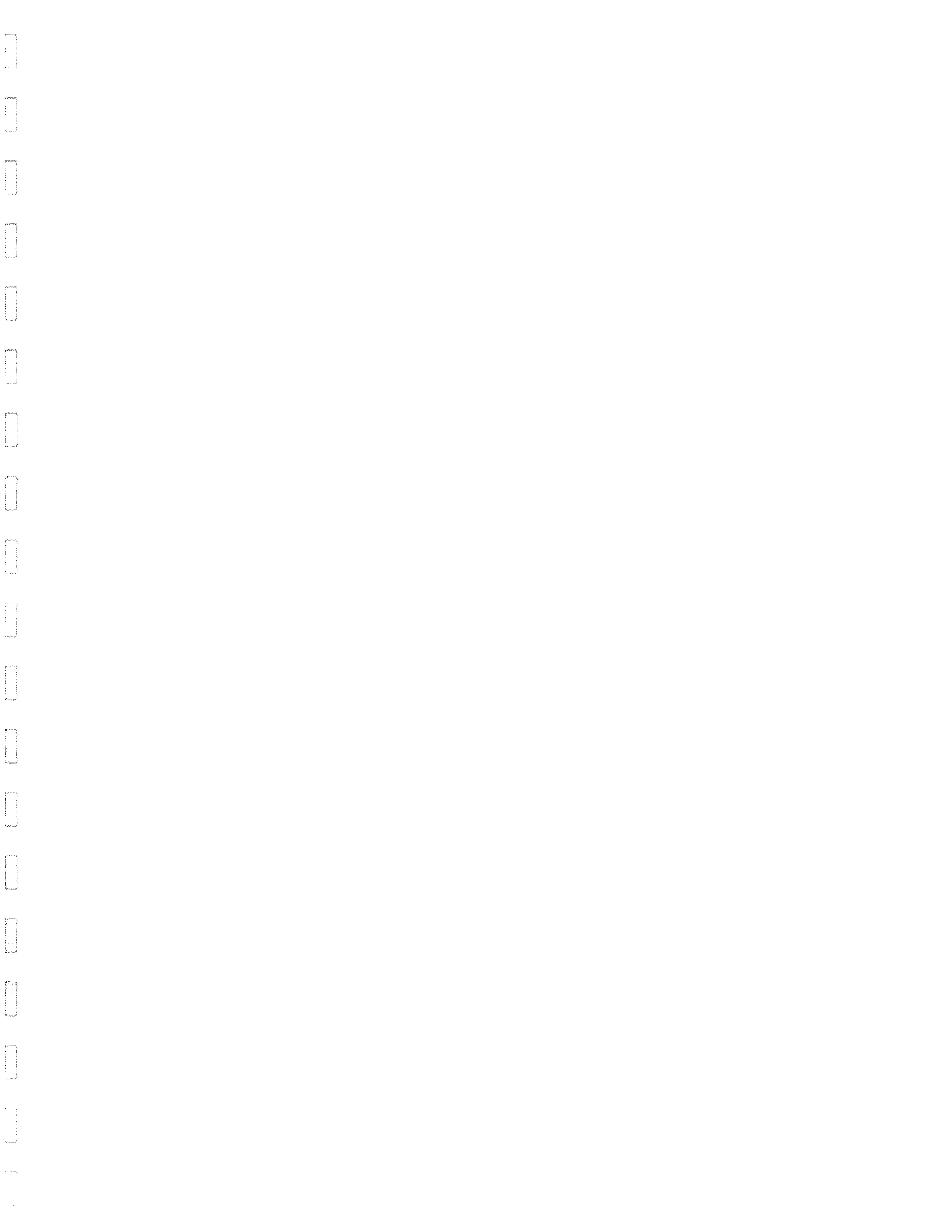
With Comparative Totals As of June 30, 2016 and 2015

	<u>Current Funds</u>	<u>Program Funds</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ (65,462)	\$ 377,410
Other current asset	1,939	10,458
Pledges and other receivables - net:		
Pledges and other receivables	10,900	2,324
Pledges from board members and trustees	-	-
	<u>10,900</u>	<u>2,324</u>
Total pledges and other receivables - net		
	10,900	2,324
Total Current Assets	(52,623)	390,192
Non-Current Assets		
Investments at fair value	1,067,705	640,813
Property	-	-
	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,015,082</u>	<u>\$ 1,031,005</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 19,965
Accounts payable and accrued liabilities - related party	8,305	2,454
Scholarships and awards payable - related party	2,000	27,950
	<u>10,305</u>	<u>50,369</u>
Total Current Liabilities	10,305	50,369
Net Assets		
Unrestricted	1,004,777	-
Temporarily restricted	-	980,636
Permanently restricted	-	-
	<u>1,004,777</u>	<u>980,636</u>
Total Net Assets	1,004,777	980,636
Total Liabilities and Net Assets	<u>\$ 1,015,082</u>	<u>\$ 1,031,005</u>

Endowment Funds	Total of All Funds	
	2016	2015
\$ 121,909	\$ 433,857	\$ 534,236
-	12,397	5,600
-	13,224	11,866
-	-	1,301
-	13,224	13,167
121,909	459,478	553,003
7,456,959	9,165,477	8,153,443
-	-	58,781
<u>\$ 7,578,868</u>	<u>\$ 9,624,955</u>	<u>\$ 8,765,227</u>
\$ -	\$ 19,965	\$ 15,214
-	10,759	73,921
227,100	257,050	280,426
227,100	287,774	369,561
-	1,004,777	828,599
3,504,549	4,485,185	3,659,591
3,847,219	3,847,219	3,907,476
7,351,768	9,337,181	8,395,666
<u>\$ 7,578,868</u>	<u>\$ 9,624,955</u>	<u>\$ 8,765,227</u>

See independent accountant's review report and accompanying notes.





WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Activities

For The Year Ended June 30, 2016

With Comparative Totals For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted
PUBLIC SUPPORT AND REVENUE		
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ 56,210	\$ -
Gifts, contributions, and other grants - restricted	-	248,295
Scholarships	20	56,280
In-kind contributions-related party	174,424	-
In-kind contributions	5,271	57,271
Revenue -		
Investment income, net	(27,714)	(25,294)
Loss on sale of donated assets	-	-
Management fees	123,216	-
Rental income - related party	1,500	-
Program income, events net of direct costs, and other income	47,323	80,442
Net assets released from restrictions:		
Satisfaction of program restrictions	1,043,330	(1,043,330)
Satisfaction of donor restrictions and reclassifications	-	1,451,930
	<u>1,423,580</u>	<u>825,594</u>
Total Public Support and Revenue		
	1,423,580	825,594
EXPENSES		
Management and general	113,989	-
Programs	621,523	-
Scholarships - related party	220,216	-
Fundraising	1,445	-
Gifts, grants and awards - related party	290,229	-
	<u>1,247,402</u>	<u>-</u>
Total Expenses		
	1,247,402	-
Change in Net Assets	176,178	825,594
Net assets - Beginning of Year	<u>828,599</u>	<u>3,659,591</u>
Net Assets - End of Year	<u>\$ 1,004,777</u>	<u>\$ 4,485,185</u>

<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
\$ -	\$ 56,210	\$ 13,085
1,425,695	1,673,990	166,996
87,927	144,227	98,573
-	174,424	163,791
-	62,542	66,036
(145,409)	(198,417)	90,827
-	-	(2,889)
-	123,216	109,730
-	1,500	3,600
23,460	151,225	209,892
-	-	-
(1,451,930)	-	-
(60,257)	2,188,917	919,641
-	113,989	100,687
-	621,523	418,778
-	220,216	195,219
-	1,445	12,730
-	290,229	232,671
-	1,247,402	960,085
(60,257)	941,515	(40,444)
3,907,476	8,395,666	8,436,110
<u>\$ 3,847,219</u>	<u>\$ 9,337,181</u>	<u>\$ 8,395,666</u>





WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Statements of Cash Flows

For The Year Ended June 30, 2016

With Comparative Totals For The Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors, supporters, and programs	\$ 1,965,088	\$ 439,764
Cash payments for suppliers, programs, and employees	(785,147)	(662,831)
Cash received from sale of donated assets	-	26,979
Cash payments for scholarships and awards	(255,092)	(97,038)
Investment income, net	(93,540)	115,672
Other receipts	185,223	178,167
	<u>1,016,532</u>	<u>713</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (additions) receipts from investment account	<u>(1,116,911)</u>	<u>202,855</u>
	<u>(1,116,911)</u>	<u>202,855</u>
Net Change in Cash	(100,379)	203,568
Cash - Beginning of Year	<u>534,236</u>	<u>330,668</u>
Cash - End of Year	<u><u>\$ 433,857</u></u>	<u><u>\$ 534,236</u></u>

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 941,515	\$ (40,444)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gain on sale of investments	(275,412)	(247,060)
Net unrealized loss on investments	380,289	57,615
Land gifted to College	58,781	-
Loss on sale of donated assets	-	2,889
(Increase) decrease in assets -		
Pledges and other receivables - net	(57)	43,034
Other current asset	(6,797)	(4,091)
(Decrease) increase in liabilities -		
Accounts payable and accrued liabilities	(58,411)	83,089
Scholarships and awards payable	(23,376)	105,681
Net cash provided by operating activities	<u>\$ 1,016,532</u>	<u>\$ 713</u>



WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015. 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, 2016 and 2015.

Investments

As of June 30, 2016, 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 \$6,869 and \$4,404 for the years ended June 30, 2016 and 2015, respectively.



WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

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

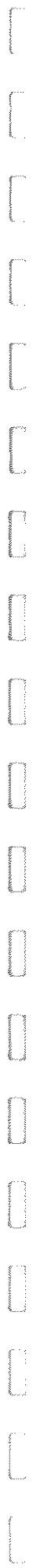
The cost of providing various programs and related supporting services have been allocated to the appropriate programs and services in the Statements of Activities.

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 2015 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, 2016 and 2015

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:

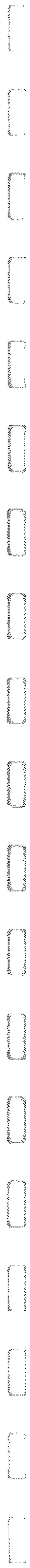
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|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <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, 2016 and 2015

INVESTMENTS (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Government and corporate bonds	\$ 3,744,922	\$ 3,216,401
Common stocks	<u>5,420,557</u>	<u>4,937,042</u>
Total investments held for the Foundation	<u>\$ 9,165,479</u>	<u>\$ 8,153,443</u>

The cost of investments and unrealized gain approximated \$7,656,393 and \$1,509,086 respectively for the year ended June 30, 2016. The cost of investments and unrealized gain approximated \$6,318,837 and \$1,834,606 respectively at June 30, 2015.

Investment income is summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 127,576	\$ 115,672
Net realized gains	275,412	247,060
Net unrealized loss	(380,289)	(57,615)
Investment expenses	<u>(221,116)</u>	<u>(214,290)</u>
Investment income, net	<u>\$ (198,417)</u>	<u>\$ 90,827</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 \$123,216 and \$109,730 for fiscal years ended June 30, 2016 and 2015, 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, 2016 and 2015

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 \$186,076 and \$272,196 at June 30, 2016 and June 30, 2015, 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>2016</u>	<u>2015</u>
Pledges and other receivables consisted of the following at June 30:		
Unconditional promises to give -		
Receivable in less than one year	\$ 3,832	\$ 3,775
Receivable in one to five years	-	-
	<hr/>	<hr/>
Total unconditional promises to give	3,832	3,775
Other receivables -		
Administrative fee	9,298	9,298
Other receivables	94	94
	<hr/>	<hr/>
Total pledges and other receivables - net	<u>\$ 13,224</u>	<u>\$ 13,167</u>

Management has determined that all pledges as of June 30, 2016 will be collected within one year and any uncollected pledges will be written off. As such, pledges as of June 30, 2016 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 include \$1,301 due from Foundation board members and trustees. There were no pledges receivable from such individuals as of June 30, 2016.



WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

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, 2016 and 2015

ENDOWMENTS (CONTINUED)

Endowment assets by fund consist of the following as of: **June 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 3,259,425	\$ 3,847,219	\$ 7,106,644
Board-designated funds	-	245,124	-	245,124
	<u>\$ -</u>	<u>\$ 3,504,549</u>	<u>\$ 3,847,219</u>	<u>\$ 7,351,768</u>

Changes in endowment net assets as of: **June 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 2,680,541	\$ 3,907,476	\$ 6,588,017
Investment return:				
Interest and dividends	-	10,793	100,903	111,696
Net gain - realized and unrealized	-	(17,018)	(68,650)	(85,668)
Investment expenses	-	(19,069)	(177,662)	(196,731)
Total investment return	<u>-</u>	<u>(25,294)</u>	<u>(145,409)</u>	<u>(170,703)</u>
Gifts, contributions, and other support Program and other income	-	361,846	1,513,622	1,875,468
	-	80,442	23,460	103,902
Reclassifications and appropriations	-	407,014	(1,451,930)	(1,044,916)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 3,504,549</u>	<u>\$ 3,847,219</u>	<u>\$ 7,351,768</u>



WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2016 and 2015

ENDOWMENTS (CONTINUED)

Endowment assets by fund consist of the following as of: **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
Investment expenses	-	(18,704)	(174,933)	(193,637)
Total investment return	-	7,851	73,375	81,226
Gifts, contributions, and other support Program and other income	-	206,065	113,033	319,098
Reclassifications and appropriations	-	(407,353)	(120,019)	(527,372)
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, 2016 and 2015

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, 2016 and 2015.

RELATED PARTY TRANSACTIONS

The following related party transactions occurred between the Foundation and Wenatchee Valley College (College) during the years ending June 30, 2016 and 2015:

In-Kind Contributions

The Foundation received a total of \$174,424 and \$163,791 of in-kind contributions from the College during the years ending June 30, 2016 and 2015, 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 \$1,500 and \$3,600 for the years ending June 30, 2016 and 2015, respectively.

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, 2016 and 2015 in the amount of \$257,050 and \$280,426, respectively. Total funding provided by the Foundation to the College in the form of programs, scholarships, awards and gifts totaled \$561,945 and \$455,398 for the years ending June 30, 2016 and 2015, respectively.

Compensation and Related Costs

The College employed all the Foundation's staff for the years ending June 30, 2016 and 2015. 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 \$281,764 and \$280,761 for the years ending June 30, 2016 and 2015.



WENATCHEE VALLEY COLLEGE FOUNDATION, INC.

Notes to the Financial Statements
June 30, 2016 and 2015

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 \$236,966 and \$229,827 for the years ending June 30, 2016 and June 30, 2015, respectively.

SPECIAL EVENTS

The Foundation holds various special events to raise funds to help support their operations and activities. Fundraising income totaled \$10,547 and \$113,786 with related direct expenses of \$4,970 and \$76,132 for the years ending June 30, 2016 and 2015, respectively.

SUBSEQUENT EVENTS

On December 14, 2016, the Foundation received a promissory note from the College in the amount of \$1,000,000 which will be used for the construction of a new building. The note is short term in nature as payment is due in full on June 1, 2017 and the applicable interest rate is 3.5%. As of the date of these financial statements, no payments have been received by the Foundation from the College.

To facilitate the funding provided to the College, the Foundation signed a \$1,000,000 promissory note with Cashmere Valley Bank dated December 15, 2016 and maturing on April 1, 2017. It has an interest rate of 3.5% with payments commencing no February 1, 2017.

Management has evaluated subsequent events through January 30, 2017, 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, 2016

With Comparative Totals For The Year Ended June 30, 2015

	Current Funds	Program Funds
PUBLIC SUPPORT AND REVENUE		
Public Support -		
Gifts, contributions, and other grants - unrestricted	\$ 56,210	\$ -
Gifts, contributions, and other grants - restricted	-	248,295
Scholarships	20	56,280
In-kind contributions-related party	174,424	-
In-kind contributions	5,271	57,271
Revenue -		
Investment income, net	(27,714)	(25,294)
Loss on sale of donated assets	-	-
Management fees	123,216	-
Rental income - related party	1,500	-
Program income, events net of direct costs, and other income	47,323	80,442
Total Public Support and Revenue	380,250	416,994
EXPENSES		
Compensation and related costs	272,782	8,982
Uncollectible pledge expense	-	1,475
Insurance	2,750	-
Legal and accounting	22,384	-
Advertising	5,780	1,089
Alumni relations	15,377	-
Travel, meals, and entertainment	12,238	8,974
Office and general	6,985	455
Miscellaneous	53	-
General program expenses	71,670	305,067
President's and Executive Director's discretionary fund	3,563	-
Gifts, grants and awards - related party	84,036	51,055
In-kind gifts - related party	62,114	46,913
Recognition	3,646	58
Retreat	3,927	-
Education, conferences, training	1,906	-
Scholarships awarded - related party	-	25,450
Total Expenses	569,211	449,518
Change in Net Assets	\$ (188,961)	\$ (32,524)

Endowment Funds	2016 Total	2015 Total
\$ -	\$ 56,210	\$ 13,085
1,425,695	1,673,990	166,996
87,927	144,227	98,573
-	174,424	163,791
-	62,542	66,036
(145,409)	(198,417)	90,827
-	-	(2,889)
-	123,216	109,730
-	1,500	3,600
23,460	151,225	209,892
1,391,673	2,188,917	919,641
-	281,764	280,761
-	1,475	12,213
-	2,750	2,625
-	22,384	9,361
-	6,869	4,404
-	15,377	19,792
-	21,212	23,819
-	7,440	17,684
-	53	230
-	376,737	143,852
-	3,563	2,319
-	135,091	166,926
-	109,027	65,745
33,907	37,611	5,765
-	3,927	78
-	1,906	9,292
194,766	220,216	195,219
228,673	1,247,402	960,085
<u>\$ 1,163,000</u>	<u>\$ 941,515</u>	<u>\$ (40,444)</u>

See Independent accountant's review report.

