



Financial Statements
June 30, 2019 and 2018

College of Western Idaho Foundation

College of Western Idaho Foundation

Table of Contents

June 30, 2019 and 2018

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7



Independent Auditor's Report

To the Board of Directors
College of Western Idaho Foundation
Nampa, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of College of Western Idaho Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College of Western Idaho Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 and Note 2 to the financial statements, the Foundation has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the June 30, 2018 financial statements have been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho
September 18, 2019

College of Western Idaho Foundation
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u> <u>As Restated</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,579,136	\$ 1,465,299
Investments - nonendowment	1,797,715	1,732,592
Contributions receivable - current, net	-	1,500
Other receivables	-	558
Interest receivable	5,378	5,920
Prepaid expenses	1,350	-
	<u>3,383,579</u>	<u>3,205,869</u>
Total current assets		
Noncurrent Assets		
Investments - endowment	<u>1,539,700</u>	<u>1,458,767</u>
Total noncurrent assets	<u>1,539,700</u>	<u>1,458,767</u>
Total assets	<u>\$ 4,923,279</u>	<u>\$ 4,664,636</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 4,609</u>	<u>\$ 33,191</u>
Total current liabilities	<u>4,609</u>	<u>33,191</u>
Total liabilities	<u>4,609</u>	<u>33,191</u>
Net Assets		
Without donor restrictions		
Undesignated	<u>787,278</u>	<u>709,033</u>
	<u>787,278</u>	<u>709,033</u>
With donor restrictions		
Purpose retriected	2,855,678	2,688,582
Perpetual in nature	<u>1,275,714</u>	<u>1,233,830</u>
	<u>4,131,392</u>	<u>3,922,412</u>
Total net assets	<u>4,918,670</u>	<u>4,631,445</u>
Total liabilities and net assets	<u>\$ 4,923,279</u>	<u>\$ 4,664,636</u>

College of Western Idaho Foundation

Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and gifts	\$ 33,735	\$ 443,061	\$ 476,796
Contributed services	326,975	-	326,975
Interest and dividends net of fees	42,173	32,044	74,217
Net realized and unrealized gain on investments	51,049	64,433	115,482
Special events revenue (net of cost of direct benefit to donors \$12,533)	32,210	27,600	59,810
Net assets released from restriction	358,158	(358,158)	-
Total revenues	<u>844,300</u>	<u>208,980</u>	<u>1,053,280</u>
Expenses			
Program support to College of Western Idaho			
Scholarships	268,148	-	268,148
Department support	83,335	-	83,335
Support services			
General operations	414,572	-	414,572
Total expenses	<u>766,055</u>	<u>-</u>	<u>766,055</u>
Change in Net Assets	78,245	208,980	287,225
Net Assets, Beginning of Year	<u>709,033</u>	<u>3,922,412</u>	<u>4,631,445</u>
Net Assets, End of Year	<u>\$ 787,278</u>	<u>\$ 4,131,392</u>	<u>\$ 4,918,670</u>

College of Western Idaho Foundation
Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	As Restated With Donor Restrictions	Total
Revenues			
Contributions and gifts	\$ 31,263	\$ 289,255	\$ 320,518
Contributed services	304,433	-	304,433
Interest and dividends net of fees	28,591	28,625	57,216
Net realized and unrealized gain on investments	57,266	66,649	123,915
Special events revenue (net of cost of direct benefit to donors \$10,203)	18,811	32,800	51,611
Net assets released from restriction	419,485	(419,485)	-
Total revenues	<u>859,849</u>	<u>(2,156)</u>	<u>857,693</u>
Expenses			
Program support to College of Western Idaho			
Scholarships	314,459	-	314,459
Department support	118,579	-	118,579
Support services			
General operations	<u>329,924</u>	<u>-</u>	<u>329,924</u>
Total expenses	<u>762,962</u>	<u>-</u>	<u>762,962</u>
Change in Net Assets	96,887	(2,156)	94,731
Net Assets, Beginning of Year	<u>612,146</u>	<u>3,924,568</u>	<u>4,536,714</u>
Net Assets, End of Year	<u>\$ 709,033</u>	<u>\$ 3,922,412</u>	<u>\$ 4,631,445</u>

College of Western Idaho Foundation

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ 287,225	\$ 94,731
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Non-cash contributions	(99,504)	(74,976)
Contributions restricted to endowment	(41,884)	(64,124)
Net realized and unrealized (gain) loss on investments	(115,482)	(123,915)
Changes in operating assets and liabilities		
Contributions receivable	1,500	7,430
Other receivable	558	11,936
Interest receivable	542	574
Prepays	(1,350)	-
Accounts payable	(28,582)	(79,574)
Net Cash from (used for) Operating Activities	<u>3,023</u>	<u>(227,918)</u>
Investing Activities		
Purchase of investments	(1,149,494)	(999,596)
Withdrawal from endowment	43,772	50,085
Proceeds from sale of investments	1,174,652	1,031,112
Net Cash from Investing Activities	<u>68,930</u>	<u>81,601</u>
Financing Activities		
Collection of contributions restricted to endowments	41,884	64,124
Net Cash from Financing Activities	<u>41,884</u>	<u>64,124</u>
Net Change in Cash and Cash Equivalents	113,837	(82,193)
Cash and Cash Equivalents, Beginning of Year	<u>1,465,299</u>	<u>1,547,492</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,579,136</u>	<u>\$ 1,465,299</u>

Note 1 - Foundation Operations and Significant Accounting Policies

Foundation Operations

The College of Western Idaho Foundation (the Foundation) was established in July 2010 to provide support for the private fundraising efforts of College of Western Idaho (the College) and to manage privately donated funds. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors (the Board). Under the Idaho State Board of Education's administrative rules, the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance with the State Board of Education's rules.

The Foundation is presented as a component unit in the College's financial statements, as required by the Governmental Accounting Standards Board.

The Foundation receives donations, manages, distributes and stewards private resources to support the various missions of the College.

Scholarships

Donations and grants are received to provide scholarship opportunities to College of Western Idaho students. Scholarship awarding is administered according to established criteria related to each scholarship fund.

Department Support

Department Support provides instructional and program support to various departments and programs within the College of Western Idaho.

Basis of Accounting – Net Assets

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, whereby revenue is recorded when earned and expenses are recorded when materials or services are received. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and neither expire by the passage of time nor be fulfilled or otherwise removed by action of the Foundation. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is,

when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

The Foundation considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less to be cash equivalents. Cash deposits exceeded FDIC insured limits at times during the years ended June 30, 2019 and 2018.

Investments

Investment purchases are recorded at cost or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statement of financial position. Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investment securities without quoted market prices are valued at estimated fair value using appropriate valuation methods that consider the underlying assets and financial reports. Net realized and unrealized capital gains and losses are reported in the statement of activities. Interest and dividends are reported net of investment management and custodial fees.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect account balances and the amounts reported in the accompanying financial statements.

Contributions Receivable and Promises to Give

Unconditional promises to give to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value and recognized as an asset and promise to give revenue in the period the promise to give is received. Promises to give to be received after one year are discounted at rates commensurate with risks involved at the time the promise to give is received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

The Foundation reports promises to give made by donors that are measurable, verifiable, unconditional and probable of collection. Conditional promises to give are only payable upon the occurrence of an uncertain future event and therefore are not recorded in the accompanying financial statements.

The allowance for doubtful accounts for all promises to give represents the Foundation's best estimate of the amount of probable credit losses in the Foundation's existing promises to give. The Foundation determines the allowance by performing on-going evaluations of its donors and their ability to make payments. The Foundation determines the adequacy of the allowance based upon length of time past due, historical experience and judgment of economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and potential recovery is considered.

Contributions

Contributions of property and securities are recorded at their fair market value on the date received. The Foundation reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, net assets with donor restrictions are reclassified to without donor restrictions. Contributed services revenue consists of development services and materials instrumental to the Foundation that are paid by the College.

Donated Materials and Services

Donated materials and services are reflected as contributions and are recorded at their fair market value at date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation's office resides in the College's Administrative Building. The space is donated by the College as are the employees' services that are used to run the Foundation. These items represent in-kind donations that are recognized as revenues with a corresponding expense.

Concentrations

At June 30, 2019, six donors accounted for 67% of total contributions. At June 30, 2018, five donors accounted for 48% of total contributions.

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized in the statement of activities. The financial statements report categories of expenses that are attributed to program service activities or supporting service activities occurring. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring. Note 10 presents the natural classification detail of expenses by function.

Income Taxes

The Foundation is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction and has been determined not to be a private foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Subsequent Events

The Foundation has evaluated subsequent events through September 18, 2019, the date which the financial statements were available to be issued.

Change in Accounting Policy

As of June 30, 2019 the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Foundation's donor restricted endowment funds. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Foundation's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Foundation's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statement of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Foundation has elected not to present comparative information for these amendments.

Note 2 - Adjustment Resulting from Change in Accounting Policy

As disclosed in Note 1, the Foundation adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of June 30, 2019. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets.

Following is a summary of the effects of the change in accounting policy in the Foundation's June 30, 2018 net assets.

The effect on the Foundation's statement of financial position as of June 30, 2018 is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Net Assets			
Unrestricted	\$ 709,033	\$ (709,033)	\$ -
Temporarily restricted	2,688,582	(2,688,582)	-
Permanently restricted	1,233,830	(1,233,830)	-
Net assets without donor restrictions	-	709,033	709,033
Net assets with donor restrictions	-	3,922,412	3,922,412

College of Western Idaho Foundation

Notes to Financial Statements

June 30, 2019 and 2018

The effect on the Foundation's statement of activities as of June 30, 2018 is as follows:

	<u>As Previously Reported</u>	<u>Adoption of ASU 2016-14</u>	<u>As Adjusted</u>
Net Assets, Beginning of Year			
Unrestricted	\$ 612,146	\$ (612,146)	\$ -
Temporarily restricted	2,754,862	(2,754,862)	-
Permanently restricted	1,169,706	(1,169,706)	-
Net assets without donor restrictions	-	612,146	612,146
Net assets with donor restrictions	-	3,924,568	3,924,568
 Net Assets, End of Year			
Unrestricted	\$ 709,033	\$ (709,033)	\$ -
Temporarily restricted	2,688,582	(2,688,582)	-
Permanently restricted	1,233,830	(1,233,830)	-
Net assets without donor restrictions	-	709,033	709,033
Net assets with donor restrictions	-	3,922,412	3,922,412

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 230,810
Investment interest and earnings for operations	<u>567,449</u>
	<u>\$ 798,259</u>

Cash and cash equivalents available for general expenditure represent the portion of total cash and cash equivalents without donor restriction.

Earnings above principal from investment of donor restricted funds without donor directive are available for use in the Foundation's general operations.

Note 4 - Fair Value Measurements and Disclosures of Investments

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

Investments in marketable securities are recorded at fair value as determined by quoted market prices in active markets.

Corporate bonds are classified within Level 2 and are valued by the custodians of the securities based on their use of a third-party pricing service.

Additionally, one certificate of deposit with a maturity of 5 years or less at June 30, 2019, was established at a financial institution and is covered by the FDIC for \$246,985 at June 30, 2019 and \$245,999 at June 30, 2018. The certificate of deposit is valued at original cost plus accrued interest.

College of Western Idaho Foundation

Notes to Financial Statements

June 30, 2019 and 2018

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2019:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Equities				
Large cap	\$ 1,472,115	\$ -	\$ -	\$ 1,472,115
Small cap	69,543	-	-	69,543
International equities	352,355	-	-	352,355
International emerging	150,378	-	-	150,378
Bond funds				
Fixed income	675,062	222,977	-	898,039
Mutual funds	148,000	-	-	148,000
Total assets at fair value	<u>2,867,453</u>	<u>222,977</u>	<u>-</u>	<u>3,090,430</u>
Certificate of deposit at cost	-	-	-	246,985
Total investments	<u>\$ 2,867,453</u>	<u>\$ 222,977</u>	<u>\$ -</u>	<u>\$ 3,337,415</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2018:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Equities				
Large cap	\$ 1,378,196	\$ -	\$ -	\$ 1,378,196
Small cap	74,959	-	-	74,959
International equities	367,818	-	-	367,818
International emerging	148,621	-	-	148,621
Bond funds				
Fixed income	523,664	305,931	-	829,595
Mutual funds	146,171	-	-	146,171
Total assets at fair value	<u>2,639,429</u>	<u>305,931</u>	<u>-</u>	<u>2,945,360</u>
Certificate of deposit at cost	-	-	-	245,999
Total investments	<u>\$ 2,639,429</u>	<u>\$ 305,931</u>	<u>\$ -</u>	<u>\$ 3,191,359</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The significance of transfers between levels has been evaluated based upon the nature of the financial instruments and size of the transfer relative to the total net assets available for benefits. For the years ended June 30, 2019 and 2018, there were no significant transfers in or out of levels 1, 2, or 3.

Note 5 - Donated Professional Services and Materials

The Foundation received donated professional services and materials as follows during the years ended June 30, 2019 and 2018:

	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
June 30, 2019			
Salaries and benefits	\$ 165,250	\$ 135,377	\$ 300,627
Materials and supplies	9,068	-	9,068
Office space	17,280	-	17,280
	<u>\$ 191,598</u>	<u>\$ 135,377</u>	<u>\$ 326,975</u>
June 30, 2018			
Salaries and benefits	\$ 146,873	\$ 125,434	\$ 272,307
Materials and supplies	14,846	-	14,846
Office space	17,280	-	17,280
	<u>\$ 178,999</u>	<u>\$ 125,434</u>	<u>\$ 304,433</u>

All donated materials and services were provided by the College.

Note 6 - Contributions Receivable

Contributions receivable represent unconditional promises to give to the Foundation and are measured at the present value of estimated future cash flows using the discount rate of 1.41%. An allowance for doubtful accounts for potentially uncollectible contributions of \$0 was estimated and recorded as of June 30, 2019 and 2018.

Contributions receivable for the years ended June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Contributions receivable		
Due in one year or less	\$ -	\$ 1,500
Total contributions receivable	-	1,500
Less discount to present value	-	-
Net contributions receivable	<u>\$ -</u>	<u>\$ 1,500</u>

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Program support	\$ 106,012	\$ 97,669
Scholarships	939,609	778,478
Bond campaign	-	4,886
Operation of Micron Center	1,810,057	1,807,549
	<u>2,855,678</u>	<u>2,688,582</u>
Endowment:		
Funds of perpetual duration, subject to spending policy and appropriation, the distributions from which are restricted by donors as follows:		
Program support	50,000	50,000
Scholarships	1,218,624	1,176,974
College growth & development	7,090	6,856
	<u>1,275,714</u>	<u>1,233,830</u>
Total net assets with donor restrictions	<u>\$ 4,131,392</u>	<u>\$ 3,922,412</u>

Note 8 - Release from Restriction

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

The amounts released during the years ended June 30, 2019 and 2018, were as follows:

	2019	2018
Satisfaction of purpose restrictions		
Scholarships	\$ 258,323	\$ 306,059
Department support	83,335	113,426
General operations	16,500	-
	<u>\$ 358,158</u>	<u>\$ 419,485</u>

Note 9 - Endowment Funds

The Foundation's endowment consists of 36 individual funds established for a variety of purposes. The endowment consists of donor-restricted endowment funds. The Foundation held \$1,275,714 and \$1,233,830 in true endowment funds at June 30, 2019 and 2018, respectively. As required by generally accepted accounting principles, net assets with donor restrictions associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The investment income earned on these net assets retained in perpetuity is generally restricted as to purpose and is recorded as net assets with donor restrictions.

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time that accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund or endowment
- (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

College of Western Idaho Foundation

Notes to Financial Statements

June 30, 2019 and 2018

The endowment fund net asset composition is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
At June 30, 2019			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,275,714	\$ 1,275,714
Accumulated investment gains	-	263,986	263,986
	<u>\$ -</u>	<u>\$ 1,539,700</u>	<u>\$ 1,539,700</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
At June 30, 2018			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,233,830	\$ 1,233,830
Accumulated investment gains	-	224,937	224,937
	<u>\$ -</u>	<u>\$ 1,458,767</u>	<u>\$ 1,458,767</u>

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to maintain as a fund of perpetual duration. As of June 30, 2019 and 2018 no endowments were underwater.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and scholarships supported by its endowment while seeking to maintain the fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide both a reasonably predicted income stream and principle appreciation that exceeds inflation. The Foundation expects its endowment funds, over time, to provide an average minimum rate of return equal to or greater than the Foundation's spending rate percentage and management fee.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within the prudent risk constraints.

The Foundation has a policy of appropriating for annual distribution 4.5% of its endowment fund's average fair value as determined on December 31 over each of the three preceding years. The Foundation will not approve appropriations for expenditure of an amount that would cause the value of the institution's endowment funds to fall below the aggregate historical dollar value (corpus) of the Foundation's endowment fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ending June 30, 2019 and 2018, respectively, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets			
End of year June 30, 2018	\$ -	\$ 1,458,767	\$ 1,458,767
Investment return			
Investment income, net of fees	-	32,044	32,044
Net realized and unrealized gain	-	50,777	50,777
Contributions	-	41,884	41,884
Appropriation of endowment assets for expenditures	-	(43,772)	(43,772)
Endowment net assets			
End of year June 30, 2019	<u>\$ -</u>	<u>\$ 1,539,700</u>	<u>\$ 1,539,700</u>

College of Western Idaho Foundation

Notes to Financial Statements

June 30, 2019 and 2018

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets			
End of year June 30, 2017	\$ -	\$ 1,349,458	\$ 1,349,458
Investment return			
Investment income, net of fees	-	28,621	28,621
Net realized and unrealized gain	-	66,649	66,649
Contributions	-	64,124	64,124
Appropriation of endowment assets for expenditures	-	(50,085)	(50,085)
Endowment assets			
End of year June 30, 2018	<u>\$ -</u>	<u>\$ 1,458,767</u>	<u>\$ 1,458,767</u>

Note 10 - Functionalized Expenses

The following schedule presents the natural classification of expenses by function for the year ended June 30, 2019:

	Program Support to College of Western Idaho			General Operations	Total
	Department Support	Scholarships	Total		
Operating Expenses					
Office expenses	\$ -	\$ -	\$ -	\$ 19,491	\$ 19,491
Travel	-	-	-	1,876	1,876
Professional services	-	-	-	303,989	303,989
Accounting fees/services	-	-	-	16,265	16,265
Insurance and taxes	-	-	-	11,094	11,094
Program support	83,335	-	83,335	-	83,335
Scholarships	-	268,148	268,148	-	268,148
Other	-	-	-	61,857	61,857
Total operating expenses	<u>\$ 83,335</u>	<u>\$ 268,148</u>	<u>\$ 351,483</u>	<u>\$ 414,572</u>	<u>\$ 766,055</u>

Note 11 - Related Party Transactions

The Foundation provides scholarships to the College based on the terms of the donations. The Foundation provided scholarship support of \$268,148 during the year ended June 30, 2019, of which \$4,500 was payable to the College at June 30, 2019 and departmental and program support of \$83,335 during the year ended June 30 2019, of which \$109 was payable to the College at June 30, 2019. The Foundation provided scholarship support of \$314,459 during the year ended June 30, 2018, of which \$750 was payable to the College at June 30, 2018 and departmental and program support of \$118,579 during the year ended June 30, 2018, of which \$32,441 was payable to the College at June 30, 2018.

The College owed the Foundation \$0 and \$558, for employee payroll contribution deductions payable to the Foundation at June 30, 2019 and 2018, respectively.

Several members of the Foundation Board of Directors provided a donation to the Foundation. The Foundation received \$30,600 and \$14,358 in contribution revenue from Board members during the years ended June 30, 2019 and 2018, respectively.