

**NORTHWEST COLLEGE FOUNDATION**

**FINANCIAL REPORT**

**JUNE 30, 2024**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northwest College Foundation  
Powell, Wyoming

### **Opinion**

We have audited the financial statements of the Northwest College Foundation (the Foundation), which comprise the Statement of Financial Position as of June 30, 2024, the related Statements of Activities, Functional Expenses, and Cash Flows for the 18-month period then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position by Fund and the Schedule of Activities by Fund are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*McLee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
October 28, 2024

**NORTHWEST COLLEGE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2024**

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**ASSETS**

Cash and Cash Equivalents, including \$12,936 held for Youth Clubs of Park County (Note 2)	\$	192,589
Investments (Note 4)		269,655
Contributions Receivable (Note 3)		541,525
Cash and Cash Equivalents Restricted by Donors for Long-Term Purposes (Note 2)		724,068
Investments Restricted by Donors for Long-Term Purposes, including \$1,054,272 held for Youth Clubs of Park County (Note 4)		49,441,405
Beneficial Interest in Perpetual Trusts (Note 7)		579,622
Property and Equipment, net of accumulated depreciation (Note 6)		383,451
Other Assets (Note 5)		438,737
<b>Total assets</b>	<b>\$</b>	<b>52,571,052</b>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable and accrued expenses	\$	55,732
Assets held for others (Note 8)		16,521,060
Assets held in trust (Note 9)		1,071,168
Liabilities associated with charitable gift annuities (Note 10)		19,429
<b>Total liabilities</b>		<b>17,667,389</b>
Net Assets (Note 11)		
Without donor restrictions:		
Designated - operating reserve		1,000,000
Quasi-endowment		1,098,037
Undesignated		(635,684)
With donor restrictions		33,441,310
<b>Total net assets</b>		<b>34,903,663</b>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>52,571,052</b>

See Notes to Financial Statements.

## NORTHWEST COLLEGE FOUNDATION

### STATEMENT OF ACTIVITIES

For the 18-Month Period Ended June 30, 2024

Changes in Net Assets Without Donor Restrictions	
Revenue, gains, and other support:	
Contributions	\$ 22,538
Investment income, net (Note 4)	400,409
In-kind contributions (Note 12)	244,907
Administrative fees	496,415
Miscellaneous	151,140
Net assets released from restrictions (Note 11)	6,498,435
<b>Total revenue, gains, and other support</b>	<b>7,813,844</b>
Expenses:	
Program services (Note 13):	
College support	6,781,764
Management	364,607
Fundraising	527,988
<b>Total expenses</b>	<b>7,674,359</b>
<b>Increase in net assets without donor restrictions</b>	<b>139,485</b>
Changes in Net Assets With Donor Restrictions	
Contributions	2,181,373
Investment income, net (Note 4)	7,031,741
Change in liabilities associated with charitable gift annuities	9,794
Change in present value of beneficial interest in perpetual trusts	29,175
Miscellaneous income	8,709
Modification of net asset restrictions	96,806
Net assets released from restrictions (Note 11)	(6,498,435)
<b>Increase in net assets with donor restrictions</b>	<b>2,859,163</b>
<b>Change in net assets</b>	<b>2,998,648</b>
Net Assets, beginning of period	31,905,015
Net Assets, end of period	\$ 34,903,663

See Notes to Financial Statements.

**NORTHWEST COLLEGE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the 18-Month Period Ended June 30, 2024**

	Program Services			Total
	College Support	Management	Fundraising	Expenses
Depreciation	\$ 2,291	\$ 16,040	\$ 4,583	\$ 22,914
Development activities	-	8,590	77,306	85,896
Legal and accounting	-	26,869	-	26,869
Miscellaneous	-	2,850	-	2,850
Office	-	44,616	66,924	111,540
Printing	-	15,255	6,538	21,793
Program support for College	4,079,310	-	-	4,079,310
Real property	-	26,322	-	26,322
Salaries and benefits	146,177	219,265	365,442	730,884
Scholarships for students	2,553,986	-	-	2,553,986
Training	-	300	2,695	2,995
Travel	-	4,500	4,500	9,000
	<u>\$ 6,781,764</u>	<u>\$ 364,607</u>	<u>\$ 527,988</u>	<u>\$ 7,674,359</u>

See Notes to Financial Statements.

## NORTHWEST COLLEGE FOUNDATION

### STATEMENT OF CASH FLOWS

For the 18-Month Period Ended June 30, 2024

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Cash Flows From Operating Activities	
Change in net assets	\$ 2,998,648
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Noncash contribution	(125,000)
Contributions received for endowment purposes	(1,393,840)
Net realized and unrealized (gain) on investments	(6,911,608)
Depreciation	22,914
(Increase) decrease due to the following changes in operating assets and liabilities:	
Contributions receivable	(221,541)
Beneficial interest in perpetual trusts	(29,175)
Accounts payable and accrued expenses	12,652
Liabilities associated with charitable gift annuities	(9,794)
Accrued expenses and other current liabilities	(928,679)
<b>Net cash (used in) operating activities</b>	<u>(6,585,423)</u>
Cash Flows From Investing Activities	
Purchases of investments	(22,136,417)
Proceeds from sale of other asset	4,543
Proceeds from sales of investments	25,164,290
<b>Net cash provided by investing activities</b>	<u>3,032,416</u>
Cash Flows From Financing Activities	
Cash contributions restricted for endowment purposes	1,393,840
Assets held for others	1,138,790
Assets held in trust	162,117
<b>Net cash provided by financing activities</b>	<u>2,694,747</u>
<b>(Decrease) in cash and cash equivalents</b>	<u>(858,260)</u>
Cash and Cash Equivalents, beginning of period	<u>1,774,917</u>
Cash and Cash Equivalents, end of period	<u>\$ 916,657</u>

See Notes to Financial Statements.

# NORTHWEST COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

**Nature of activities:** The Northwest College Foundation (the Foundation) is a nonprofit corporation promoting, assisting, and extending financial support to Northwest College (the College), located in Powell, Wyoming, and its various educational programs and other services, and providing students with scholarships and other financial aid. The Foundation complies with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as required under Wyoming law, effective July 1, 2009.

A summary of the Foundation's significant accounting policies follows:

**Basis of presentation:** The Foundation has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, as the basis of presentation of its financial statements. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors (the Board). These also include Board-designated or -appropriated amounts.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds must be maintained in perpetuity.

ASC Topic 958 also requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor-imposed conditions.

**Cash and cash equivalents:** For purposes of reporting cash flows, the Foundation considers all demand deposits, money market funds, and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Foundation believes that it is not exposed to any significant credit risk on cash and cash equivalents.

**Contributions receivable:** Contributions receivable represent unconditional promises to give by donors that have not been received by the Foundation. Pledges receivable are recorded at the remaining pledge amount. Contributions receivable that have no donor-imposed restrictions but are scheduled to be received in future years are classified as net assets with donor restrictions due to the passage of time restrictions. Management believes that all contributions receivable are collectible.

**Investments:** The Foundation carries investments in marketable securities and debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Investment income and gains with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period the income and gains are recognized.

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, *Continued*

**Investment pool:** The Foundation maintains master investment accounts for its funds without donor restrictions and its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the value of each endowment to the total value of the master investment accounts, as adjusted for additions to, or deductions from, those accounts. These gains and losses are accounted for in the net assets with donor restrictions category that corresponds to each endowment.

**Split-interest agreements:** The Foundation is the beneficiary of trusts and annuities. The Foundation's interest in these split-interest agreements is reported as a contribution in the year received at its net present value based upon market values.

**Property and equipment:** Property and equipment are capitalized at cost or, if donated, at fair value at the time of the donation for items with a cost of over \$5,000 and a useful life of at least one year. Depreciation is calculated using the straight-line method over the following estimated useful lives of the respective assets:

Buildings	10-40 years
Furnishings and equipment	3-15 years
Vehicles	5-20 years

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon the retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

**Real estate:** The Foundation invests in real estate that is adjacent to the College's campus to provide for possible future expansion and is held at cost. Donated real estate that is not located in this manner is promptly sold when favorable market conditions occur.

**Board-designated net assets:** The Board has designated \$1,000,000 to be maintained in investments and treated as unavailable for Foundation operations. This amount is currently included in net assets without donor restrictions. The Board also has a Board-designated quasi-endowment. See further discussion in Note 11.

**Revenue recognition - contributions:** The Foundation recognizes contribution income in accordance with ASC Topic 958. Unconditional promises to give are recognized as revenue or a gain in the period received or as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Depending on the existence or nature of any donor restrictions, unconditional contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. The Foundation has not experienced losses from uncollectible pledges and does not expect future losses.

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, *Continued*

*Donated assets:* Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Gifts of land, buildings, and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Foundation's activities).

*Donor restrictions:* Donors can change their designations from the different net asset classifications.

*Donated services and materials:* To the extent that contributions of materials made to the Foundation are objectively measurable and represent program or supporting expenditures, they are reflected in the financial statements at their fair value. No amounts have been reflected in the financial statements for donated services since the services do not require specialized skills.

**Revenue recognition - administrative fees:** The Foundation recognizes revenue in accordance with FASB ASC Topic 606, *Revenue From Contracts With Customers*, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

Administrative fees revenue is primarily from fees derived from the management of the Foundation's various endowments, as well as development services.

The Foundation charges an annual fee (transaction price) to each qualifying endowment, which is equal to 1% of the three-year average balance of the endowment at the end of each fiscal year. The satisfaction of this implicit contract between the endowment, the endowment donor and the Foundation occurs on an annual basis as the Foundation provides the various administrative tasks to maintain the endowment (performance obligation). Revenue is recognized at this time. The fee is deducted from the endowment balance.

**Allocation of expenses:** The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. The expenses include salaries and benefits, development activities, office, legal and accounting, and certain other expenses. Expenses are allocated based on management's estimate of the relative attention and effort exerted toward specific functional areas.

**Income tax matters:** The Foundation is an exempt organization for income tax purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the IRC and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the IRC.

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, *Continued*

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by U.S. Federal, state, or local tax authorities except for the last three years filed.

**Estimates:** 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the change in net assets during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** Events occurring subsequent to the Statement of Financial Position date have been evaluated for financial statement impact or disclosure through October 28, 2024, the date the financial statements were available to be issued.

#### Note 2. Cash and Cash Equivalents

The Foundation maintains cash balances in one financial institution located in Powell, Wyoming and with several investment service firms. The carrying amount of cash with the investment service firms, totaling \$658,435 at June 30, 2024, is insured by the Securities Investor Protection Corporation up to \$250,000 per broker account.

The bank balance of cash with the financial institution was \$257,522 at June 30, 2024. The book balance of cash with the financial institution was \$256,163 at June 30, 2024. At June 30, 2024, \$250,000 was insured by the Federal Deposit Insurance Corporation.

#### Note 3. Contributions Receivable

Unconditional promises to give are to be received by the Foundation for subsequent years, as follows:

Receivable in less than one year	\$	108,305
Receivable in one to five years		<u>433,220</u>
<b>Gross contributions receivable</b>	<b>\$</b>	<b><u><u>541,525</u></u></b>

**NORTHWEST COLLEGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Investments in Marketable Securities**

**Fair value measurements:** FASB ASC Topic 820-10, *Fair Value Measurements*, establishes a framework for fair value measurement and disclosure. It requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

*Level 1:* Quoted market prices in active markets for identical assets or liabilities.

*Level 2:* Observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3:* Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 2 valuations are based on quoted market prices for identical assets in less-than-active markets.

Investments in marketable securities, including the agency investment held for the Youth Clubs of Park County, consist of the following at June 30, 2024:

	Cost	Fair Value
Level 1:		
Mutual/index funds, including REITs	\$ 4,919,528	\$ 5,019,439
Equity	28,332,395	40,168,337
<b>Total Level 1</b>	<u>33,251,923</u>	<u>45,187,776</u>
Level 2:		
U.S. Treasury securities	1,895,308	1,733,197
Other U.S. government bonds	968,292	885,185
Corporate bonds	979,748	910,384
Investment in hedge fund	156,187	156,187
Brokered certificate of deposit	817,059	838,331
<b>Total Level 2</b>	<u>4,816,594</u>	<u>4,523,284</u>
<b>Total investments held by the Foundation</b>	<u>\$ 38,068,517</u>	<u>\$ 49,711,060</u>

Investments at fair value are reported under the following captions:

Investments	\$ 269,655
Investments restricted by donors for long-term purposes and investments held for others	<u>49,441,405</u>
	<u>\$ 49,711,060</u>

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Investments in Marketable Securities, *Continued*

Components of net investment income for the 18-month period ended June 30, 2024 are as follows:

Net realized and unrealized gains	\$	6,911,608
Interest and dividends		1,704,890
Investment and management fees		<u>(1,184,348)</u>
<b>Total investment income, net</b>	<b>\$</b>	<b><u>7,432,150</u></b>

#### Note 5. Other Assets

Other assets as of June 30, 2024 include the following:

	General Fund	Endowed Scholarship Fund	Total
Real estate	\$ 101,077	\$ 210,900	\$ 311,977
Other assets	126,760	-	126,760
	<u>\$ 227,837</u>	<u>\$ 210,900</u>	<u>\$ 438,737</u>

#### Note 6. Property and Equipment

The following is a summary of property and equipment as of June 30, 2024:

Buildings	\$	420,091
Less accumulated depreciation		<u>(36,640)</u>
	<b>\$</b>	<b><u>383,451</u></b>

#### Note 7. Beneficial Interest in Perpetual Trusts

The Foundation has been named as the income beneficiary of three trusts administered by parties unrelated to the Foundation. The Foundation is currently receiving 50% of the income from one trust, one-seventh of the income from the second trust, and 25% of the income from the third trust. The trust assets are measured at their fair value.

## **NORTHWEST COLLEGE FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 8. Assets Held for Others**

The Foundation has received funds from the College to invest on its behalf pursuant to the requirements of the Wyoming Community College Endowment Challenge Program under Wyoming Session Laws, Chapter 117, as well as other secondary matching funds. Under the terms of this program, the Foundation has solicited contributions for its endowment fund. These contributions were reported to the State of Wyoming, which made a matching contribution to the College. The College invested these funds with the Foundation as required by Wyoming State Statutes. The Foundation is required to invest the money and use the investment earnings to fund the same endowments consistent with the original donor's intent.

#### **Note 9. Agency Fund**

The Foundation received \$1,000,000 in cash during the year ended December 31, 2000 to be managed for the Youth Clubs of Park County in perpetuity, which is reported in the Foundation's Agency Fund. No additional funds were received by the Foundation on behalf of the Youth Clubs of Park County during the 18-month period ended June 30, 2024. These funds, called "secondary funds," are reported in the Foundation's Agency Fund. Under the operating agreement related to the original \$1,000,000, earnings are paid periodically to the Youth Clubs of Park County following the Foundation's spending policy.

#### **Note 10. Charitable Gift Annuities**

Since 1993, the Foundation has received contributions in exchange for promises to make payments to named recipients under charitable gift annuity agreements. The agreements in place provide for fixed payments to named recipient(s) for their lifetime(s). The assets received are not donor-restricted unless designated otherwise in the annuity agreement. The liability associated with charitable gift annuities is a general obligation of the Foundation. Changes in the value of charitable gift annuity agreements due to estimates of mortalities and changes in the value of money are reflected as changes in net assets without donor restrictions in the Statements of Activities. Changes in the value of charitable gift annuity agreements due to termination are reflected as follows: net assets with donor restrictions if the agreement designates that residual assets are endowed, and net assets without donor restrictions if no designations are made in the agreement.

On a quarterly basis, the Foundation reviews the need to revalue the liability associated with charitable gift annuities based on recalculated mortalities. The present value of the estimated future payments is calculated using a discount rate of 5% and Internal Revenue Service mortality tables.

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Net Assets and Endowments

**Release of donor-restricted net assets:** Donor-restricted net assets released from restrictions are available for the following purposes or periods by incurring expenses satisfying the restricted purpose or the occurrence of other events during the 18-month period ended June 30, 2024:

Scholarships for students	\$ 2,553,986
Program support for the College	<u>3,944,449</u>
	<u>\$ 6,498,435</u>

At June 30, 2024, donor-restricted net assets of \$33,441,310 were available for future scholarships and support of the College.

**Quasi-endowment:** The Foundation has one Board-designated endowment. At June 30, 2024, the balance in the endowment is \$1,098,037 and is classified and reported in net assets without donor restrictions.

**Endowments:** The Foundation maintains endowments that were established for a variety of purposes. The endowments were created from donated assets that are to remain in perpetuity, and the Foundation is charged with managing endowment funds, based upon UPMIFA guidelines, to preserve the original principal. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The changes in endowment net asset composition by type of funds during the 18-month period ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of period	\$ 1,015,874	\$ 30,103,317	\$ 31,119,191
Investment income, net	177,755	7,026,064	7,203,819
Change in present value of beneficial interest in perpetual trusts	-	29,175	29,175
Contributions	3,100	1,390,740	1,393,840
Appropriation for expenditures	(98,692)	(2,765,174)	(2,863,866)
Miscellaneous income	-	2,153	2,153
Modification of contributions restricted by donor	-	(2,644,012)	(2,644,012)
Endowment net assets, end of period	<u>\$ 1,098,037</u>	<u>\$ 33,142,263</u>	<u>\$ 34,240,300</u>

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Net Assets and Endowments, *Continued*

The Foundation has interpreted Wyoming's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent any explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies donor-restricted net assets by (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.

In accordance with UPMIFA, 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 endowment fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effects of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

**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 Wyoming's UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2024, the Foundation had eight individual donor-restricted endowment funds that are below the UPMIFA-required level. These eight individual funds have fair values totaling \$193,976, while the donor- or UPMIFA-required balance for perpetual duration totals \$199,771, resulting in a deficiency of \$5,795. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new endowment contributions and continued appropriation for certain programs that were deemed prudent by the Board.

**Endowment return objectives, risk parameters, and spending policy:** The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowment funds that the Foundation must hold in perpetuity or for a donor-specified period. For funds that are above their historical dollar value, it is the Foundation's policy to appropriate 4.5% of the fund's three-year average market value on December 31. For funds that are "underwater," or below their historical dollar value, the funding level is decreased by 1%, and 3.5% is distributed for the donor's intended purpose.

#### Note 12. Financially Interrelated Organizations

The Foundation and the College are financially interrelated organizations because the Foundation's articles of organization and bylaws limit its activities to those that benefit the College.

All grants are paid to, or on behalf of, the College, and other program service expenses are paid for goods and services that directly support the College.

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Financially Interrelated Organizations, *Continued*

The College provided the Foundation services and support of \$244,907 for salaries and benefits and donated rent for the 18-month period ended June 30, 2024, which is included in the Foundation's revenue and expenses.

#### Note 13. Foundation Accomplishments

The Foundation distributed the following amounts to the College during the 18-month period ended June 30, 2024:

General scholarships	\$ 251,904
Endowed scholarships, 20-7000	2,302,082
Grant to College, 10-6530	10,544
College promotion and public relations	23,586
Other program support	<u>4,193,648</u>
	<u>\$ 6,781,764</u>

#### Note 14. Retirement Commitment - Deferred Compensation Plan

The Foundation offers its employees a deferred compensation plan created in accordance with Section 457 of the IRC. The deferred compensation plan, accounted for by the plan's trustee, is available to the Foundation's Executive Director and permits employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The plan's provisions and contribution requirements are established and subject to amendment by the Board. Contributions made by the Foundation to the deferred compensation plan for the 18-month period ended June 30, 2024 was \$15,500.

#### Note 15. Liquidity and Availability of Financial Assets

The Foundation monitors its liquidity so that it is able to meet its operating needs, College support expectations, and other contractual commitments. As of June 30, 2024, the Foundation has the following financial assets that could be made readily available within one year of the Statement of Financial Position date to fund expenses without limitations and are not subject to donor or other contractual restrictions:

Cash and cash equivalents, unrestricted	\$ 179,653
Investments, unrestricted	269,655
Less Board-designated as unavailable for operations	<u>(1,000,000)</u>
	<u>\$ (550,692)</u>

## NORTHWEST COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Liquidity and Availability of Financial Assets, *Continued***

In addition to financial assets available to meet general expenditures over the year, the Foundation receives support from the College for its operations, as noted in Note 12. These amounts are generally sufficient to fund expected operations for the next year. In March 2022, Foundation directors made a special grant of \$500,000 from unrestricted funds to aid the College in the completion of a temporary dining/future soccer facility as part of major construction on campus. Subsequent investment losses resulted in an additional drain on liquidity. The Foundation's intention is to rebuild its operating reserves.