



Central Washington University Foundation and Affiliate

Combined Financial Statements
Years Ended June 30, 2021 and 2020

Central Washington University Foundation and Affiliate

Combined Financial Statements
Years Ended June 30, 2021 and 2020

Central Washington University Foundation and Affiliate

Contents

Independent Auditor's Report	3-4
Combined Financial Statements	
Combined Statements of Financial Position as of June 30, 2021 and 2020	6
Combined Statements of Activities for the Years Ended June 30, 2021 and 2020	7
Combined Statements of Functional Expenses for the Years Ended June 30, 2021 and 2020	8
Combined Statements of Cash Flows for the Years Ended June 30, 2021 and 2020	9
Notes to Combined Financial Statements	10-21
Supplemental Information	
Combining Statement of Financial Position as of June 30, 2021	23
Combining Statement of Activities for the Year Ended June 30, 2021	24



Tel: 206-382-7777
Fax: 206-382-7700
www.bdo.com

Two Union Square, 601 Union Street
Suite 2300
Seattle, WA 98101

Independent Auditor's Report

To the Board of Directors
Central Washington University Foundation and Affiliate
Ellensburg, Washington

We have audited the accompanying combined financial statements of Central Washington University Foundation and Affiliate (the Foundation and Affiliate), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Foundation and Affiliate as of June 30, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits 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 Combined Financial Statements section of our report. We are required to be independent of the Foundation and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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



Tel: 206-382-7777
Fax: 206-382-7700
www.bdo.com

Two Union Square, 601 Union Street
Suite 2300
Seattle, WA 98101

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 combined 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 combined 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 combined 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 and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation and Affiliate'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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The 2021 combining statements of Central Washington University Foundation and the Central Washington University Alumni Association are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

BDO USA, LLP

October 25, 2021

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Combined Financial Statements

Central Washington University Foundation and Affiliate

Combined Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 633,221	\$ 1,325,092
Investments	52,052,493	36,220,829
Pledges receivable, net	1,931,035	1,991,855
Other assets	78,840	-
Total Assets	\$ 54,695,589	\$ 39,537,776
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 256,471	\$ 392,725
Trust and other liabilities	450,254	109,797
Note payables	1,466,237	1,815,553
Total Liabilities	2,172,962	2,318,075
Net Assets		
Without donor restrictions		
Operating	7,620,684	2,446,811
Board-designated	890,393	675,557
Total net assets without donor restrictions	8,511,077	3,122,368
With donor restrictions	44,011,550	34,097,333
Total Net Assets	52,522,627	37,219,701
Total Liabilities and Net Assets	\$ 54,695,589	\$ 39,537,776

See accompanying notes to combined financial statements.

Central Washington University Foundation and Affiliate

Combined Statements of Activities

Year Ended June 30,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 3,346	\$ 3,658,450	\$ 3,661,796	\$ 132,072	\$ 4,246,018	\$ 4,378,090
In-kind contributions	1,924,438	104,404	2,028,842	1,976,117	85,060	2,061,177
Special event revenue	27,900	-	27,900	103,792	-	103,792
Sponsorships	-	74,348	74,348	-	89,500	89,500
Membership dues	45,788	-	45,788	75,465	-	75,465
Investment return	4,120,645	10,397,959	14,518,604	218,893	421,362	640,255
Other	16,251	25,737	41,988	23,414	6,965	30,379
Net assets released from restrictions and other transfers	4,346,681	(4,346,681)	-	3,546,217	(3,546,217)	-
Total Support and Revenue	10,485,049	9,914,217	20,399,266	6,075,970	1,302,688	7,378,658
Expenses						
Program	3,978,215	-	3,978,215	4,159,558	-	4,159,558
Management and general	552,951	-	552,951	574,828	-	574,828
Fundraising	565,174	-	565,174	860,859	-	860,859
Total Program and Administrative Expenses	5,096,340	-	5,096,340	5,595,245	-	5,595,245
Total Change in Net Assets	5,388,709	9,914,217	15,302,926	480,725	1,302,688	1,783,413
Net Assets, beginning of year	3,122,368	34,097,333	37,219,701	2,641,643	32,794,645	35,436,288
Net Assets, end of year	\$ 8,511,077	\$ 44,011,550	\$ 52,522,627	\$ 3,122,368	\$ 34,097,333	\$ 37,219,701

See accompanying notes to combined financial statements.

Central Washington University Foundation and Affiliate
Combined Statements of Functional Expenses

<i>Year Ended June 30,</i>	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
In-kind expenses	\$ 1,310,943	\$ 356,371	\$ 361,528	\$ 2,028,842	\$ 1,309,934	\$ 315,577	\$ 435,666	\$ 2,061,177
Scholarships and grants	1,564,930	-	-	1,564,930	1,471,980	-	-	1,471,980
Program support	475,479	17,253	37,370	530,102	455,950	38,703	70,737	565,390
Salaries, wages, and benefits	332,553	4	12,058	344,615	455,398	7,161	28,459	491,018
Professional services	44,259	42,928	134,880	222,067	75,022	50,715	237,942	363,679
Information technology	27,013	98,490	553	126,056	70,975	88,648	3,467	163,090
Supplies	106,755	103	924	107,782	140,625	2,647	4,269	147,541
Miscellaneous	78,737	11,675	22	90,434	5,530	8,024	402	13,956
Postage and printing	22,658	5,499	15,973	44,130	25,636	6,316	10,714	42,666
Interest	-	20,628	-	20,628	-	51,670	-	51,670
Write-off pledges	8,963	-	-	8,963	55,900	-	-	55,900
Travel	5,925	-	1,866	7,791	92,608	5,367	69,203	167,178
	\$ 3,978,215	\$ 552,951	\$ 565,174	\$ 5,096,340	\$ 4,159,558	\$ 574,828	\$ 860,859	\$ 5,595,245

See accompanying notes to combined financial statements.

Central Washington University Foundation and Affiliate

Combined Statements of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Cash received from contributions	\$ 2,497,090	\$ 3,298,120
Cash paid for scholarships and programs	(2,095,032)	(2,037,370)
Cash paid to employees	(344,615)	(491,018)
Cash paid to vendors	(481,860)	(852,801)
Cash paid for interest	(20,628)	(51,670)
Net dividends and interest received	675,522	718,836
Net Cash Flows from Operating Activities	230,477	584,097
Cash Flows for Investing Activity		
Purchase of investments, net	(1,641,820)	(1,214,984)
Cash Flows from Financing Activities		
Proceeds from PPP loan	30,437	-
Payments on line of credit	(379,753)	(411,216)
Contributions received for long-term purposes	1,068,788	1,629,177
Net Cash Flows from Financing Activities	719,472	1,217,961
Net Change in Cash and Cash Equivalents	(691,871)	587,074
Cash and Cash Equivalents, beginning of year	1,325,092	738,018
Cash and Cash Equivalents, end of year	\$ 633,221	\$ 1,325,092

See accompanying notes to combined financial statements.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

1. Organization

Central Washington University Foundation (the Foundation) is organized as a not-for-profit and tax-exempt organization under the provisions of the Internal Revenue Code. In accordance with its bylaws, the Foundation is organized to operate exclusively for the purpose of encouraging, promoting, and supporting educational programs and scholarly pursuits at or in connection with Central Washington University (the University). Educational programs include all activities designed to improve the cultural, educational, living, and operational conditions at the University to enlarge or improve its curriculum, faculty and staff, property, and physical facilities, and to provide financial or other assistance to students in their efforts to acquire an education.

The Foundation has an economic interest in the Central Washington University Alumni Association (the Association). The Foundation does not have control over the Association and, as a result, combines the activity of the Association. The Association is organized as a not-for-profit and tax-exempt organization under the provisions of the Internal Revenue Code. The Association is organized to promote and advance the development, growth, and interest of the University by maintaining and perpetuating an active organization of alumni.

2. Summary of Significant Accounting Policies

Basis of Presentation

The combined financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Net assets and revenues, gains, and losses are classified based on the existence or absence of grantor/donor-imposed restrictions. Accordingly, net assets of the Foundation and the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. They are available to support operations, programs, and scholarships. Included within these net assets are board-designated net assets, all of which are for board-designated endowments.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation or Association and/or the passage of time, or are required by donor stipulation to be held in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Academic and program support	\$ 12,465,975	\$ 10,971,008
Scholarships and awards	31,545,575	23,126,325
	\$ 44,011,550	\$ 34,097,333

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

Net assets consist of the following:

<i>June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Foundation	\$ 7,746,280	\$ 43,849,576	\$ 51,595,856
Association	764,797	161,974	926,771
	\$ 8,511,077	\$ 44,011,550	\$ 52,522,627

<i>June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Foundation	\$ 2,514,608	\$ 33,975,255	\$ 36,489,863
Association	607,760	122,078	729,838
	\$ 3,122,368	\$ 34,097,333	\$ 37,219,701

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Foundation and the Association consider all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The Foundation and Association maintain their cash and cash equivalent accounts at financial institutions in amounts that, at times, may exceed federally insured limits. Neither the Foundation nor the Association have experienced any losses in such accounts.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the Foundation to develop its own assumptions.

Investments

The Foundation and Association are required to report equity securities with readily determinable fair values and all debt securities at fair value with gains and losses included in the combined statements of activities. Fair value is determined by trading in active markets (except for the

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

market for corporate obligations, which is not considered active). As a result, money market funds, mutual funds, stocks, and bonds are carried at fair value as of the financial statement date.

Investment securities, in general, are exposed to various risks, such as interest rate, market, and credit risk. It is reasonably possible, given the level of risk associated with the investment securities, that changes in the near term could materially affect the account balances and the amounts reported in the combined financial statements.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give (pledge) to the Foundation or Association that is, in substance, unconditional. Pledges are recognized based on commitments from donors and are included in the combined financial statements at net realizable value if they are going to be collected within one year. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the discount rate adjustment technique, where the rate is based upon the rate a market participant would demand. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2021 and 2020, the Foundation had no outstanding conditional promises to give. Pledges from two donors accounted for 27% and 34% of the pledges receivable balance at June 30, 2021 and 2020, respectively.

The Foundation and the Association use the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Functional Allocation of Expenses

In order to provide information with regard to service efforts, the costs of providing each of the Foundation's and Association's programs have been presented on a functional basis in the combined statements of activities and functional expenses. Most costs were directly allocated to each function for the years ended June 30, 2021 and 2020.

Federal Income Tax

The Foundation and the Association are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Financial Statement Estimates

The preparation of the combined financial statements in accordance 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, if applicable, at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

Related Parties

The Foundation has a quid pro quo agreement with the University. The University periodically provides personnel, including management, accounting, and clerical support. The Foundation reimburses the University for some of the personnel used for administration and operations. The University also provides office space and various operating supplies to the Foundation.

As noted above, the Foundation has fiduciary responsibility for the Association, where it has an economic interest but not control of the Association.

Subsequent Events

Management of the Foundation and the Association have evaluated subsequent events through the date these combined financial statements were available to be issued, which was October 25, 2021.

3. Liquidity and Availability of Resources

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its funds.

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from contributions received without donor restrictions, investment income to be used for operating purposes, and endowment distributions and appropriations available for general use.

The following table reflects the Foundation's financial assets as of June 30, 2021:

<i>Year Ended June 30,</i>	2021	2020
Cash and cash equivalents	\$ 633,221	\$ 1,325,092
Investments	52,052,493	36,220,829
Pledges receivable	1,931,035	1,991,855
Total Financial Assets	\$ 54,616,749	\$ 39,537,776

The following table reflects the Foundation's financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

<i>Year Ended June 30,</i>	2021	2020
Cash and cash equivalents	\$ 171,171	\$ 311,584
Investments not encumbered by donor or board-restrictions	5,216,242	1,721,731
Endowment spending rate distributions and appropriations	987,900	696,075
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,375,313	\$ 2,729,390

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

4. Investments

The following tables represent information about the Foundation and Association's investments that have been measured at fair value on a recurring basis:

<i>June 30, 2021</i>	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 855,353	\$ 855,353	\$ -	\$ -
Fixed Income				
Corporate obligations	1,210,242	-	1,210,242	-
Government obligations	931,846	931,846	-	-
Domestic mutual funds	1,526,837	1,526,837	-	-
International mutual funds	779,690	779,690	-	-
Equity				
Domestic mutual funds	22,085,454	22,085,454	-	-
International mutual funds	7,456,385	7,456,385	-	-
Information technology	5,342,814	5,342,814	-	-
Financials	1,562,482	1,562,482	-	-
International equities	2,735,324	2,735,324	-	-
Health care	1,504,932	1,504,932	-	-
Consumer discretionary	2,033,875	2,033,875	-	-
Industrials	1,344,873	1,344,873	-	-
All other categories	1,245,024	1,245,024	-	-
REITs	1,437,362	1,437,362	-	-
	\$ 52,052,493	\$ 50,842,251	\$ 1,210,242	\$ -

The remainder of this page intentionally left blank.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

<i>June 30, 2020</i>	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 1,238,452	\$ 1,238,452	\$ -	\$ -
Fixed Income				
Corporate obligations	2,009,007	-	2,009,007	-
Government obligations	1,931,858	1,931,858	-	-
Domestic mutual funds	2,536,324	2,536,324	-	-
Mortgage-backed securities	1,076,148	1,076,148	-	-
International mutual funds	7,167	7,167	-	-
Equity				
Domestic mutual funds	13,587,389	13,587,389	-	-
International mutual funds	4,651,844	4,651,844	-	-
Information technology	2,881,968	2,881,968	-	-
Financials	778,940	778,940	-	-
International equities	1,324,102	1,324,102	-	-
Health care	711,184	711,184	-	-
Consumer discretionary	842,611	842,611	-	-
Industrials	669,571	669,571	-	-
All other categories	899,500	899,500	-	-
REITs	1,074,764	1,074,764	-	-
	\$ 36,220,829	\$ 34,211,822	\$ 2,009,007	\$ -

5. Investment Fees and Administrative Fees

The Foundation's operations reflect expenses incurred to efficiently and effectively maintain fund accounting, investment management, gift stewardship, and board and committee management.

The Foundation and the Association paid investment fees, which are netted against investment return as required by ASU No. 2016-14, in the amount of \$105,797 and \$106,148 during the years ended June 30, 2021 and 2020, respectively. In addition, the Foundation has collected administrative fees of \$656,583 and \$495,113 in 2021 and 2020, respectively. Administrative fees are considered a release of restriction and are reclassified from net assets with donor restrictions to net assets without donor restrictions when earned by the Foundation.

6. Pledges Receivable

Pledges receivable at June 30, 2021 and 2020, have scheduled maturities as follows:

	2021	2020
Less than one year	\$ 818,338	\$ 629,756
One to five years	1,318,447	1,362,727
More than five years	42,450	315,064
Less: Discount to net present value at rates from 3.25% to 5.50%	(194,118)	(258,004)
Less: Allowance for uncollectible pledges	(54,082)	(57,688)
Net Contributions Receivable	\$ 1,931,035	\$ 1,991,855

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

7. Charitable Trusts, Annuities, and Related Liability

The charitable trusts are trusts that have been contributed to the Foundation or the Association. The charitable trust assets held are included in the investments line item on the statements of financial position. The trust assets are not currently available to be used and this is indicated by the recording of the trust assets as support with donor restrictions and the related trust liability for annuity payments to donors. When conditions under the trusts have been met, the trust assets will be available to be used in accordance with the donor's wishes. The value of the trust assets at June 30, 2021 and 2020, were \$157,419 and \$115,072, respectively, and the liability for trust payments to the donors were \$98,325 and \$64,723, respectively.

Charitable gift annuities are irrevocable gifts under which the Foundation and Association agrees in turn to pay a life annuity to the donor or a designated beneficiary. The contributed funds and related liabilities immediately become part of the general assets and liabilities. As an issuer of charitable gift annuities, the Foundation and Association have maintained minimum reserves as required by Washington State. The liability for the life annuity payments to the donors were \$296,049 and \$24,173 at June 30, 2021 and 2020, respectively.

Deferred gifts of cash are valued at face value and investments at market value. Contribution values are discounted on the basis of actuarial data contained in a software program commonly used by not-for-profit organizations. The discount rate used to value the annuities payable range from 3.25% to 5.50% and are based on the Internal Revenue Service actuarial tables. Discount rates on the charitable trusts ranged from 1.2% and 2.2% and are also based on Internal Revenue Service actuarial tables.

8. Note Payables

Under a line of credit agreement with a bank, the Foundation may borrow up to \$10,000,000, with interest payable monthly at the bank's prime rate less 2.00% (resulting in a rate of 1.25% at June 30, 2021). The borrowings are collateralized by the Foundation's investment account at the creditor bank. The line of credit matures on April 24, 2024, at which point all outstanding principal and interest is due. The balance on the line of credit was \$1,435,800 and \$1,815,553 at June 30, 2021 and 2020, respectively. The line of credit balance of \$1,435,800 for 2021, together with the Paycheck Protection Program loan of \$30,437 discussed below, total the notes payable balance of \$1,466,237 of the combined statement of financial position for 2021.

In October 2017, the Foundation board of directors approved a \$4.4 million commitment to the Wildcat Commons Project. The project expanded the University campus recreation facilities and upgraded the Tomlinson Stadium, which was built in 1959 and had not been significantly renovated since.

The Tomlinson Stadium upgrades included the installation of artificial turf, LED stadium lighting, new entry gates, renovated restrooms, new visitor seating, and a new ticketing area, creating a flexible, regulation-size field that can accommodate football, rugby, and soccer year-round. Other amenities include the construction of a new Wildcat Plaza and Alumni Plaza, which provide areas for donors and alumni to gather together while they enjoy their favorite University athletic events. The project addressed the University's growing recreational needs due to its increased enrollment while making the University more competitive in a number of its intercollegiate sports.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

In November 2018, the Foundation accessed the line of credit to pay for construction costs of the Tomlinson Stadium upgrade. The repayment mechanism for the line of credit remains the collection of pledge payments made by donors committed to this project.

On May 10, 2021, the Foundation received a loan under the Small Business Association (SBA) Paycheck Protection Program (PPP) in the amount of \$30,437. The loan incurs interest at 1% and is unsecured. The principal and interest of the note is forgivable if the proceeds are spent on qualifying costs during the 24-week period following the date the note is issued. Qualified costs are considered as 60% of the loan amount on payroll costs, 40% on non-payroll costs including rent and utilities. Principal and interest payments are deferred for the first 10 months of the note period, following the 24-week period. The Foundation expects to receive full forgiveness of the loan during the year ending June 30, 2022.

9. Related Party and In-Kind Contributions

The Foundation and the Association have an operating agreement with the University. Under the terms of this agreement, the University lets the Foundation and Association occupy, without charge, certain premises located in the University. The University also pays some of the Foundation and Association's salary and benefit expenses and provides certain administrative services at no charge to the Foundation or Association. In-kind contributions recognized in these financial statements are recognized at the estimated value upon receipt of the goods or services.

Reimbursements for personnel and other costs to the University totaled \$2,610,254 and \$2,656,958 for the years ended June 30, 2021, and 2020, respectively. As of June 30, 2021 and 2020, the Foundation owed the University \$242,590 and \$353,364, respectively.

The University provided the Foundation and Association employees to administer daily operations. The salaries and benefits of these employees have been allocated to the Foundation and Association based on the number of hours of service.

The cost for salaries and benefits (and other costs) allocated to the Foundation and Association are as follows for the years ended June 30:

	2021	2020
Related Party In-Kinds		
Foundation salaries and benefits	\$ 1,211,658	\$ 1,227,451
Association salaries and benefits	709,594	744,939
Cost for Salaries and Benefits from Related Parties	1,921,252	1,972,390
Other In-Kinds		
Equipment in-kind	25,500	5,709
Supplies in-kind	37,512	39,835
Sponsorship in-kind	31,650	37,966
Other in-kind	12,928	5,277
Total In-Kind Contributions and Expenses	\$ 2,028,842	\$ 2,061,177

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

Contributions from members of the board to the Foundation totaled \$248,752 and \$262,001 during the years ended June 30, 2021 and 2020, respectively.

10. Endowment

The net asset classification of donor-restricted endowment funds for a not-for-profit organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Disclosure about endowment funds, both donor-restricted endowment funds and board-designated endowment funds, is required. 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 of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation and Association has interpreted the State of Washington 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 explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation and Association classify as net assets with donor restrictions (a) the original value of gifts donated to the endowment, plus (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment, as applicable, 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 as amounts to be held in perpetuity within donor-restricted net assets is classified within net assets as donor-restricted for time or purpose until those amounts are appropriated for expenditure by the Foundation or Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation and Association consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Foundation and Association and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation or Association
- The investment policies of the Foundation and Association

Endowment net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	
<i>June 30, 2021</i>	Quasi-Endowment	Purpose and Time	Endowment	Total
Donor-restricted endowment funds	\$ -	\$ 13,244,523	\$ 22,956,161	\$ 36,200,684
Board-designated	886,313	-	-	886,313
	\$ 886,313	\$ 13,244,523	\$ 22,956,161	\$ 37,086,997

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

<i>June 30, 2020</i>	Without Donor Restrictions Quasi-Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment	Total
Donor-restricted endowment funds	\$ -	\$ 4,450,564	\$ 21,935,742	\$ 26,386,306
Board-designated	675,557	-	-	675,557
	\$ 675,557	\$ 4,450,564	\$ 21,935,742	\$ 27,061,863

Changes in endowment net assets are as follows:

<i>Year Ended June 30, 2021</i>	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment	Total
Endowment Net Assets, beginning of year	\$ 675,557	\$ 4,450,564	\$ 21,935,742	\$ 27,061,863
Investment return				
Investment income	10,707	473,986	-	484,693
Net appreciation	220,164	9,762,897	7,346	9,990,407
Total investment return	230,871	10,236,883	7,346	10,475,100
Contributions	-	-	1,012,550	1,012,550
Appropriation of endowment assets for expenditure	(20,115)	(1,419,536)	-	(1,439,651)
Other changes	-	(23,388)	523	(22,865)
Endowment Net Assets, end of year	\$ 886,313	\$ 13,244,523	\$ 22,956,161	\$ 37,086,997

The remainder of this page intentionally left blank.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

<i>Year Ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
	Quasi- Endowment	Purpose and Time	Endowment	
Endowment Net Assets,				
beginning of year	\$ 702,082	\$ 5,264,099	\$ 20,441,522	\$ 26,407,703
Investment return				
Investment income	14,005	525,558	-	539,563
Net appreciation	(5,351)	(107,690)	(615)	(113,656)
Total investment return	8,654	417,868	(615)	425,907
Contributions	200	-	1,376,928	1,377,128
Appropriation of endowment assets for expenditure	(35,379)	(1,232,034)	-	(1,267,413)
Other changes	-	631	117,907	118,538
Endowment Net Assets, end of year	\$ 675,557	\$ 4,450,564	\$ 21,935,742	\$ 27,061,863

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 requires the Foundation or Association to retain as a fund of perpetual duration. There were no deficient funds as of June 30, 2021 or 2020.

Return Objectives and Risk Parameters

The Foundation and Association have adopted investment 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 funds that the Foundation and Association must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Foundation and Association boards, the endowment assets are invested as follows:

Asset Class	Target	Long-Term Range
Equity	80%	75% - 90%
Fixed income	18%	10% - 25%
Cash (money market)	2%	0% - 5%

The Foundation and Association may use securities, mutual funds, or bonds to employ investments in the asset classes.

Central Washington University Foundation and Affiliate

Notes to Combined Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation and Association rely 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 and Association target a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Performance of the Foundation and Association's investments and Investment Consultant is reviewed by the Finance and Audit Committee and reported to the Boards of Directors three times per year.

The Foundation investment policy is available upon request.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Boards of Directors empowers the Investment Committee to authorize annual expenditures. The endowment annual payout rate is 6%, which is composed of a 4% spending rate and a 2% administrative fee. The endowment spending rate will be fixed at 4% and reviewed every year.

11. Commitments

The Foundation offers scholarships to students that are conditional based on students fulfilling certain requirements to receive the funds. These conditional awards are not recorded as a liability on the statements of financial position. The amount of scholarships offered but still conditional amount to \$667,650 and \$525,859 at June 30, 2021 and 2020, respectively.

Supplemental Information

Central Washington University Foundation and Affiliate

Combining Statement of Financial Position

<i>June 30, 2021</i>	Central Washington University Foundation	Central Washington University Alumni Association	Combined Total
Assets			
Cash and cash equivalents	\$ 611,913	\$ 21,308	\$ 633,221
Investments	51,117,842	934,651	52,052,493
Pledges receivable, net	1,929,786	1,249	1,931,035
Other assets	78,840	-	78,840
Total Assets	\$ 53,738,381	\$ 957,208	\$ 54,695,589
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 256,471	\$ -	\$ 256,471
Trust and other liabilities	450,254	-	450,254
Note payable	1,435,800	30,437	1,466,237
Total Liabilities	2,142,525	30,437	2,172,962
Net Assets			
Without donor restrictions			
Operating	6,855,887	764,797	7,620,684
Board-designated	890,393	-	890,393
With donor restrictions	43,849,576	161,974	44,011,550
Total Net Assets	51,595,856	926,771	52,522,627
Total Liabilities and Net Assets	\$ 53,738,381	\$ 957,208	\$ 54,695,589

Central Washington University Foundation and Affiliate
Combining Statement of Activities

Year Ended June 30, 2021	Central Washington University Foundation		Central Washington University Alumni Association		Combined Total		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
	Support and Revenue						
Contributions	\$ 679	\$ 3,652,306	\$ 2,667	\$ 6,144	\$ 3,346	\$ 3,658,450	\$ 3,661,796
In-kind contributions	1,211,658	104,404	712,780	-	1,924,438	104,404	2,028,842
Special event revenue	27,900	-	-	-	27,900	-	27,900
Sponsorships	-	74,348	-	-	-	74,348	74,348
Membership dues	780	-	45,008	-	45,788	-	45,788
Investment return	3,885,924	10,357,574	234,721	40,385	4,120,645	10,397,959	14,518,604
Other	(1,811)	25,737	18,062	-	16,251	25,737	41,988
Contributions (to)/from Foundation	-	2,559	-	(2,559)	-	-	-
Net assets released from restrictions and other transfers	4,342,607	(4,342,607)	4,074	(4,074)	4,346,681	(4,346,681)	-
Total Support and Revenue	9,467,737	9,874,321	1,017,312	39,896	10,485,049	9,914,217	20,399,266
Expenses							
In-kind expenses	1,316,062	-	712,780	-	2,028,842	-	2,028,842
Scholarships and grants	1,560,856	-	4,074	-	1,564,930	-	1,564,930
Program support	529,207	-	895	-	530,102	-	530,102
Salaries, wages, and benefits	226,803	-	117,812	-	344,615	-	344,615
Professional services	220,817	-	1,250	-	222,067	-	222,067
Information technology	126,056	-	-	-	126,056	-	126,056
Supplies	101,122	-	6,660	-	107,782	-	107,782
Miscellaneous	85,175	-	5,259	-	90,434	-	90,434
Postage and printing	32,623	-	11,507	-	44,130	-	44,130
Interest	20,628	-	-	-	20,628	-	20,628
Write-off pledges	8,963	-	-	-	8,963	-	8,963
Travel	7,753	-	38	-	7,791	-	7,791
Total Program and Administrative Expenses	4,236,065	-	860,275	-	5,096,340	-	5,096,340
Total Change in Net Assets	5,231,672	9,874,321	157,037	39,896	5,388,709	9,914,217	15,302,926
Net Assets, beginning of year	2,514,608	33,975,255	607,760	122,078	3,122,368	34,097,333	37,219,701
Net Assets, end of year	\$ 7,746,280	\$ 43,849,576	\$ 764,797	\$ 161,974	\$ 8,511,077	\$ 44,011,550	\$ 52,522,627