



Report of Independent Auditors
and Combined Financial Statements
with Supplementary Information

**Central Washington University Foundation
and Alumni Association**

June 30, 2023

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Report of Independent Auditors

The Board of Directors
Central Washington University Foundation and Alumni Association

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Central Washington University Foundation and Alumni Association, which comprise the combined statement of financial position as of June 30, 2023, and the related combined statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Central Washington University Foundation and Alumni Association as of June 30, 2023, and the changes in its net assets and its cash flows for the year 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 Combined Financial Statements section of our report. We are required to be independent of Central Washington University Foundation and Alumni Association 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.

Emphasis of Matter

As described in Note 3, the Central Washington University Foundation and Alumni Association restated net assets as of June 30, 2022, to adjust for certain expenses incorrectly reported as Foundation expenses instead of Alumni Association expenses. Our opinion is not modified in respect to that matter.

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 Central Washington University Foundation and Alumni Association's ability to continue as a going concern within one year after the date that the combined financial statements are 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 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 Central Washington University Foundation and Alumni Association'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 Central Washington University Foundation and Alumni Association'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 combined financial statements as a whole. The combining statement of financial position and combining statement of activities 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.



Yakima, Washington
October 17, 2023

Combined Financial Statements

**Central Washington University Foundation
and Alumni Association
Combined Statement of Financial Position
June 30, 2023**

ASSETS

Operating cash	\$	745,941
Restricted cash		<u>181,004</u>
Total cash and cash equivalents		926,945
Investments		52,266,594
Pledges receivable, net		<u>1,561,717</u>
Total assets	\$	<u><u>54,755,256</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and other liabilities	\$	471,808
Trust and gift annuity liabilities		1,751,984
Line of credit		<u>1,057,478</u>
Total liabilities		<u>3,281,270</u>

NET ASSETS

Without donor restrictions		
Operating		6,484,519
Board-designated		<u>807,576</u>
Total net assets without donor restriction		7,292,095
With donor restrictions		<u>44,181,891</u>
Total net assets		<u>51,473,986</u>
Total liabilities and net assets	\$	<u><u>54,755,256</u></u>

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statement of Activities
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 192,787	\$ 3,309,607	\$ 3,502,394
In-kind contributions	2,100,117	257,959	2,358,076
Special event revenue, net	11,754	81,004	92,758
Sponsorships	-	84,466	84,466
Membership dues	35,537	-	35,537
Investment return, net	1,782,327	4,721,842	6,504,169
Change in value of split interest liabilities	-	23,335	23,335
Other	20,333	20,888	41,221
Net assets released from restrictions and other transfers	4,527,344	(4,527,344)	-
Total support and revenue	<u>8,670,199</u>	<u>3,971,757</u>	<u>12,641,956</u>
EXPENSES			
Program	5,316,504	-	5,316,504
Management and general	946,382	-	946,382
Fundraising	1,257,326	-	1,257,326
Total program and administrative expenses	<u>7,520,212</u>	<u>-</u>	<u>7,520,212</u>
TOTAL CHANGE IN NET ASSETS	1,149,987	3,971,757	5,121,744
NET ASSETS, beginning of year	<u>6,142,108</u>	<u>40,210,134</u>	<u>46,352,242</u>
NET ASSETS, end of year	<u>\$ 7,292,095</u>	<u>\$ 44,181,891</u>	<u>\$ 51,473,986</u>

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statement of Functional Expenses
Year Ended June 30, 2023**

	Program	Management and General	Fundraising	Total
Salaries, wages, and benefits	\$ 1,549,660	\$ 345,934	\$ 537,847	\$ 2,433,441
Scholarships and grants	1,690,754	-	-	1,690,754
Program support	957,612	171,697	154,928	1,284,237
Professional services	69,462	235,173	469,001	773,636
University capital project support	635,349	-	-	635,349
Supplies	149,128	2,670	2,449	154,247
Travel	182,980	12,030	71,793	266,803
Information technology	23,718	113,501	-	137,219
Postage and printing	17,165	3,459	20,921	41,545
Miscellaneous	4,840	6,869	387	12,096
Interest	-	55,049	-	55,049
Write-off pledges	35,836	-	-	35,836
Total expenses	\$ 5,316,504	\$ 946,382	\$ 1,257,326	\$ 7,520,212

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statement of Cash Flows
Year Ended June 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions	\$ 2,451,536
Cash paid for scholarships and programs	(2,974,992)
Cash paid to employees	(333,324)
Cash paid to vendors	(1,578,625)
Cash paid for interest	(55,049)
Net dividends and interest received	<u>1,109,218</u>
Net cash flows from (used in) operating activities	<u>(1,381,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(6,682,626)
Proceeds from sale of investments	<u>6,845,969</u>
Net cash flows from investing activities	<u>163,343</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on line of credit	(122,886)
Contributions received for long-term purposes	<u>1,248,512</u>
Net cash flows from financing activities	<u>1,125,626</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(92,267)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,019,212</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 926,945</u></u>

See accompanying notes.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

Note 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.

Note 2 – Summary of Significant Accounting Policies

Principles of combination – The combined financial statements include the accounts of the Foundation and the Association. All significant inter-entity balances and transactions have been eliminated in combination.

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.

**Central Washington University Foundation
and Alumni Association
Notes to Combined Financial Statements**

Net assets with donor restrictions consist of the following at June 30, 2023:

Subject to expenditure for specified purpose		
Scholarships and awards	\$ 1,786,247	
Academic and Program Support	5,249,471	
	<u>7,035,718</u>	
 Subject to the passage of time and specified purpose		
Charitable gift annuities, charitable remainder trusts	1,160,609	
Pledges receivable restricted by donors, net	488,369	
	<u>1,648,978</u>	
 Donor restricted endowments subject to Foundation spending policy and appropriation		
Subject to purpose and time	9,216,861	
Restricted for endowment in perpetuity	25,736,398	
	<u>34,953,259</u>	
 Pledges receivable restricted to endowment by donors	 <u>543,936</u>	
	 <u>\$ 44,181,891</u>	

Net assets consist of the following:

June 30, 2023	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Foundation	\$ 6,640,484	\$ 44,038,414	\$ 50,678,898
Association	651,611	143,477	795,088
	<u>\$ 7,292,095</u>	<u>\$ 44,181,891</u>	<u>\$ 51,473,986</u>

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.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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 and Association 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 market for corporate obligations, which is not considered active). As a result, money market funds, mutual funds, stocks, REITS 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.

Revenue recognition – Contributions are recognized when the donor makes a promise to give (pledge) to the Foundation or Association that is, in substance, unconditional.

Membership dues are recognized when the member joins the Association and are treated as contribution income as any benefit back to the member is immaterial. Sponsorships are recognized when the event takes place.

Pledges receivable – 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, 2023, the Foundation had no outstanding conditional promises to give. Pledges from three donors accounted for 43% of the pledges receivable balance at June 30, 2023.

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.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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. Substantially all costs were directly allocated to each function for the year ended June 30, 2023.

Federal income tax – The Foundation and the Association are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the requirements related to accounting for uncertainties in income taxes, the Foundation and the Association have determined they have no uncertain tax positions at June 30, 2023.

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.

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.

Reclassifications – Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation.

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 17, 2023.

**Central Washington University Foundation
and Alumni Association
Notes to Combined Financial Statements**

Note 3 – Prior Period Adjustment

Subsequent to issuance of the June 30, 2022, financial statements, it was determined that the June 30, 2022, combining statement of activities incorrectly reported salaries, wages, and benefits amounts for the Alumni Association as Foundation expenses. Had the amounts been reported properly, Foundation net assets without donor restriction would have increased by an additional \$711,848 and net assets with donor restriction would have decreased by an additional \$318. Alumni Association net assets without donor restriction would have decreased by an additional \$711,848 and net assets with donor restriction would have increased by an additional \$318. Net assets by classification and in total were correctly reported on a combined basis and as such no adjustment is necessary to combined net assets. For the June 30, 2023, audited financials, the beginning net asset balance is restated on the combining statement of activities to correct the classification between entities. The table below details the restatement by restriction and entity:

	As Previously Reported	Adjustment	As Restated at 6/30/2022
Combining Statement of Activities			
Foundation			
Net assets without donor restriction	\$ 4,778,308	\$ 711,848	\$ 5,490,156
Net assets with donor restriction	40,066,193	(318)	40,065,875
Alumni Association			
Net assets without donor restriction	1,363,800	(711,848)	651,952
Net assets with donor restriction	143,941	318	144,259
	<u>\$ 46,352,242</u>	<u>\$ -</u>	<u>\$ 46,352,242</u>
Foundation			
Total change in net assets without donor restriction	\$ (2,967,972)	\$ 711,848	\$ (2,256,124)
Total change in net assets with donor restriction	(3,783,383)	(318)	(3,783,701)
Alumni Association			
Total change in net assets without donor restriction	599,003	(711,848)	(112,845)
Total change in net assets with donor restriction	(18,033)	318	(17,715)

Note 4 – 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 return 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.

**Central Washington University Foundation
and Alumni Association
Notes to Combined Financial Statements**

The following table reflects the Foundation's financial assets:

Cash and cash equivalents	\$ 926,945
Investments	52,266,594
Pledges receivable	<u>1,561,717</u>
 Total financial assets	 <u><u>\$ 54,755,256</u></u>

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:

Cash and cash equivalents	\$ 745,941
Endowment spending rate distributions and appropriations	<u>1,979,108</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 2,725,049</u></u>

Note 5 – Investments

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

June 30, 2023	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 1,216,886	\$ 1,216,886	\$ -	\$ -
Fixed income				
Corporate obligations	1,137,464	-	1,137,464	-
Government obligations	1,637,531	1,637,531	-	-
Domestic mutual funds	612,873	612,873	-	-
Mortgage backed securities	143,761	143,761	-	-
International mutual funds	745,643	745,643	-	-
Equity				
Domestic mutual funds	22,067,526	22,067,526	-	-
International mutual funds	5,951,430	5,951,430	-	-
Information technology	6,465,622	6,465,622	-	-
Financials	1,499,442	1,499,442	-	-
International equities	2,824,378	2,824,378	-	-
Health care	2,111,434	2,111,434	-	-
Consumer discretionary	1,867,527	1,867,527	-	-
Industrials	1,687,616	1,687,616	-	-
All other categories	998,297	998,297	-	-
REITs	<u>1,299,164</u>	<u>1,299,164</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 52,266,594</u></u>	<u><u>\$ 51,129,130</u></u>	<u><u>\$ 1,137,464</u></u>	<u><u>\$ -</u></u>

**Central Washington University Foundation
and Alumni Association
Notes to Combined Financial Statements**

Note 6 – 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, in the amount of \$130,246 during the year ended June 30, 2023. In addition, the Foundation has assessed administrative fees of \$636,875 during the year ended June 30, 2023, on the endowment balance as discussed in Note 12. 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.

Note 7 – Pledges Receivable

Pledges receivable at June 30, 2023, have scheduled maturities as follows:

Less than one year	\$ 671,076
One to five years	1,058,872
Less discount to net present value at rates from 3.25% to 6.25%	(124,982)
Less allowance for uncollectible pledges	<u>(43,249)</u>
Net contributions receivable	<u><u>\$ 1,561,717</u></u>

Note 8 – 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 combined statement of financial position. A related trust liability is recorded for annuity payments to donors. The difference is recorded as contribution revenue with donor restrictions. 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, 2023, was \$97,923, and the liability for trust payments to the donors was \$64,399.

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 was \$1,687,585 at June 30, 2023. The current and long-term portions of this liability were as follows for the year ended June 30, 2023:

Current annuity payable	\$ 148,945
Long-term annuity payable	<u>1,538,640</u>
	<u><u>\$ 1,687,585</u></u>

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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 3.00% to 5.50% and are based on the Internal Revenue Service actuarial tables. The discount rates on the charitable trusts ranged from 3.6% to 4.2% for the year ended June 30, 2023, and are based on Internal Revenue Service actuarial tables.

Note 9 – Line of Credit

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 6.25% at June 30, 2023). The borrowings are collateralized by the Foundation's investment account at the creditor bank. The line of credit matures on April 20, 2024, at which point all outstanding principal and interest is due. The balance on the line of credit was \$1,057,478 at June 30, 2023.

In October 2017, the Foundation's 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.

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.

Note 10 – In-Kind Contribution

A gift of tangible personal property such as equipment, art objects, furniture, instruments, books, valuable papers, etc., may be accepted on behalf of the University by the Foundation, provided that: a) such a gift is consistent with the mission of the University, or may be liquidated and the proceeds used by the Foundation; b) acceptance of such a gift will not involve significant additional expense in its present or future use, display, maintenance, or administration; c) no financial or other burdensome obligation or expense is or will be directly or indirectly incurred by the Foundation as a result thereof.

Unless otherwise specified as a condition of the gift, the Foundation, in assuring that the donor's intent for the gift is honored, is empowered to retain the gift of property, turn it over to the University, or liquidate it. The Foundation did not monetize any in-kind asset contributions during the year ended June 30, 2023.

**Central Washington University Foundation
and Alumni Association
Notes to Combined Financial Statements**

The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation in the period received.

Donated services are recognized if the services create or enhance nonfinancial assets, require specialized skills, are provided by individuals with those skills, and would have been purchased if not donated. The University provided the Foundation and Association employees to administer daily operations. The salaries and benefits of these employees have been allocated based on the percentage of time employees spend on each function. Donated equipment and donated goods are generally provided to the specific programs in the Colleges according to donor intent. Donated supplies, auction items, and sponsorship are utilized to support specific University program events.

In-kind contributions were as follows:

	Program	Management	Fundraising	Total
Donated services				
Foundation salaries and benefits	\$ 460,906	\$ 345,905	\$ 512,310	\$ 1,319,121
Association salaries and benefits	780,996	-	-	780,996
Donated equipment				
College of Arts and Humanities	4,999	-	-	4,999
College of Education and Professional Studies	4,999	-	-	4,999
Donated goods				
College of Arts and Humanities	157,649	-	-	157,649
College of the Sciences	13,819	-	-	13,819
University Libraries	37,579	-	-	37,579
Supplies, auction items, and sponsorship for University programs special events	38,914	-	-	38,914
	<u>\$ 1,499,861</u>	<u>\$ 345,905</u>	<u>\$ 512,310</u>	<u>\$ 2,358,076</u>

Note 11 – 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. The cost of these salaries and benefits totaled \$2,100,117 for the year ended June 30, 2023.

Reimbursements for personnel and other costs to the University totaled \$3,745,392 for the year ended June 30, 2023. As of June 30, 2023, the Foundation owed the University \$367,171.

Contributions from members of the Foundation's board to the Foundation totaled \$316,409 during the year ended June 30, 2023.

**Central Washington University Foundation
and Alumni Association**
Notes to Combined Financial Statements

Note 12 – 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 assets consist of the following:

June 30, 2023	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment	Total
Donor-restricted endowment funds	\$ -	\$ 9,216,861	\$ 25,736,398	\$ 34,953,259
Board-designated	804,310	-	-	804,310
	<u>\$ 804,310</u>	<u>\$ 9,216,861</u>	<u>\$ 25,736,398</u>	<u>\$ 35,757,569</u>

**Central Washington University Foundation
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Notes to Combined Financial Statements**

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

June 30, 2023	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment	Total
Endowment net assets, beginning of year	\$ 743,082	\$ 6,722,253	\$ 24,424,657	\$ 31,889,992
Investment return				
Investment income	13,717	641,737	-	655,454
Net gain	77,353	3,688,925	3,350	3,769,628
Total investment return	91,070	4,330,662	3,350	4,425,082
Contributions	-	-	1,248,512	1,248,512
Appropriation of endowment assets for expenditure and redesignation	(29,842)	(1,836,054)	59,879	(1,806,017)
Endowment net assets, end of year	<u>\$ 804,310</u>	<u>\$ 9,216,861</u>	<u>\$ 25,736,398</u>	<u>\$ 35,757,569</u>

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 11 funds with deficiencies as of June 30, 2023. The total corpus value of these funds was \$772,802 with a current fair market value of \$729,301 which leads to a total deficiency value of \$43,501.

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:

	<u>Target</u>	<u>Long-Term Range</u>
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
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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.

Note 13 – 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 combined statement of financial position. The amount of scholarships offered but still conditional amount to \$593,837 at June 30, 2023.

Supplementary Information

**Central Washington University Foundation
and Alumni Association**
Combining Statement of Financial Position
June 30, 2023

	Central Washington University Foundation	Central Washington University Alumni Association	Combined Total
ASSETS			
Operating cash	\$ 716,989	\$ 28,952	\$ 745,941
Restricted cash	181,004	-	181,004
	897,993	28,952	926,945
Total cash and cash equivalents			
Investments	51,500,458	766,136	52,266,594
Pledges receivable, net	1,561,717	-	1,561,717
	53,960,168	795,088	54,755,256
Total assets	\$ 53,960,168	\$ 795,088	\$ 54,755,256
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and other liabilities	\$ 471,808	\$ -	\$ 471,808
Trust liabilities	1,751,984	-	1,751,984
Note payables	1,057,478	-	1,057,478
	3,281,270	-	3,281,270
Total liabilities			
NET ASSETS			
Without donor restrictions			
Operating	5,832,908	651,611	6,484,519
Board-designated	807,576	-	807,576
With donor restrictions	44,038,414	143,477	44,181,891
	50,678,898	795,088	51,473,986
Total net assets			
Total liabilities and net assets	\$ 53,960,168	\$ 795,088	\$ 54,755,256

See report of independent auditors.

**Central Washington University Foundation
and Alumni Association
Combining Statement of Activities
Year Ended June 30, 2023**

	Central Washington University Foundation		Central Washington University Alumni Association		Combined Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE							
Contributions	\$ 185,676	\$ 3,303,091	\$ 7,111	\$ 6,516	\$ 192,787	\$ 3,309,607	\$ 3,502,394
In-kind contributions	1,319,121	257,959	780,996	-	2,100,117	257,959	2,358,076
Special event revenue, net	1,145	81,004	10,609	-	11,754	81,004	92,758
Sponsorships	-	84,466	-	-	-	84,466	84,466
Membership dues	60	-	35,477	-	35,537	-	35,537
Investment return, net	1,695,670	4,706,358	86,657	15,484	1,782,327	4,721,842	6,504,169
Change in value of split interest liabilities	-	23,335	-	-	-	23,335	23,335
Other	-	20,888	20,333	-	20,333	20,888	41,221
Contributions (to) from Foundation	(380)	2,364	380	(2,364)	-	-	-
Net assets released from restrictions and other transfers	4,506,926	(4,506,926)	20,418	(20,418)	4,527,344	(4,527,344)	-
Total support and revenue	7,708,218	3,972,539	961,981	(782)	8,670,199	3,971,757	12,641,956
EXPENSES							
Salaries, wages, and benefits	1,564,132	-	869,309	-	2,433,441	-	2,433,441
Scholarships and grants	1,686,390	-	4,364	-	1,690,754	-	1,690,754
Program support	1,232,289	-	51,948	-	1,284,237	-	1,284,237
Professional services	772,184	-	1,452	-	773,636	-	773,636
University capital project support	635,349	-	-	-	635,349	-	635,349
Supplies	153,678	-	569	-	154,247	-	154,247
Travel	255,438	-	11,365	-	266,803	-	266,803
Information technology	121,501	-	15,718	-	137,219	-	137,219
Postage and printing	34,490	-	7,055	-	41,545	-	41,545
Miscellaneous	11,554	-	542	-	12,096	-	12,096
Interest	55,049	-	-	-	55,049	-	55,049
Write-off pledges	35,836	-	-	-	35,836	-	35,836
Total program and administrative expenses	6,557,890	-	962,322	-	7,520,212	-	7,520,212
TOTAL CHANGE IN NET ASSETS	1,150,328	3,972,539	(341)	(782)	1,149,987	3,971,757	5,121,744
NET ASSETS, beginning of year (as restated)	5,490,156	40,065,875	651,952	144,259	6,142,108	40,210,134	46,352,242
NET ASSETS, end of year	\$ 6,640,484	\$ 44,038,414	\$ 651,611	\$ 143,477	\$ 7,292,095	\$ 44,181,891	\$ 51,473,986

See report of independent auditors.

