



Central Washington University Foundation and Alumni Association

Combined Financial Statements
Years Ended June 30, 2022 and 2021

**Central Washington University Foundation and Alumni
Association**

Combined Financial Statements
Years Ended June 30, 2022 and 2021

Central Washington University Foundation and Alumni Association

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Independent Auditor's Report

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

We have audited the combined financial statements of Central Washington University Foundation and Alumni Association (the Foundation and Association), which comprise the combined statements of financial position as of June 30, 2022 and 2021, 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 accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Foundation and Association as of June 30, 2022 and 2021, 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 Association 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 Association'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



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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 the Foundation and 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 the Foundation and 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The 2022 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 19, 2022

Combined Financial Statements

Central Washington University Foundation and Alumni Association

Combined Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 1,019,212	\$ 633,221
Investments	46,904,740	52,052,493
Pledges receivable, net	1,710,978	1,931,035
Other assets	80,528	78,840
Total Assets	\$ 49,715,458	\$ 54,695,589
Liabilities and Net Assets		
Liabilities		
Accounts payable and other liabilities	\$ 421,557	\$ 312,351
Trust liabilities	1,761,295	394,374
Note payables	1,180,364	1,466,237
Total Liabilities	3,363,216	2,172,962
Net Assets		
Without donor restrictions		
Operating	5,399,026	7,620,684
Board-designated	743,082	890,393
Total net assets without donor restrictions	6,142,108	8,511,077
With donor restrictions	40,210,134	44,011,550
Total Net Assets	46,352,242	52,522,627
Total Liabilities and Net Assets	\$ 49,715,458	\$ 54,695,589

See accompanying notes to combined financial statements.

Central Washington University Foundation and Alumni Association

Combined Statements of Activities

Year Ended June 30,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 170,947	\$ 5,436,075	\$ 5,607,022	\$ 3,346	\$ 3,658,450	\$ 3,661,796
In-kind contributions	1,847,277	155,323	2,002,600	1,924,438	104,404	2,028,842
Special event revenue	9,601	111,602	121,203	27,900	-	27,900
Sponsorships	-	73,428	73,428	-	74,348	74,348
Membership dues	50,568	-	50,568	45,788	-	45,788
Investment return	(2,022,480)	(5,212,993)	(7,235,473)	4,120,645	10,397,959	14,518,604
Change in value of split interest liabilities	-	(263,846)	(263,846)	-	-	-
Other	50,595	30,129	80,724	16,251	25,737	41,988
Net assets released from restrictions and other transfers	4,131,134	(4,131,134)	-	4,346,681	(4,346,681)	-
Total Support and Revenue	4,237,642	(3,801,416)	436,226	10,485,049	9,914,217	20,399,266
Expenses						
Program	4,967,977	-	4,967,977	3,978,215	-	3,978,215
Management and general	667,672	-	667,672	552,951	-	552,951
Fundraising	970,962	-	970,962	565,174	-	565,174
Total Program and Administrative Expenses	6,606,611	-	6,606,611	5,096,340	-	5,096,340
Total Change in Net Assets	(2,368,969)	(3,801,416)	(6,170,385)	5,388,709	9,914,217	15,302,926
Net Assets, beginning of year	8,511,077	44,011,550	52,522,627	3,122,368	34,097,333	37,219,701
Net Assets, end of year	\$ 6,142,108	\$ 40,210,134	\$ 46,352,242	\$ 8,511,077	\$ 44,011,550	\$ 52,522,627

See accompanying notes to combined financial statements.

Central Washington University Foundation and Alumni Association

Combined Statements of Functional Expenses

<i>Year Ended June 30,</i>	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries, wages, and benefits	\$ 1,603,244	\$ 399,907	\$ 245,151	\$ 2,248,302	\$ 1,536,924	\$ 356,375	\$ 372,568	\$ 2,265,867
Scholarships and grants	1,480,573	-	-	1,480,573	1,564,930	-	-	1,564,930
Program support	828,104	26,427	169,347	1,023,878	535,981	17,253	37,370	590,604
Professional services	89,618	91,913	481,171	662,702	47,445	42,928	134,880	225,253
University capital project support	584,332	-	-	584,332	-	-	-	-
Supplies	209,374	4,922	1,278	215,574	149,639	103	1,942	151,684
Travel	125,076	3,059	43,261	171,396	5,925	-	1,866	7,791
Information technology	11,913	104,028	-	115,941	27,013	98,490	553	126,056
Postage and printing	16,381	6,101	19,352	41,834	22,658	5,499	15,973	44,130
Miscellaneous	9,826	13,037	11,402	34,265	78,737	11,675	22	90,434
Interest	-	18,278	-	18,278	-	20,628	-	20,628
Write-off pledges	9,536	-	-	9,536	8,963	-	-	8,963
	\$ 4,967,977	\$ 667,672	\$ 970,962	\$ 6,606,611	\$ 3,978,215	\$ 552,951	\$ 565,174	\$ 5,096,340

See accompanying notes to combined financial statements.

Central Washington University Foundation and Alumni Association

Combined Statements of Cash Flows

<i>Year Ended June 30,</i>	2022	2021
Cash Flows from Operating Activities		
Cash received from contributions	\$ 3,322,224	\$ 2,497,090
Cash paid for scholarships and programs	(2,391,714)	(2,095,032)
Cash paid to employees	(404,278)	(344,615)
Cash paid to vendors	(315,302)	(481,860)
Cash paid for interest	(18,278)	(20,628)
Net dividends and interest received	870,776	675,522
Net Cash Flows from Operating Activities	1,063,428	230,477
Cash Flows for Investing Activities		
Purchase of investments	(5,541,298)	(2,081,320)
Proceeds from sale of investments	3,435,813	439,500
Net Cash Flows for Investing Activities	(2,105,485)	(1,641,820)
Cash Flows from Financing Activities		
Proceeds from PPP loan	-	30,437
Payments on line of credit	(255,436)	(379,753)
Contributions received for long-term purposes	1,683,484	1,068,788
Net Cash Flows from Financing Activities	1,428,048	719,472
Net Change in Cash and Cash Equivalents	385,991	(691,871)
Cash and Cash Equivalents, beginning of year	633,221	1,325,092
Cash and Cash Equivalents, end of year	\$ 1,019,212	\$ 633,221

See accompanying notes to combined financial statements.

Central Washington University Foundation and Alumni Association

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

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.

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

	2022		2021
Academic and program support	\$ 13,007,524	\$	12,465,975
Scholarships and awards	27,202,610		31,545,575
	\$ 40,210,134	\$	44,011,550

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

Net assets consist of the following:

<i>June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Foundation	\$ 4,778,308	\$ 40,066,193	\$ 44,844,501
Association	1,363,800	143,941	1,507,741
	\$ 6,142,108	\$ 40,210,134	\$ 46,352,242

<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

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 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, and bonds are carried at fair value as of the financial statement date.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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, 2022 and 2021, the Foundation had no outstanding conditional promises to give. Pledges from three donors and two donors accounted for 40% and 27% of the pledges receivable balance at June 30, 2022 and 2021, 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. Substantially all costs were directly allocated to each function for the years ended June 30, 2022 and 2021.

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 Alumni Association

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.

Recent Accounting Pronouncement Adopted

During the year ended June 30, 2022, the Foundation adopted the provisions of Accounting Standards Update (“ASU”) No. 2020-7, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update improves transparency regarding donated non-financial assets. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 19, 2022.

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 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.

The following table reflects the Foundation’s financial assets:

<i>Year Ended June 30,</i>	2022	2021
Cash and cash equivalents	\$ 1,019,212	\$ 633,221
Investments	46,904,740	52,052,493
Pledges receivable	1,710,978	1,931,035
Total Financial Assets	\$ 49,634,930	\$ 54,616,749

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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>	2022		2021	
Cash and cash equivalents	\$	866,025	\$	171,171
Investments not encumbered by donor or board-restrictions		3,385,395		5,216,242
Endowment spending rate distributions and appropriations		1,202,678		987,900
Financial assets available to meet cash needs for general expenditures within one year	\$	5,454,098	\$	6,375,313

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, 2022</i>	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 1,363,576	\$ 1,363,576	\$ -	\$ -
Fixed Income				
Corporate obligations	981,472	-	981,472	-
Government obligations	1,761,882	1,761,882	-	-
Domestic mutual funds	1,489,710	1,489,710	-	-
International mutual funds	815,451	815,451	-	-
Equity				
Domestic mutual funds	18,576,274	18,576,274	-	-
International mutual funds	5,443,063	5,443,063	-	-
Information technology	4,939,474	4,939,474	-	-
Financials	1,303,670	1,303,670	-	-
International equities	2,674,341	2,674,341	-	-
Health care	2,082,261	2,082,261	-	-
Consumer discretionary	1,482,707	1,482,707	-	-
Industrials	1,488,437	1,488,437	-	-
All other categories	1,153,093	1,153,093	-	-
REITs	1,349,329	1,349,329	-	-
	\$ 46,904,740	\$ 45,923,268	\$ 981,472	\$ -

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

<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	\$ -

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, in the amount of \$119,131 and \$105,797 during the years ended June 30, 2022 and 2021, respectively. In addition, the Foundation has collected administrative fees of \$678,333 and \$656,583 during the years ended June 30, 2022 and 2021, 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, 2022 and 2021, have scheduled maturities as follows:

	2022	2021
Less than one year	\$ 627,208	\$ 818,338
One to five years	1,350,679	1,318,447
More than five years	-	42,450
Less: Discount to net present value at rates from 3.25% to 5.50%	(217,463)	(194,118)
Less: Allowance for uncollectible pledges	(49,446)	(54,082)
Net Contributions Receivable	\$ 1,710,978	\$ 1,931,035

Central Washington University Foundation and Alumni Association

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. 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, 2022 and 2021, were \$142,232 and \$157,419, respectively, and the liability for trust payments to the donors were \$53,227 and \$98,325, 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 \$1,708,068 and \$296,049 at June 30, 2022 and 2021, respectively. The current and long-term portions of this liability were as follows for the years ended June 30:

	2022	2021
Current annuity payable	\$ 135,045	\$ 41,045
Long-term annuity payable	1,573,023	255,004
Total	\$ 1,708,068	\$ 296,049

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. The discount rates on the charitable trusts ranged from 1.2%-3.6% for the years ended June 30, 2022 and 2021, and are 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 2.75% at June 30, 2022). 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 \$1,180,364 and \$1,435,800 at June 30, 2022 and 2021, respectively. For the year ended June 30, 2021, the Foundation also held a Paycheck Protection Program (PPP) loan in the amount of \$30,437. The PPP loan incurred interest at 1% and was unsecured. The principal and interest of the note was forgivable if the proceeds were spent on qualifying costs during the 24-week period following the date the note was issued. Qualified costs were considered as 60% of the loan amount on payroll costs, 40% on non-payroll costs including rent and utilities. Principal and interest payments were deferred for the first 10 months of the note period, following the 24-week period. The Foundation received full forgiveness of the loan on February 10, 2022. The proceeds have been recognized as other income on the statement of activities.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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.

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.

9. In-Kind Contributions

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 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.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

In-kind contributions were as follows:

Year Ended June 30,	2022				2021			
	Program	Management	Fundraising	Total	Program	Management	Fundraising	Total
Donated Services								
Foundation salaries and benefits	\$ 501,104	\$ 399,896	\$ 231,494	\$ 1,132,494	\$ 494,777	\$ 356,371	\$ 360,510	\$ 1,211,658
Association salaries and benefits	711,530	-	-	711,530	709,594	-	-	709,594
Video editing and production for Association event	-	-	-	-	3,186	-	-	3,186
Donated Equipment								
College of Arts and Humanities	102,032	-	-	102,032	25,500	-	-	25,500
Donated Goods								
College of Arts and Humanities	7,441	-	-	7,441	-	-	-	-
College of Education and Professional Studies	2,005	-	-	2,005	-	-	-	-
College of the Sciences	1,259	-	-	1,259	-	-	-	-
University Libraries	-	-	-	-	35,002	-	-	35,002
Supplies, auction items, and sponsorship for University programs special events	42,586	3,253	-	45,839	42,884	-	1,018	43,902
Total	\$ 1,367,957	\$ 403,149	\$ 231,494	\$ 2,002,600	\$ 1,310,943	\$ 356,371	\$ 361,528	\$ 2,028,842

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Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

10. 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 \$1,844,024 and \$1,921,252 for the years ended June 30, 2022 and 2021, respectively.

Reimbursements for personnel and other costs to the University totaled \$3,428,031 and \$2,610,254 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Foundation owed the University \$268,995 and \$242,590, respectively.

Contributions from members of the Foundation's board to the Foundation totaled \$537,574 and \$248,752 during the years ended June 30, 2022 and 2021, respectively.

11. 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

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

Endowment net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
<i>June 30, 2022</i>	Quasi-Endowment	Purpose and Time	Endowment	
Donor-restricted endowment funds	\$ -	\$ 6,722,253	\$ 24,424,657	\$ 31,146,910
Board-designated	743,082	-	-	743,082
	\$ 743,082	\$ 6,722,253	\$ 24,424,657	\$ 31,889,992

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
<i>June 30, 2021</i>	Quasi-Endowment	Purpose and Time	Endowment	
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

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total
<i>Year Ended June 30, 2022</i>	Quasi- Endowment	Purpose and Time	Endowment	
Endowment Net Assets,				
beginning of year	\$ 886,313	\$ 13,244,523	\$ 22,956,161	\$ 37,086,997
Investment return				
Investment income	13,084	592,138	-	605,222
Net loss	(116,667)	(5,495,490)	(1,213)	(5,613,370)
Total investment return	(103,583)	(4,903,352)	(1,213)	(5,008,148)
Contributions	-	-	1,469,709	1,469,709
Appropriation of endowment assets for expenditure	(39,648)	(1,618,918)	-	(1,658,566)
Endowment Net Assets, end of year	\$ 743,082	\$ 6,722,253	\$ 24,424,657	\$ 31,889,992

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

<i>Year Ended June 30, 2021</i>	Restrictions Quasi- Endowment	Restrictions Purpose and Time	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

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 20 funds with deficiencies as of June 30, 2022, which totaled \$169,680. There were no deficient funds as of June 30, 2021.

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 Alumni Association

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.

12. 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 \$801,986 and \$667,650 at June 30, 2022 and 2021, respectively.

Supplemental Information

Central Washington University Foundation and Alumni Association

Combining Statement of Financial Position

<i>June 30, 2022</i>	Central Washington University Foundation	Central Washington University Alumni Association	Combined Total
Assets			
Cash and cash equivalents	\$ 993,094	\$ 26,118	\$ 1,019,212
Investments	46,134,647	770,093	46,904,740
Pledges receivable, net	1,710,978	-	1,710,978
Other assets	80,528	-	80,528
Total Assets	\$ 48,919,247	\$ 796,211	\$ 49,715,458
Liabilities and Net Assets			
Liabilities			
Accounts payable and other liabilities	\$ 421,557	\$ -	\$ 421,557
Trust liabilities	1,761,295	-	1,761,295
Note payable	1,180,364	-	1,180,364
Total Liabilities	3,363,216	-	3,363,216
Net Assets			
Without donor restrictions			
Operating	4,035,226	1,363,800	5,399,026
Board-designated	743,082	-	743,082
With donor restrictions	40,066,193	143,941	40,210,134
Total Net Assets	44,844,501	1,507,741	46,352,242
Total Liabilities and Net Assets	\$ 48,207,717	\$ 1,507,741	\$ 49,715,458

Central Washington University Foundation and Alumni Association

Combining Statement of Activities

Year Ended June 30, 2022	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	\$ 163,914	\$ 5,427,951	\$ 7,033	\$ 8,124	\$ 170,947	\$ 5,436,075	\$ 5,607,022
In-kind contributions	1,135,747	155,323	711,530	-	1,847,277	155,323	2,002,600
Special event revenue	-	111,602	9,601	-	9,601	111,602	121,203
Sponsorships	-	73,428	-	-	-	73,428	73,428
Membership dues	600	-	49,968	-	50,568	-	50,568
Investment return	(1,921,348)	(5,194,377)	(101,132)	(18,616)	(2,022,480)	(5,212,993)	(7,235,473)
Change in value of split interest liabilities	-	(263,846)	-	-	-	(263,846)	(263,846)
Other	-	30,129	50,595	-	50,595	30,129	80,724
Contributions (to)/from Foundation	-	2,737	-	(2,737)	-	-	-
Net assets released from restrictions and other transfers	4,126,330	(4,126,330)	4,804	(4,804)	4,131,134	(4,131,134)	-
Total Support and Revenue	3,505,243	(3,783,383)	732,399	(18,033)	4,237,642	(3,801,416)	436,226
Expenses							
Salaries, wages, and benefits	2,184,033	-	64,269	-	2,248,302	-	2,248,302
Scholarships and grants	1,476,349	-	4,224	-	1,480,573	-	1,480,573
Program support	988,193	-	35,685	-	1,023,878	-	1,023,878
Professional services	654,824	-	7,878	-	662,702	-	662,702
University capital project support	584,332	-	-	-	584,332	-	584,332
Supplies	214,183	-	1,391	-	215,574	-	215,574
Travel	160,493	-	10,903	-	171,396	-	171,396
Information technology	115,941	-	-	-	115,941	-	115,941
Postage and printing	37,781	-	4,053	-	41,834	-	41,834
Miscellaneous	29,272	-	4,993	-	34,265	-	34,265
Interest	18,278	-	-	-	18,278	-	18,278
Write-off pledges	9,536	-	-	-	9,536	-	9,536
Total Program and Administrative Expenses	6,473,215	-	133,396	-	6,606,611	-	6,606,611
Total Change in Net Assets	(2,967,972)	(3,783,383)	599,003	(18,033)	(2,368,969)	(3,801,416)	(6,170,385)
Net Assets, beginning of year	7,746,280	43,849,576	764,797	161,974	8,511,077	44,011,550	52,522,627
Net Assets, end of year	\$ 4,778,308	\$ 40,066,193	\$ 1,363,800	\$ 143,941	\$ 6,142,108	\$ 40,210,134	\$ 46,352,242