



Report of Independent Auditors and
Combined Financial Statements with
Supplementary Information

**Central Washington University Foundation
and Alumni Association**

June 30, 2024 and 2023

Table of Contents

	Page
Report of Independent Auditors	1
Combined Financial Statements	
Combined Statements of Financial Position	5
Combined Statement of Activities	6
Combined Statement of Functional Expenses	8
Combined Statements of Cash Flows	10
Notes to Combined Financial Statements	11
Supplementary Information	
Combining Statement of Financial Position as of June 30, 2024	25
Combining Statement of Activities as of June 30, 2024	26



Report of Independent Auditors

The Board of Directors
Central Washington University Foundation and Alumni Association

Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of Central Washington University Foundation and Alumni Association, which comprise the combined statements of financial position as of June 30, 2024 and 2023, 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 present fairly, in all material respects, the financial position of Central Washington University Foundation and Alumni Association as of June 30, 2024 and 2023, and the changes in their net assets and their 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 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 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the 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.

Moss Adams LLP

Yakima, Washington
October 22, 2024

Combined Financial Statements

**Central Washington University Foundation
and Alumni Association**
Combined Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Operating cash	\$ 527,756	\$ 745,941
Restricted cash	89,013	181,004
Total cash and cash equivalents	616,769	926,945
Investments	63,326,312	52,266,594
Pledges receivable, net	3,158,010	1,561,717
Total assets	\$ 67,101,091	\$ 54,755,256
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and other liabilities	\$ 462,295	\$ 471,808
Trust and gift annuity liabilities	1,663,170	1,751,984
Line of credit	836,320	1,057,478
Total liabilities	2,961,785	3,281,270
NET ASSETS		
Without donor restrictions		
Operating	9,021,462	6,484,519
Board-designated	908,413	807,576
Total net assets without donor restriction	9,929,875	7,292,095
With donor restrictions	54,209,431	44,181,891
Total net assets	64,139,306	51,473,986
Total liabilities and net assets	\$ 67,101,091	\$ 54,755,256

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 218,851	\$ 7,082,022	\$ 7,300,873
In-kind contributions	2,497,307	79,372	2,576,679
Special event revenue, net	8,117	75,605	83,722
Sponsorships	-	91,600	91,600
Membership dues	-	-	-
Investment return, net	2,763,917	7,091,883	9,855,800
Change in value of split interest liabilities	-	(65,833)	(65,833)
Other	37,329	34,408	71,737
Net assets released from restrictions and other transfers	4,361,517	(4,361,517)	-
Total support and revenue	<u>9,887,038</u>	<u>10,027,540</u>	<u>19,914,578</u>
EXPENSES			
Program	4,993,879	-	4,993,879
Management and general	1,087,502	-	1,087,502
Fundraising	1,167,877	-	1,167,877
Total program and administrative expenses	<u>7,249,258</u>	<u>-</u>	<u>7,249,258</u>
TOTAL CHANGE IN NET ASSETS	2,637,780	10,027,540	12,665,320
NET ASSETS, beginning of year	<u>7,292,095</u>	<u>44,181,891</u>	<u>51,473,986</u>
NET ASSETS, end of year	<u>\$ 9,929,875</u>	<u>\$ 54,209,431</u>	<u>\$ 64,139,306</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	8,670,199	3,971,757	12,641,956
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	7,520,212	-	7,520,212
TOTAL CHANGE IN NET ASSETS	1,149,987	3,971,757	5,121,744
NET ASSETS, beginning of year	6,142,108	40,210,134	46,352,242
NET ASSETS, end of year	\$ 7,292,095	\$ 44,181,891	\$ 51,473,986

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statement of Functional Expenses
Year Ended June 30, 2024**

	Program	Management and General	Fundraising	Total
Salaries, wages, and benefits	\$ 1,630,637	\$ 585,306	\$ 481,346	\$ 2,697,289
Scholarships and grants	1,843,356	-	-	1,843,356
Program support	632,749	170,462	282,264	1,085,475
Professional services	71,785	106,667	309,733	488,185
University capital project support	363,867	-	-	363,867
Supplies	174,131	1,777	7,656	183,564
Travel	229,328	24,346	57,274	310,948
Information technology	21,238	126,270	348	147,856
Postage and printing	10,140	1,904	29,256	41,300
Miscellaneous	7,692	7,745	-	15,437
Interest	-	63,025	-	63,025
Write-off pledges	8,956	-	-	8,956
	<u>\$ 4,993,879</u>	<u>\$ 1,087,502</u>	<u>\$ 1,167,877</u>	<u>\$ 7,249,258</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
	<u>\$ 5,316,504</u>	<u>\$ 946,382</u>	<u>\$ 1,257,326</u>	<u>\$ 7,520,212</u>
Total expenses	<u>\$ 5,316,504</u>	<u>\$ 946,382</u>	<u>\$ 1,257,326</u>	<u>\$ 7,520,212</u>

See accompanying notes.

**Central Washington University Foundation
and Alumni Association
Combined Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 4,128,478	\$ 2,451,536
Cash paid for scholarships and programs	(2,928,831)	(2,974,992)
Cash paid to employees	(257,441)	(333,324)
Cash paid to vendors	(1,799,443)	(1,578,625)
Cash paid for interest	(63,025)	(55,049)
Net dividends and interest received	1,254,450	1,109,218
Net cash flows from (used in) operating activities	334,188	(1,381,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to investment funds	(2,350,000)	-
Purchase of investments	(15,105,385)	(6,682,626)
Proceeds from sale of investments	15,155,967	6,845,969
Net cash flows from (used in) investing activities	(2,299,418)	163,343
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(221,158)	(122,886)
Contributions received for long-term purposes	1,876,212	1,248,512
Net cash flows from financing activities	1,655,054	1,125,626
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(310,176)	(92,267)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	926,945	1,019,212
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 616,769	\$ 926,945

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, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose		
Scholarships and awards	\$ 1,874,905	\$ 1,786,247
Academic and Program Support	6,482,203	5,249,471
	8,357,108	7,035,718
Subject to the passage of time and specified purpose		
Charitable gift annuities, charitable remainder trusts	1,578,920	1,160,609
Pledges receivable restricted by donors, net	1,693,052	488,369
	3,271,972	1,648,978
Donor restricted endowments subject to Foundation spending policy and appropriation		
Subject to purpose and time	13,779,405	9,216,861
Restricted for endowment in perpetuity	27,690,075	25,736,398
	41,469,480	34,953,259
Pledges receivable restricted to endowment by donors	1,110,871	543,936
	\$ 54,209,431	\$ 44,181,891

Net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024			
Foundation	\$ 9,198,923	\$ 54,076,482	\$ 63,275,405
Association	730,952	132,949	863,901
	\$ 9,929,875	\$ 54,209,431	\$ 64,139,306
June 30, 2023			
Foundation	\$ 6,640,484	\$ 44,038,414	\$ 50,678,898
Association	651,611	143,477	795,088
	\$ 7,292,095	\$ 44,181,891	\$ 51,473,986

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, real estate investment trusts (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.

Risks and uncertainties – The financial instruments of the Foundation are exposed to various risks such as interest rate, market, and credit risks. The Foundation seeks to mitigate such risks through prudent investment strategies such as diversified asset classes and investment managers. Due to such risks and market volatility, the values and related activity reported in the consolidated financial statements can vary substantially from year-to-year. Such variations could be material to the combined financial statements.

Revenue recognition – Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by the explicit donor stipulation or by law. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date contributed.

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. Based on declining engagement trends, and in line with similar institutions, on July 1, 2023, the Association phased out the dues-based membership programs and adopted an all-inclusive alumni membership model to increase engagement and foster a community of equity and belonging.

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

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, 2024 and 2023, the Foundation had no outstanding conditional promises to give. Pledges from nine and three donors accounted for 76% and 43% of the pledges receivable balance at June 30, 2024 and 2023, 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. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

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, 2024 or 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. See Note 10 for related party disclosure.

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 22, 2024.

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

Note 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 616,769	\$ 926,945
Investments	63,326,312	52,266,594
Pledges receivable	<u>3,158,010</u>	<u>1,561,717</u>
Total financial assets	<u>\$ 67,101,091</u>	<u>\$ 54,755,256</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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 527,756	\$ 745,941
Pledge receivable collectible in one year or less	1,377,835	484,459
Endowment spending rate distributions and appropriations	<u>2,275,890</u>	<u>1,979,108</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,181,481</u>	<u>\$ 3,209,508</u>

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

Note 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:

June 30, 2024	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 3,499,970	\$ 3,499,970	\$ -	\$ -
Fixed income				
Corporate obligations	2,221,061	-	2,221,061	-
Government obligations	2,646,240	2,646,240	-	-
Domestic mutual funds	301,337	301,337	-	-
Mortgage backed securities	145,607	145,607	-	-
International mutual funds	-	-	-	-
Equity				
Domestic mutual funds	25,198,188	25,198,188	-	-
International mutual funds	6,212,421	6,212,421	-	-
Information technology	9,694,394	9,694,394	-	-
Financials	2,109,691	2,109,691	-	-
International equities	3,143,249	3,143,249	-	-
Health care	2,458,019	2,458,019	-	-
Consumer discretionary	1,769,331	1,769,331	-	-
Industrials	1,615,206	1,615,206	-	-
All other categories	849,746	849,746	-	-
REITs	1,461,852	1,461,852	-	-
	<u>\$ 63,326,312</u>	<u>\$ 61,105,251</u>	<u>\$ 2,221,061</u>	<u>\$ -</u>
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	1,299,164	1,299,164	-	-
	<u>\$ 52,266,594</u>	<u>\$ 51,129,130</u>	<u>\$ 1,137,464</u>	<u>\$ -</u>

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

Note 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 \$159,011 and \$130,246 during the years ended June 30, 2024 and 2023, respectively. In addition, the Foundation has assessed administrative fees of \$758,920 and \$636,875 during the years ended June 30, 2024 and 2023, respectively, on the endowment balance as discussed in Note 11. 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 6 – Pledges Receivable

Pledges receivable at June 30, 2024 and 2023, have scheduled maturities as follows:

	2024	2023
Less than one year	\$ 1,768,576	\$ 671,076
One to five years	1,801,650	1,058,872
Less discount to net present value at rates from 3.25% to 6.50%	(322,961)	(124,982)
Less allowance for uncollectible pledges	(89,255)	(43,249)
Net pledges receivable	\$ 3,158,010	\$ 1,561,717

Note 7 – Charitable Trusts, Annuities, and Related Liability

The charitable trusts are trusts that have been contributed to the Foundation. 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, 2024 and 2023, respectively, was \$121,248 and \$97,923, and the liability for trust payments to the donors was \$39,045 and \$64,399.

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

Charitable gift annuities are irrevocable gifts under which the Foundation 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 value of charitable gift annuity assets at June 30, 2024 and 2023, respectively, was \$3,120,842 and \$2,776,804. The liability for the life annuity payments to the donors was \$1,624,125 and \$1,687,585 at June 30, 2024 and 2023, respectively. The current and long-term portions of this liability were as follows for the year ended June 30, 2024 and 2023:

	2024	2023
Current annuity payable	\$ 148,945	\$ 148,945
Long-term annuity payable	1,475,180	1,538,640
	\$ 1,624,125	\$ 1,687,585

Deferred gifts of cash are valued at face value and investments at fair 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 rates used to value the annuities payable range from 3.00% to 5.50% and are based on the Internal Revenue Service actuarial tables for the years ended June 30, 2024 and 2023. The discount rates on the charitable trusts were 5.60% and 4.20% for the years ended June 30, 2024 and 2023, respectively, and are based on Internal Revenue Service actuarial tables.

Note 8 – 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 6.50% at June 30, 2024). The borrowings are collateralized by the Foundation’s investment account at the creditor bank. The line of credit matures on June 19, 2024, at which point all outstanding principal and interest is due. The balance on the line of credit was \$836,320 at June 30, 2024. In June 2024, the line of credit agreement was extended through June 20, 2025.

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 9 – 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.

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

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 contributions during the years ended June 30, 2024 or 2023.

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 for the years ended June 30, 2024 and 2023:

	2024			
	Program	Management	Fundraising	Total
Donated services				
Foundation salaries and benefits	\$ 529,112	\$ 585,281	\$ 458,472	\$ 1,572,865
Association salaries and benefits	866,983	-	-	866,983
Foundation office space	33,846	-	-	33,846
Association office space	22,613	-	-	22,613
Donated equipment	56,945	-	-	56,945
Donated goods	23,427	-	-	23,427
	<u>\$ 1,532,926</u>	<u>\$ 585,281</u>	<u>\$ 458,472</u>	<u>\$ 2,576,679</u>
	2023			
	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
Foundation office space	-	-	-	-
Association office space	-	-	-	-
Donated equipment	9,998	-	-	9,998
Donated goods	247,961	-	-	247,961
	<u>\$ 1,499,861</u>	<u>\$ 345,905</u>	<u>\$ 512,310</u>	<u>\$ 2,358,076</u>

Central Washington University Foundation and Alumni Association

Notes to Combined Financial Statements

Note 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 \$2,439,848 and \$2,100,117 for the years ended June 30, 2024 and 2023, respectively.

Reimbursements for personnel and other costs to the University totaled \$3,516,994 and \$3,745,392 for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the Foundation owed the University \$412,908 and \$367,171, respectively.

Contributions from members of the Foundation's board to the Foundation totaled \$668,611 and \$316,409 during the years ended June 30, 2024 and 2023, respectively.

Note 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 assets consist of the following:

June 30, 2024	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment (Held in Perpetuity)	Total
Donor-restricted endowment funds	\$ -	\$ 13,779,405	\$ 27,690,075	\$ 41,469,480
Board-designated	905,546	-	-	905,546
	<u>\$ 905,546</u>	<u>\$ 13,779,405</u>	<u>\$ 27,690,075</u>	<u>\$ 42,375,026</u>
June 30, 2023	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment (Held in Perpetuity)	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>

Changes in endowment net assets for the years ended June 30, 2024 and 2023, are as follows:

June 30, 2024	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment (Held in Perpetuity)	Total
Endowment net assets, beginning of year	\$ 804,310	\$ 9,216,861	\$ 25,736,398	\$ 35,757,569
Investment return				
Investment income	14,724	726,972	-	741,696
Net gain	117,287	5,836,492	5,932	5,959,711
Total investment return	132,011	6,563,464	5,932	6,701,407
Contributions	-	-	1,876,212	1,876,212
Appropriation of endowment assets for expenditure and redesignation	(30,775)	(2,000,920)	71,533	(1,960,162)
Endowment net assets, end of year	<u>\$ 905,546</u>	<u>\$ 13,779,405</u>	<u>\$ 27,690,075</u>	<u>\$ 42,375,026</u>

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

June 30, 2023	Without Donor Restrictions Quasi- Endowment	With Donor Restrictions Purpose and Time	With Donor Restrictions Endowment (Held in Perpetuity)	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	\$ 804,310	\$ 9,216,861	\$ 25,736,398	\$ 35,757,569

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 was one and eleven funds considered to be deficient as of June 30, 2024 and 2023, respectively. The total corpus value of these funds was \$100,000 and \$772,802 with a current fair value of \$98,882 and \$729,301 which leads to a total deficiency value of \$1,118 and \$43,501 at June 30, 2024 and 2023, respectively.

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:

	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.

Note 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 combined statement of financial position. The amount of scholarships offered but still conditional amount to \$964,002 and \$593,837 at June 30, 2024 and 2023, respectively.

Supplementary Information

**Central Washington University Foundation
and Alumni Association**
Combining Statement of Financial Position
June 30, 2024

	Central Washington University Foundation	Central Washington University Alumni Association	Combined Total
ASSETS			
Operating cash	\$ 507,929	\$ 19,827	\$ 527,756
Restricted cash	89,013	-	89,013
Total cash and cash equivalents	<u>596,942</u>	<u>19,827</u>	<u>616,769</u>
Investments	62,482,238	844,074	63,326,312
Pledges receivable, net	<u>3,158,010</u>	<u>-</u>	<u>3,158,010</u>
Total assets	<u>\$ 66,237,190</u>	<u>\$ 863,901</u>	<u>\$ 67,101,091</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and other liabilities	\$ 462,295	\$ -	\$ 462,295
Trust and gift annuity liabilities	1,663,170	-	1,663,170
Line of credit	<u>836,320</u>	<u>-</u>	<u>836,320</u>
Total liabilities	<u>2,961,785</u>	<u>-</u>	<u>2,961,785</u>
NET ASSETS			
Without donor restrictions			
Operating	8,290,510	730,952	9,021,462
Board-designated	908,413	-	908,413
With donor restrictions	<u>54,076,482</u>	<u>132,949</u>	<u>54,209,431</u>
Total net assets	<u>63,275,405</u>	<u>863,901</u>	<u>64,139,306</u>
Total liabilities and net assets	<u>\$ 66,237,190</u>	<u>\$ 863,901</u>	<u>\$ 67,101,091</u>

See report of independent auditors.

**Central Washington University Foundation
and Alumni Association
Combining Statement of Activities
Year Ended June 30, 2024**

	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	\$ 211,641	\$ 7,080,332	\$ 7,210	\$ 1,690	\$ 218,851	\$ 7,082,022	\$ 7,300,873
In-kind contributions	1,606,711	79,372	890,596	-	2,497,307	79,372	2,576,679
Special event revenue, net	-	75,605	8,117	-	8,117	75,605	83,722
Sponsorships	-	91,600	-	-	-	91,600	91,600
Membership dues	-	-	-	-	-	-	-
Investment return, net	2,641,579	7,070,886	122,338	20,997	2,763,917	7,091,883	9,855,800
Change in value of split interest liabilities	-	(65,833)	-	-	-	(65,833)	(65,833)
Other	-	34,408	37,329	-	37,329	34,408	71,737
Contributions (to) from Foundation	1,000	2,483	(1,000)	(2,483)	-	-	-
Net assets released from restrictions and other transfers	4,330,785	(4,330,785)	30,732	(30,732)	4,361,517	(4,361,517)	-
Total support and revenue	8,791,716	10,038,068	1,095,322	(10,528)	9,887,038	10,027,540	19,914,578
EXPENSES							
Salaries, wages, and benefits	1,787,647	-	909,642	-	2,697,289	-	2,697,289
Scholarships and grants	1,831,225	-	12,131	-	1,843,356	-	1,843,356
Program support	1,034,560	-	50,915	-	1,085,475	-	1,085,475
Professional services	484,639	-	3,546	-	488,185	-	488,185
University capital project support	363,867	-	-	-	363,867	-	363,867
Supplies	178,448	-	5,116	-	183,564	-	183,564
Travel	302,055	-	8,893	-	310,948	-	310,948
Information technology	132,138	-	15,718	-	147,856	-	147,856
Postage and printing	36,655	-	4,645	-	41,300	-	41,300
Miscellaneous	10,062	-	5,375	-	15,437	-	15,437
Interest	63,025	-	-	-	63,025	-	63,025
Write-off pledges	8,956	-	-	-	8,956	-	8,956
Total program and administrative expenses	6,233,277	-	1,015,981	-	7,249,258	-	7,249,258
TOTAL CHANGE IN NET ASSETS	2,558,439	10,038,068	79,341	(10,528)	2,637,780	10,027,540	12,665,320
NET ASSETS, beginning of year	6,640,484	44,038,414	651,611	143,477	7,292,095	44,181,891	51,473,986
NET ASSETS, end of year	\$ 9,198,923	\$ 54,076,482	\$ 730,952	\$ 132,949	\$ 9,929,875	\$ 54,209,431	\$ 64,139,306

See report of independent auditors.