

RENTON TECHNICAL COLLEGE FOUNDATION

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2018 AND 2017

BRANTLEY JANSON YOST & ELLISON
Certified Public Accountants
A Professional Service Corporation
1617 South 325th Street
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Renton Technical College Foundation
Renton, Washington

We have audited the accompanying financial statements of Renton Technical College Foundation (a Washington nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renton Technical College Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brantley Janson Yost & Ellison

February 15, 2019

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 411,227	\$ 212,634
Pledges receivable	-	8,000
Prepaid scholarships	-	<u>3,191</u>
Total current assets	411,227	223,825
INVESTMENTS	<u>1,502,051</u>	<u>1,394,580</u>
TOTAL ASSETS	<u>\$ 1,913,278</u>	<u>\$ 1,618,405</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 12,476
Due to related party (see Note 7)	<u>150,961</u>	<u>-</u>
Total current liabilities	150,961	12,476
NET ASSETS		
Unrestricted	256,605	199,074
Temporarily restricted	600,045	575,103
Permanently restricted	<u>905,667</u>	<u>831,752</u>
	<u>1,762,317</u>	<u>1,605,929</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,913,278</u>	<u>\$ 1,618,405</u>

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities				
Support and revenue				
Contributions	\$ 29,764	\$ 299,731	\$ 73,915	\$ 403,410
Special event revenue	70,976	70,537	-	141,513
Gain on investments, net	38,611	78,992	-	117,603
In-kind college support (Note 7)	178,487	-	-	178,487
Net assets released from restriction	<u>424,318</u>	<u>(424,318)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	742,156	24,942	73,915	841,013
Expenses				
Program services	438,927	-	-	438,927
Supporting activities				
General and administrative	121,336	-	-	121,336
Fundraising	<u>124,362</u>	<u>-</u>	<u>-</u>	<u>124,362</u>
Total expenses	<u>684,625</u>	<u>-</u>	<u>-</u>	<u>684,625</u>
CHANGE IN NET ASSETS	57,531	24,942	73,915	156,388
NET ASSETS, beginning of year	<u>199,074</u>	<u>575,103</u>	<u>831,752</u>	<u>1,605,929</u>
NET ASSETS, end of year	<u>\$ 256,605</u>	<u>\$ 600,045</u>	<u>\$ 905,667</u>	\$ 1,762,317

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities				
Support and revenue				
Contributions	\$ 20,281	\$ 85,819	\$ 48,911	\$ 155,011
Special event revenue	41,501	67,310	-	108,811
Gain on investments, net	58,039	74,245	-	132,284
In-kind college support (Note 7)	168,885	-	-	168,885
Net assets released from restriction	<u>222,024</u>	<u>(222,024)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	510,730	5,350	48,911	564,991
Expenses				
Program services	248,963	-	-	248,963
Supporting activities				
General and administrative	118,950	-	-	118,950
Fundraising	<u>133,577</u>	<u>-</u>	<u>-</u>	<u>133,577</u>
Total expenses	<u>501,490</u>	<u>-</u>	<u>-</u>	<u>501,490</u>
CHANGE IN NET ASSETS	9,240	5,350	48,911	63,501
NET ASSETS, beginning of year	<u>189,834</u>	<u>569,753</u>	<u>782,841</u>	<u>1,542,428</u>
NET ASSETS, end of year	<u>\$ 199,074</u>	<u>\$ 575,103</u>	<u>\$ 831,752</u>	\$ 1,605,929

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Supporting Activities</u>			<u>Total</u>	<u>Total</u>
	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>		
Admin fees	\$ -	\$ 9,285	\$ -	\$ 9,285	\$ 9,285
Bank charges	-	1,975	-	1,975	1,975
Contract services	37,828	78,487	71,486	149,973	187,801
Equipment funding expenditures	150,314	-	-	-	150,314
Fundraising	-	-	3,047	3,047	3,047
Insurance	-	1,111	-	1,111	1,111
Meeting and conferences	1,088	311	156	467	1,555
Occupancy	3,480	1,740	1,740	3,480	6,960
Office expenses	6,815	13,628	2,271	15,899	22,714
Professional fees	-	14,799	-	14,799	14,799
Program & student support	44,513	-	-	-	44,513
Scholarship expense	194,889	-	-	-	194,889
Special events	-	-	45,662	45,662	45,662
	<u>\$ 438,927</u>	<u>\$ 121,336</u>	<u>\$ 124,362</u>	<u>\$ 245,698</u>	<u>\$ 684,625</u>

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Supporting Activities</u>			<u>Total</u>	
	<u>Program Services</u>	<u>General Administrative</u>	<u>Fundraising</u>		<u>Total Supporting Activities</u>
Admin fees	\$ -	\$ 7,953	\$ -	\$ 7,953	\$ 7,953
Bank charges	-	1,849	-	1,849	1,849
Contract services	33,655	76,352	79,217	155,569	189,224
Equipment funding expenditures	34,129	-	-	-	34,129
Fundraising	-	-	4,573	4,573	4,573
Insurance	-	1,071	-	1,071	1,071
Meeting and conferences	800	230	114	344	1,143
Occupancy	3,720	1,861	1,861	3,722	7,442
Office expenses	5,765	11,531	1,922	13,453	19,218
Professional fees	-	18,104	-	18,104	18,104
Program & student support	30,783	-	-	-	30,783
Scholarship expense	140,111	-	-	-	140,111
Special events	-	-	45,890	45,890	45,890
	<u>\$ 248,963</u>	<u>\$ 118,951</u>	<u>\$ 133,577</u>	<u>\$ 252,528</u>	<u>\$ 501,490</u>

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 156,388	\$ 63,501
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain on investments	(97,165)	(111,762)
Reinvested dividends and interest, net of fees	(10,306)	(10,693)
Changes in assets and liabilities:		
Pledges receivable	8,000	23,000
Prepaid scholarships	3,191	(3,191)
Accounts payable	(12,476)	5,474
Due to related party	<u>150,961</u>	<u>-</u>
Net cash provided (used) by operating activities	198,593	(33,671)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions (purchases) from investments, net	<u>-</u>	<u>103,759</u>
Net change in cash	198,593	70,088
CASH, beginning of year	<u>212,634</u>	<u>142,546</u>
CASH, end of year	<u>\$ 411,227</u>	<u>\$ 212,634</u>

The accompanying notes are an integral part of these financial statements.

RENTON TECHNICAL COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES

Renton Technical College Foundation (the Foundation) was established in 1993 to provide support for the private fundraising efforts of Renton Technical College (the College). The Foundation aids and promotes excellence at the College by providing scholarships, equipment for teaching and training, special academic opportunities for students, and support for outstanding faculty.

The goals of the Foundation are to:

- Increase private funding to support students' scholarships and special needs of the College;
- Increase the public's awareness of the College's and students' financial needs;
- Communicate the strong relationships between the College and the business community;
- Increase the self-sufficiency of the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that are met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Foundation. The donors of these assets permit the Foundation to use the income earned on any related investments for general or specific purposes.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation maintains cash balances at two financial institutions in Washington State. The total cash balances held in interest bearing accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, there were no uninsured cash balances

For purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents included in investments are considered investments.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income tax is included. The Foundation operates as a Type III functionally integrated supporting organization (FISO) to the College.

The Foundation follows accounting principles generally accepted in the United States of America (GAAP), which prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

For the years ended June 30, 2018 and 2017, the Foundation has no material uncertain tax positions to be accounted for in the financial statements. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

Management has evaluated subsequent events through February 15, 2019, the date the financial statements were available to be issued.

Reclassifications

Certain items in the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on net assets.

Pending Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU will change the way all Not-For-Profits classify net assets and prepare financial statements. It is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is currently evaluating the impact this update will have on the Foundation's financial statements.

In August 2015, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 842). The new standard is effective for reporting periods beginning after December 15, 2018 and early adoption is permitted. This comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures regarding revenue and contracts with customers. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. Management is currently evaluating the impact this update will have on the Foundation's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016 - 02, Leases (Topic 842). The new standard is effective for reporting periods beginning after December 15, 2019 and early adoption is permitted. The standard will require lessees to report most leases as assets and liabilities on the balance sheet, while lessor accounting will remain substantially unchanged. The standard requires a modified retrospective transition approach for existing leases, whereby the new rules will be applied to the earliest year presented. Management is currently evaluating the impact this update will have on the Foundation's financial statements.

Management has not elected to adopt either standard early.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 - FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under GAAP are described as follows:

- *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- *Level 2* – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate & treasury bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Market exchange traded funds, mutual funds, and pooled interest accounts: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded for fair value purposes.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3 - FAIR VALUE MEASUREMENT (Continued)

In accordance with GAAP, the following table represents the Foundation's hierarchy for its financial assets measured at fair value on a recurring basis as of:

June 30, 2018

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 29,527	\$ 29,527	\$ -
Common stocks	725,380	725,380	-
Corporate bonds	229,929	-	229,929
Market exchange traded funds	72,274	72,274	-
Mutual funds	277,078	277,078	-
Pooled interest account	63,506	-	63,506
Treasury bonds	87,163	-	87,163
Other	17,194	-	17,194
	<u>\$ 1,502,051</u>	<u>\$ 1,104,259</u>	<u>\$ 397,792</u>

June 30, 2017

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 33,092	\$ 33,092	\$ -
Common stocks	877,564	877,564	-
Corporate bonds	195,441	-	195,441
Market exchange traded funds	51,936	51,936	-
Mutual funds	91,739	91,739	-
Pooled interest account	60,085	-	60,085
Treasury bonds	65,783	-	65,783
Other	18,940	-	18,940
	<u>\$ 1,394,580</u>	<u>\$ 1,054,331</u>	<u>\$ 340,249</u>

NOTE 4 - INVESTMENTS

Investment income is comprised of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Unrealized gain	\$ 92,493	\$ 106,828
Interest and dividends, including reinvested	37,682	37,738
Investment fees	<u>(12,572)</u>	<u>(12,282)</u>
	<u>\$ 117,603</u>	<u>\$ 132,284</u>

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 - ENDOWMENT

Washington State has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides uniform and fundamental rules for the prudent investment of funds held by charitable institutions and the expenditure of funds donated as endowments to those institutions. The Foundation's investment policy requires compliance with UPMIFA. Management believes they are managing their endowment funds in compliance with UPMIFA.

The Board of Directors of the Foundation has interpreted the law as requiring the preservation of the fair value of corpus of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets (that is, its net unspent appreciation and income) is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the entity.

The Foundation's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. In accordance with GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment is primarily invested in common stock and bonds that are included in the investments at June 30, 2018 and 2017. Interest earned on the investments is considered appropriated as received.

A summary of the endowment investment account is as follows:

	<u>Total</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>
Balance, June 30, 2017	\$ 945,923	\$ 114,171	\$ 831,752
Contributions	103,190	29,275	73,915
Investment earnings	65,438	65,438	-
Release from restrictions	<u>(68,871)</u>	<u>(68,871)</u>	<u>-</u>
Balance, June 30, 2018	<u>\$ 1,045,680</u>	<u>\$ 140,013</u>	<u>\$ 905,667</u>

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5 - ENDOWMENT (Continued)

	<u>Total</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>
Balance, June 30, 2016	\$ 880,669	\$ 97,855	\$ 782,841
Contributions	23,161	1,250	21,911
Transfers	-	(27,000)	27,000
Investment earnings	87,019	87,019	-
Release from restrictions	<u>(45,943)</u>	<u>(45,943)</u>	<u>-</u>
Balance, June 30, 2017	<u>\$ 944,906</u>	<u>\$ 113,181</u>	<u>\$ 831,752</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed a blended benchmark.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Foundation relies on an investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year approximately 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. If a fund has a deficiency due to unfavorable market conditions, no distributions are granted. In establishing this policy, the Foundation considered the historical return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 - TEMPORARILY AND PERMANETLY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 totaled \$600,045 and \$575,103, which were restricted primarily for the following purposes: student support and scholarships, program equipment and supplies, and faculty and staff development.

Permanently restricted net assets at June 30, 2018 and 2017 consisted of endowment funds totaling \$905,667 and \$831,752. The principal portion of the endowment is permanently restricted and income on the principal is either unrestricted or temporarily restricted to scholarships or programs.

NOTE 7 - RELATED PARTY

The Foundation was established to provide support for the private fundraising efforts of the College. The Board of the Foundation is separate from the Board of the College. As part of the agreement with the College, the College pays for certain salaries, benefits, facility charges and supplies. These costs totaled \$158,336 and \$168,885 during the years ended June 30, 2018 and 2017, and are included in the statement of changes in net assets as in-kind support. Because a large portion of the management and fundraising costs are paid by the College, a more significant percentage of each gift received is available to pay for scholarships or other programs for students of the College.

During the year ended June 30, 2018, the College made purchases of \$148,686 for the purchase of training equipment and other costs. Prior to June 30, 2018, the Foundation approved of the reimbursement of those costs which were then paid subsequent to year end. The amount of the commitment has been accrued on the statement of financial position as due to a related party.

For the year ended June 30, 2018, the Foundation received \$70,274 from United Way that was directed to the College. Because the Foundation had no variance power over the use and allocation of the gift, it was not recorded in revenues or expenses.