

DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
District 17 Community Colleges Foundation
Spokane, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of District 17 Community Colleges Foundation (a nonprofit corporation), which comprises the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District 17 Community Colleges Foundation, as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District 17 Community Colleges Foundation 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 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 District 17 Community Colleges Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 District 17 Community Colleges Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District 17 Community Colleges Foundation'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.



CliftonLarsonAllen LLP

Spokane, Washington
November 29, 2022

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 904,534	\$ 1,057,514
Promises to Give - Pledges Receivable	328,202	370,600
Prepaid Expenses	16,783	62,152
Certificates of Deposit	-	250,000
Property and Equipment, Net	8,191,912	8,516,888
Future Interests Receivable from Trusts	60,771	40,681
Investments, at Fair Value	23,695,922	25,552,897
Total Assets	\$ 33,198,124	\$ 35,850,732
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 162,858	\$ 123,787
Accrued Compensated Absences	40,413	57,734
Deferred Rent	32,807	45,332
Deposit Held for Others - at Refinance (CCS)	1,528,867	1,528,867
Deposit Held for Others - after Refinance (CCS)	650,189	594,760
Note Payable	4,277,969	4,573,983
Total Liabilities	6,693,103	6,924,463
NET ASSETS		
Without Donor Restrictions	8,220,759	10,245,328
With Donor Restrictions	4,948,764	4,550,529
With Donor Restrictions - Endowment	13,335,498	14,130,412
Total Net Assets	26,505,021	28,926,269
Total Liabilities and Net Assets	\$ 33,198,124	\$ 35,850,732

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions		Total
		Donor Restricted	Endowment	
REVENUE, SUPPORT, AND GAINS				
Contributions	\$ 67,193	\$ 659,250	\$ 965,235	\$ 1,691,678
Noncash Contributions	5,020	24,464	-	29,484
Net Investment Income (Loss), Including				
Gains and Losses on Investments	(1,924,980)	17	(1,455,156)	(3,380,119)
Gain on Sale of Property	-	-	256,763	256,763
Income Transfer per Spending Rule	36,853	373,685	(410,538)	-
Grant Income	-	63,500	-	63,500
Administration Fees	147,797	1,430	-	149,227
Rental Income	1,702,509	-	-	1,702,509
Net Assets Released from Restrictions and Other Transfers	875,329	(724,111)	(151,218)	-
Total Revenue, Support, and Gains	909,721	398,235	(794,914)	513,042
EXPENSES AND LOSSES				
Program Services:				
Student Support	730,865	-	-	730,865
Rental	1,384,320	-	-	1,384,320
Total Program Services	2,115,185	-	-	2,115,185
Supporting Services:				
General and Administrative	427,069	-	-	427,069
Fundraising	392,036	-	-	392,036
Total Supporting Services	819,105	-	-	819,105
Total Expenses	2,934,290	-	-	2,934,290
CHANGE IN NET ASSETS	(2,024,569)	398,235	(794,914)	(2,421,248)
Net Assets - Beginning of Year	10,245,328	4,550,529	14,130,412	28,926,269
NET ASSETS - END OF YEAR	\$ 8,220,759	\$ 4,948,764	\$ 13,335,498	\$ 26,505,021

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions		Total
		Donor Restricted	Endowment	
REVENUE, SUPPORT, AND GAINS				
Cash Contributions	\$ 69,917	\$ 999,557	\$ 121,618	\$ 1,191,092
Noncash Contributions	4,724	30,420	-	35,144
Investment Income, Including Gains and Losses on Investments	2,411,365	1,402	3,444,702	5,857,469
Income Transfer per Spending Rule	33,757	343,181	(376,938)	-
Grant Income	-	57,166	-	57,166
Administration Fees	142,138	-	-	142,138
Rental Income	1,670,798	-	25,800	1,696,598
Net Assets Released from Restrictions	806,011	(690,337)	(115,674)	-
Total Revenue, Support, and Gains	<u>5,138,710</u>	<u>741,389</u>	<u>3,099,508</u>	<u>8,979,607</u>
EXPENSES AND LOSSES				
Program Services:				
Student Support	700,931	-	-	700,931
Rental	1,351,206	-	-	1,351,206
Total Program Services	<u>2,052,137</u>	<u>-</u>	<u>-</u>	<u>2,052,137</u>
Supporting Services:				
General and Administrative	493,182	-	-	493,182
Fundraising	357,584	-	-	357,584
Total Supporting Services	<u>850,766</u>	<u>-</u>	<u>-</u>	<u>850,766</u>
Total Expenses	<u>2,902,903</u>	<u>-</u>	<u>-</u>	<u>2,902,903</u>
CHANGE IN NET ASSETS	2,235,807	741,389	3,099,508	6,076,704
Net Assets - Beginning of Year	8,009,521	3,809,140	11,030,904	22,849,565
NET ASSETS - END OF YEAR	<u>\$ 10,245,328</u>	<u>\$ 4,550,529</u>	<u>\$ 14,130,412</u>	<u>\$ 28,926,269</u>

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Support Services		
	Student Support	Rental	Total	General and Administrative	Fundraising	Total
Salaries	\$ 74,870	\$ -	\$ 74,870	\$ 206,073	\$ 284,282	\$ 565,225
Depreciation	-	507,715	507,715	-		507,715
Scholarships	401,679	-	401,679	-		401,679
Repairs and Maintenance	-	343,745	343,745	-		343,745
Program Support	216,347	-	216,347	-		216,347
Fees	-	63,650	63,650	147,872	1,047	212,569
Utilities	-	166,648	166,648	-		166,648
Interest Expense	-	159,386	159,386	-		159,386
Taxes - Real Estate	-	80,218	80,218	-		80,218
Software Support	7,955	-	7,955	15,093	30,312	53,360
Contracted Services	-	38,700	38,700	9,822	3,507	52,029
Event Expenses	-	-	-	-	37,017	37,017
Noncash Program Support	29,484	-	29,484	-		29,484
Insurance	-	21,660	21,660	2,620		24,280
Professional Fees	-	2,597	2,597	16,843	1,404	20,844
Supplies	-	-	-	13,022		13,022
Printing and Promotional	59	-	59	628	11,688	12,375
Planned Giving	-	-	-	-	12,019	12,019
Marketing	396	-	396	999	8,874	10,269
Meetings	-	-	-	9,012	110	9,122
Dues and Subscriptions	-	-	-	2,611	255	2,866
Credit Cards and Bank Fees	-	-	-	1,461	342	1,803
Gifts	-	-	-	1,615	47	1,662
Training	-	-	-	1,230		1,230
Travel	-	-	-	1,161		1,161
Donor Cultivation	75	-	75	-	860	935
Awards	-	-	-	696		696
Licenses & Permits	-	1	1	299	140	440
Postage and Supplies	-	-	-	(6)	132	126
Uncollectible Pledge Expense	-	-	-	(3,982)		(3,982)
Total Functional Expenses	\$ 730,865	\$ 1,384,320	\$ 2,115,185	\$ 427,069	\$ 392,036	\$ 2,934,290

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services			Support Services		
	Student Support	Rental	Total	General and Administrative	Fundraising	Total
Salaries	\$ 77,571	\$ -	\$ 77,571	\$ 212,538	\$ 294,535	\$ 584,644
Depreciation	-	496,789	496,789	-	-	496,789
Scholarships	379,666	-	379,666	-	-	379,666
Repairs and Maintenance	-	368,401	368,401	-	-	368,401
Program Support	200,764	-	200,764	-	-	200,764
Interest Expense	-	186,682	186,682	-	-	186,682
Utilities	-	150,828	150,828	-	-	150,828
Fees	-	7,291	7,291	141,433	-	148,724
Taxes - Real Estate	-	79,229	79,229	-	-	79,229
Software Support	7,004	-	7,004	12,780	37,303	57,087
Uncollectible Pledge Expense	-	-	-	56,378	-	56,378
Contracted Services	-	38,700	38,700	9,300	-	48,000
Noncash Program Support	35,144	-	35,144	-	-	35,144
Insurance	-	21,325	21,325	2,418	-	23,743
Professional Fees	-	1,961	1,961	32,341	5,147	39,449
Printing and Promotional	-	-	-	229	9,636	9,865
Marketing	389	-	389	3,000	4,214	7,603
Supplies	-	-	-	6,392	-	6,392
Training	-	-	-	5,144	-	5,144
Credit Cards and Bank Fees	-	-	-	2,887	643	3,530
Dues and Subscriptions	-	-	-	3,268	255	3,523
Planned Giving	-	-	-	-	2,440	2,440
Postage and Supplies	-	-	-	1,714	445	2,159
Meetings	-	-	-	1,718	128	1,846
Event Expenses	-	-	-	-	1,650	1,650
Donor Recognition	-	-	-	-	1,114	1,114
Awards	393	-	393	613	-	1,006
Travel	-	-	-	411	-	411
Misc	-	-	-	618	74	692
Total Functional Expenses	\$ 700,931	\$ 1,351,206	\$ 2,052,137	\$ 493,182	\$ 357,584	\$ 2,902,903

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,421,248)	\$ 6,076,704
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	507,715	496,789
(Gain) Loss on Investments - Unrealized	4,225,906	(3,384,224)
Gain on Investments - Realized	(52,393)	(1,818,450)
Gain on Future Interests - Unrealized	(20,090)	(8,472)
Contributions Restricted for Endowments	(965,235)	(121,618)
Gain on Sale of Property	(256,763)	-
Changes in Operating Assets and Liabilities:		
Promises to Give	42,398	(319,474)
Prepaid Expenses	45,369	(34,663)
Accounts Payable	39,071	(41,534)
Accrued Expenses	(17,321)	20,698
Deferred Rent	(12,525)	44,647
Deposits Held for Others - After Refinance	55,429	99,658
Net Cash Provided by Operating Activities	1,170,313	1,010,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Buildings, Improvements, and Equipment	(282,576)	(190,397)
Purchase of Investments	(6,242,500)	(17,823,216)
Sale of Investments	3,925,962	16,062,715
Proceeds from Maturities of Certificates of Deposit	250,000	818,042
Proceeds from Sale of Assets	356,600	-
Net Cash Used by Investing Activities	(1,992,514)	(1,132,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowments	965,235	121,618
Payment on Long-Term Debt	(296,014)	(268,718)
Net Cash Provided (Used) by Financing Activities	669,221	(147,100)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(152,980)	(269,895)
Cash and Cash Equivalents - Beginning of Year	1,057,514	1,327,409
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 904,534	\$ 1,057,514
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 63,650	\$ 186,682

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

District 17 Community Colleges Foundation (the Foundation) is a Washington nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is organized to provide benefits to Washington State Community College District 17 (Community Colleges of Spokane) and to the students of Spokane Community College and Spokane Falls Community College. The Foundation is operated to receive, hold, invest, and properly administer the assets and to make expenditures to or for the benefit of the aforementioned institutions.

Basis of Accounting

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors or by management for the use for those resources.

Financial Statement Presentation

The financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets as follows:

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met, and any net assets designated by the board for specific purposes.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity. This class also includes scholarship funds, program support funds, endowment funds, and charitable remainder trusts, when applicable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers highly liquid debt instruments, if any, purchased with maturity of three months or less, to be cash equivalents.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit are stated at cost plus accrued interest which approximates fair value.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at financial institutions. The bank accounts at times, may be in excess of the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) insurance limits.

Property and Equipment and Depreciation

Assets purchased for general purposes are capitalized at cost and depreciated on the straight-line method over 5 to 10 years. Buildings are depreciated over 31 to 40 years. Assets with a value over \$5,000 are capitalized (see Note 4).

Revenues

Revenue is recognized when it is earned and realized or realizable. In determining whether these two elements are present, the Foundation considers whether (i) persuasive evidence of an arrangement exists, (ii) service has been provided, (iii) the price is fixed or determinable, and (iv) collectibility is reasonably assured.

Contributions

Contributions, including unconditional promises to give, are recognized as support in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend on have been met.

Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible promises is provided based upon management's judgment or potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions with Restrictions Met in the Same Year

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as net assets without donor restriction.

Noncash Contributions

The Foundation received significant amounts of donated equipment and materials, which pass through the Foundation to its charitable beneficiaries.

The Community Colleges of Spokane provides personnel and other administrative support to the Foundation at no cost, in accordance with a cooperative agreement. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

See Note 16.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statements of activities. Student support expenses do not include any overhead, they are paid on a reimbursement basis. Rental expenses include direct costs associated with rental activities to the Community Colleges of Spokane as well as other tenants. Support expenses are allocated as follows: fundraising expenses include costs directly attributable to those functions. General and administrative expenses include directly attributable expenses as well as indirect expenses that support all programs and operations of the Foundation.

Income Tax Status

The Foundation is exempt from income taxes as a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code.

Change in Accounting Principle

Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed and Nonfinancial Assets*. The ASU enhances the presentation and disclosure of contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021.

Subsequent Events

Management has evaluated subsequent events through November 29, 2022, the date the financial statements were available to be issued, and has identified no events that, if disclosed, would influence the reader's opinion concerning these financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also received gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions.

The Foundation manages its cash available to meet general expenditures following three guiding principles; (1) operating within a prudent range of financial soundness and stability, (2) maintain adequate liquid assets, and (3) maintain sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year for years ending June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 904,534	\$ 1,057,514
Receivables	328,202	370,600
Certificates of Deposit	-	250,000
Investments	<u>23,695,922</u>	<u>25,552,897</u>
Total Financial Assets	24,928,658	27,231,011
Receivable Scheduled to be Collected in More than One Year	(250,000)	(321,000)
Contractual or Donor-Imposed Restrictions:		
Deposit Held for Others - at Refinance (CCS)	(1,528,867)	(1,528,867)
Deposit Held for Others - after Refinance (CCS)	(650,189)	(594,760)
Investments - With Donor Restrictions	(4,948,764)	(4,550,529)
Investments - Endowment	<u>(13,335,498)</u>	<u>(14,130,412)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,215,340</u>	<u>\$ 6,105,443</u>

NOTE 3 PROMISES TO GIVE/PLEDGES RECEIVABLE

The Foundation conducts various fundraising campaigns. A provision for estimated uncollectible promises and discount of future year promises has been recorded, which was calculated as a combined rate of 15% of outstanding promises to give for years ending June 30, 2022 and 2021. The discount rate used was 3.30% at June 30, 2022 and 1.98% at June 30, 2021. Maturities of long-term promises to give are as follows for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 136,120	\$ 115,000
In One to Five Years	<u>250,000</u>	<u>321,000</u>
Total	386,120	436,000
Less: Allowance for Uncollectible Promises to Give and Discount	(57,918)	(65,400)
Total	<u>\$ 328,202</u>	<u>\$ 370,600</u>

DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost or fair market value at date of gift, consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 44,793	\$ 44,793
Land	3,395,032	3,459,042
Buildings	9,644,941	9,753,931
Building Improvements	3,841,542	3,572,614
Subtotal	<u>16,926,308</u>	<u>16,830,380</u>
Less: Accumulated Depreciation	<u>(8,734,396)</u>	<u>(8,313,492)</u>
Net Property and Equipment	<u>\$ 8,191,912</u>	<u>\$ 8,516,888</u>

Depreciation is recorded using the straight-line method over estimated lives of 31 to 40 years (buildings) and 5 to 10 years (equipment). Equipment over \$5,000 is capitalized. Depreciation expense was \$507,715 and \$496,789 for the years ended June 30, 2022 and 2021.

NOTE 5 CHARITABLE REMAINDER TRUSTS

The Foundation, through its deferred giving program, is the beneficiary of one charitable remainder unitrust. The trusts, formulated through written legal trust documents, are separate legal entities for reporting to the Internal Revenue Service. In accordance with trust documents, trust property and all receipts of every kind shall be managed and invested by the independent trustee as a single fund from which the trustee shall pay an annuity amount in each taxable year of the trust. Future interests receivable from trusts are computed and represented based on actuarial assumptions of the trusts' life beneficiaries' estimated life expectancies and current interest rates (see Note 6).

Future interests receivable were \$60,771 and \$40,681 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Financial accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels for disclosure purposes. The level in the fair value hierarchy is based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and gives the lowest priority (Level 3) to unobservable inputs. An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The levels of the fair value hierarchy are as follows:

DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Prices are obtained from readily available sources for market transactions involving identical assets or liabilities.

Level 2 – Fair values are based on inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, and other market observable inputs such as interest rate, credit spread, and foreign currency exchange rates observable in the marketplace or derived from market transactions.

Level 3 – Fair values are based on at least one significant unobservable input for the asset or liability and as a result considerable judgment may be used in determining the fair values. These fair values are generally obtained through the use of valuation models or methodologies using a significant unobservable input or broker quote.

Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. Accounting standards require the use of observable market data if such data is available without undue cost and effort.

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used at June 30, 2022 and 2021.

Future Interests

Investment assets have been valued using a market approach, and future interests are valued at market and discounted (see Note 5).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of further fair values. Furthermore, while the Foundation believed its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table discloses, by level within the fair value hierarchy, the Foundation's assets measured and reported on the statements of financial position at fair value on a recurring basis as of June 30:

	2022			Total
	Level 1	Level 2	Level 3	
U.S. Equity Securities	\$ 1,089,439	\$ -	\$ -	\$ 1,089,439
Mutual Funds:				
Equity	4,792,543	-	-	4,792,543
Bond	13,485,858	-	-	13,485,858
Equity ETFs	4,295,526	-	-	4,295,526
Alternative Investments:				
Real Assets	32,556	-	-	32,556
Total	<u>\$ 23,695,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,695,922</u>
Future Interests	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,771</u>	<u>\$ 60,771</u>
	2021			
	Level 1	Level 2	Level 3	Total
US Equity Securities	\$ 1,396,811	\$ -	\$ -	\$ 1,396,811
Mutual Funds:				
Equity	14,935,058	-	-	14,935,058
Bond	4,491,109	-	-	4,491,109
Equity ETFs	4,687,536	-	-	4,687,536
Alternative Investments:				
Real Assets	42,383	-	-	42,383
Total	<u>\$ 25,552,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,552,897</u>
Future Interests	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,681</u>	<u>\$ 40,681</u>

The following sets forth a summary for the years ended June 30, 2022 and 2021 of the Foundation's Level 3 assets:

Instrument	2022 Fair Value	2021 Fair Value	Principal Valuation Technique	Unobservable Inputs
Future Interests	<u>\$ 60,771</u>	<u>\$ 40,681</u>	FM of Trust Investments	Time Period of Trust

NOTE 7 INVESTMENTS

Investment income is recorded net of fees charged by the investment advisors for years ended June 30, 2022 and 2021 of approximately \$64,000 and \$57,000, respectively.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 INVESTMENTS (CONTINUED)

This following summarizes the investment return for the years ended June 30 and its classification in the statements of activities:

	2022			
	Without Donor Restriction	With Donor Restrictions		Total
		Restricted	Endowment	
Interest and Dividends	\$ 601	\$ 17	\$ 796,757	\$ 797,375
Changes in Trust Value	-	-	20,090	20,090
Gains and Losses, Net	(1,925,581)	-	(2,272,003)	(4,197,584)
Total Investment Return	<u>\$ (1,924,980)</u>	<u>\$ 17</u>	<u>\$ (1,455,156)</u>	<u>\$ (3,380,119)</u>
Transfer Income per Spending Rule	<u>\$ 36,853</u>	<u>\$ 373,685</u>	<u>\$ (410,538)</u>	<u>\$ -</u>
	2021			
	Without Donor Restriction	With Donor Restrictions		Total
		Restricted	Endowment	
Interest and Dividends	\$ 1,818	\$ 1,402	\$ 700,108	\$ 703,328
Changes in Trust Value	-	-	8,472	8,472
Gains and Losses, Net	2,442,322	-	2,703,347	5,145,669
Total Investment Return	<u>\$ 2,444,140</u>	<u>\$ 1,402</u>	<u>\$ 3,411,927</u>	<u>\$ 5,857,469</u>
Transfer Income per Spending Rule	<u>\$ 33,757</u>	<u>\$ 343,181</u>	<u>\$ (376,938)</u>	<u>\$ -</u>

NOTE 8 ACCOUNTING FOR COMPENSATED ABSENCES

CCS employees who work for the Foundation are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The estimated amount of compensation for future absences is \$40,413 and \$57,734 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 NOTE PAYABLE

Note payable consisted of the following as of June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Note payable to Banner Bank, payable in monthly installments of \$37,950 including interest at 3.5%, due June 1, 2025; secured by real property (Riverpoint One building). The loan requires the Foundation to maintain a debt service ratio equal to or in excess of 1.25 to 1.	<u>\$ 4,277,969</u>	<u>\$ 4,573,983</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 NOTE PAYABLE (CONTINUED)

Interest expense amounted to \$159,386 and \$186,682 for the years ended June 30, 2022 and 2021, respectively. Principal payments on the above debt are as follows for the year ended June 30:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 308,565
2024	319,326
2025	3,650,078
Total	<u>\$ 4,277,969</u>

NOTE 10 FUNDS HELD FOR ENDOWMENT

The Foundation follows Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. The board of directors of the Foundation has interpreted 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 retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment, (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Foundation, and (7) the Foundation's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original contribution value. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were deficiencies of \$89,231 and \$-0- in these funds for the years ended June 30, 2022 and 2021, respectively.

Endowment Investment and Spending Policies

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. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term objective is to return a reasonable rate of return, net of investment fees. Actual returns in any year may vary.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 FUNDS HELD FOR ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

To satisfy its long-term rate-of-return objectives, the Foundation relies 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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The annual spending rule transfer is calculated by applying a distribution calculation to the three-year moving average fair market value of the permanently restricted net assets. The distribution amount can be up to 4% and is determined annually by the finance committee, the distribution amount was 3.75% at June 30, 2022 and 2021. In addition, the Foundation assesses a 1% administration fee. The spending policy was in effect for the years ended June 30, 2022 and 2021, along with the administrative fee charged against endowment funds. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment assets to grow annually.

This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Donor restricted endowment net asset composition by type of fund for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 7,496,510	\$ 7,420,485
Program Support	1,956,489	2,283,235
Emerging Needs	947,649	1,097,442
Faculty/Staff Development	2,874,079	3,288,569
Charitable Remainder Trusts	60,771	40,681
Endowment Net Assets - End of Year	<u>\$ 13,335,498</u>	<u>\$ 14,130,412</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 FUNDS HELD FOR ENDOWMENT (CONTINUED)

Endowment Investment and Spending Policies (Continued)

Change in endowment net assets for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Endowment Net Assets - Beginning of Year	\$ 14,130,412	\$ 11,030,904
Contributions	965,235	121,618
Investment Income, Including Gains and Losses,		
Realized and Unrealized	(1,455,156)	3,411,927
Gain on Sale of Property	256,763	-
Endowment Income Transfer	(410,538)	(376,938)
Rental Income	-	25,800
Uncollectible Pledges	(1,700)	1,425
Administrative Fees	(128,693)	(109,359)
Support Services	(44,825)	(6,665)
Transfers	24,000	31,700
Endowment Net Assets - End of Year	<u>\$ 13,335,498</u>	<u>\$ 14,130,412</u>

NOTE 11 RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restriction at June 30 are available for the following purposes or periods:

	<u>2022</u>			
	<u>Perpetual</u>	<u>Purpose</u>	<u>Underwater</u>	<u>Total</u>
Scholarships	\$ 6,205,084	\$ 4,762,902	\$ (89,231)	\$ 10,878,755
Program Support	1,465,097	2,118,682	-	3,583,779
Emerging Needs	735,957	211,692	-	947,649
Faculty/Staff Development	2,376,105	497,974	-	2,874,079
Total	<u>\$ 10,782,243</u>	<u>\$ 7,591,250</u>	<u>\$ -</u>	<u>\$ 18,284,262</u>
	<u>2021</u>			
	<u>Perpetual</u>	<u>Purpose</u>	<u>Underwater</u>	<u>Total</u>
Scholarships	\$ 4,884,136	\$ 5,599,674	\$ -	\$ 10,483,810
Program Support	1,466,901	2,344,218	-	3,811,119
Emerging Needs	732,693	364,749	-	1,097,442
Faculty/Staff Development	2,376,105	912,465	-	3,288,570
Total	<u>\$ 9,459,835</u>	<u>\$ 9,221,106</u>	<u>\$ -</u>	<u>\$ 18,680,941</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 OPERATING LEASE COMMITMENTS RECEIVABLE

The Foundation leases building space to tenants under noncancelable operating leases with terms of 1 to 10 years. The Foundation leases all properties to the Community Colleges of Spokane, with the exception of Riverpoint One, a portion of which is leased to other tenants. The Foundation has entered into an option agreement with the Community Colleges of Spokane, which grants CCS an option to purchase the Riverpoint One property (see also Note 14). The following is a schedule by years of future minimum rentals receivable under the leases at June 30, 2022.

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,990,561
2024	1,655,126
2025	1,004,382
2026	169,624

NOTE 13 RELATED PARTY

The Foundation is organized to provide benefits to Washington State Community College District 17 (CCS) and the students of Spokane Community College and Spokane Falls Community College. As such, Washington State Community College District 17 is a related party. Operating leases with CCS are described in Note 12. An option for CCS to purchase the Riverpoint One building is described in Note 14. Deposits held for CCS are described in Note 15. Services and support donated by CCS are described in Note 1, “Donated services and support.”

NOTE 14 OPTION TO PURCHASE RIVERPOINT ONE BUILDING

At June 30, 2017, the Foundation had completed the refinance of the Riverpoint One building. With the refinance of the debt, the Community Colleges Foundation and the Community Colleges of Spokane have updated their agreement to incorporate the changes that have occurred.

Agreements

In September 2016, the parties executed the “Option to Purchase and Agreement Regarding Financial Operations of Riverpoint One Property between Community Colleges of Spokane and Community Colleges of Spokane Foundation,” which replaces the agreement dated April 12, 2016, and the original option and operation agreements of July 2000. The agreement grants CCS an option to purchase the Riverpoint One property for a cash payment equal to the current outstanding debt obligation, if any, at the time of purchase. The Foundation may not sell the property to any other party unless CCS is in default on the agreement on the Riverpoint One property. The option period extends for as long as the Foundation owns the Riverpoint One property. If CCS does not exercise the option, the Foundation will repay to CCS \$1,528,867 of reserve and advance funds (listed in detail in Note 15), which amount is reported as the liability, “Deposits held for others – at refinance (CCS).”

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 OPTION TO PURCHASE RIVERPOINT ONE BUILDING (CONTINUED)

Agreements (Continued)

The agreement states that in normal operations, the building should produce positive cash flows, defined as equal to the net cash flow after expenditures, capital improvements, and debt service. Such positive cash flow will be distributed first at \$50,000 per year to the Foundation. Secondly, \$50,001 will be set aside each year into the emergency reserve account until \$600,000 is maintained. Any remaining positive cash flow will be distributed to CCS. The emergency reserve will be used for maintenance and temporary cash flow deficits and will transfer to CCS in the event that CCS acquires the property. This reserve and the excess cash owed to CCS are included in the liability, "Deposits held for others - after refinance (CCS)."

CCS will also set up its own separate internal reserve fund and will deposit \$25,000 per year until \$300,000 is maintained. The parties agree that in the event insufficient funds are available in the Foundation emergency reserve account for the Riverpoint One property, CCS will reimburse the Foundation for operating losses up to the amount in the CCS internal reserve.

Financial Effect of Transaction, if Option to Purchase is Exercised

The exercise of the option transaction would have the following financial effect (at book value), as if exercised at June 30, 2017:

Riverpoint One Cost Basis, Net of Depreciation	\$ 6,689,970
Less: Mortgage Payable at 6/30/17	<u>(5,266,565)</u>
Potential Transfer of Building to CCS	<u>\$ 1,423,405</u>
Offsetting Transaction Upon Option Exercise:	
Deposit Held for Others (Refinance) will Transfer to Foundation Net Assets	<u>\$ (1,528,867)</u>
Net Book Value Effect	<u>\$ (105,462)</u>

In addition, the Foundation will transfer reserve cash accounts to CCS (which are \$350,007 and \$-0- at June 30, 2022 and \$300,006 and \$32,893 at June 30, 2021 and are equally offset by liability accounts, see Note 15).

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 DEPOSITS HELD FOR OTHERS – RIVERPOINT ONE BUILDING

Deposits held for others as of June 30 are as follows:

	CCS Paid to Close	Contingency Reserve	Excess Income Reserve	Total Deposit Liability
Up to the Refinance Date:				
Liability as of June 30, 2014	\$ -	\$ 511,597	\$ 1,030,657	\$ 1,542,254
Interest for the year June 30, 2015	-	99	1,179	1,278
RP1 Decrease for June 30, 2015	-	-	(177,985)	(177,985)
Reserve Used for Capital				-
Expenditures June 30, 2015	-	-	(228,593)	(228,593)
Contributed by CCS	500,000	-	-	500,000
Liability as of June 30, 2015	500,000	511,696	625,258	1,636,954
Less: Deposits Carried Over	-	-	(108,087)	(108,087)
Liability as of June 30, 2017 and 2018, Funds Used in Refinance	<u>\$ 500,000</u>	<u>\$ 511,696</u>	<u>\$ 517,171</u>	<u>\$ 1,528,867</u>

In the event the option to purchase is exercised, the total deposit liability would not be paid to CCS and would instead be reclassified to net assets of the Foundation.

	Owed to CCS	Emergency Reserve	Excess Income Reserve	Total Deposit Liability
After the Refinance Date:				
Liability as of June 30, 2017	\$ 159,149	\$ 100,002	\$ 32,893	\$ 292,044
Check to CCS October 31, 2017	(159,149)	-	-	(159,149)
RP1 Increase for June 30, 2018	186,694	-	-	186,694
Less: Earned by Foundation	(50,000)	-	-	(50,000)
Less: Owed to Emergency Reserve	(50,001)	50,001	-	-
Check to CCS November 1, 2018	(86,693)	-	-	(86,693)
RP1 Increase for June 30, 2019	161,771	-	-	161,771
Less: Earned by Foundation	(50,001)	-	-	(50,001)
Less: Owed to Emergency Reserve	(50,001)	50,001	-	-
Check to CCS November 1, 2019	(61,770)	-	-	(61,770)
RP1 Increase for June 30, 2020	312,206	-	-	312,206
Less: Earned by Foundation	(50,000)	-	-	(50,000)
Less: Owed to Emergency Reserve	(50,001)	50,001	-	-
Check to CCS November 1, 2020	(212,205)	-	-	(212,205)
RP1 increase for June 30, 2021	361,862	-	-	361,862
Less: Earned by Foundation	(50,000)	-	-	(50,000)
Less: Owed to Emergency Reserve	(50,001)	50,001	-	-
Check to CCS	(261,861)	-	(32,893)	(294,754)
RP1 Increase for June 30, 2022	400,183	-	-	400,183
Less: Earned by Foundation	(50,000)	-	-	(50,000)
Less: Owed to Emergency Reserve	(50,001)	50,001	-	-
Liability as of June 30, 2021, Funds Accumulated After Refinance	<u>\$ 300,182</u>	<u>\$ 350,007</u>	<u>\$ -</u>	<u>\$ 650,189</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 DEPOSITS HELD FOR OTHER – RIVERPOINT ONE BUILDING (CONTINUED)

The \$300,182 owed to CCS will be paid in November 2022. The emergency reserve and excess income reserve would be paid to CCS in the event the option to purchase is exercised.

NOTE 16 NONCASH CONTRIBUTIONS

For the years ending June 30, 2022 and 2021, noncash contributions recognized within the statement of activities included:

	2022	2021
Equipment	\$ 21,015	\$ 7,095
Aircraft	-	10,000
Material	85	-
Supplies	5,230	17,549
Gift Cards	-	500
Entertainment	3,154	-
Total	\$ 29,484	\$ 35,144

Valuation techniques: All contributed items are valued by the donor or by the face value of the item being donated. The Foundation estimated the fair value of identical or similar products using pricing data under a “like-kind” methodology considering the goods condition and utility for use at the time of the contribution.

All noncash contributions were restricted to use by donors in the student support program, with the exception of \$5,020 of supplies for the year ending June 30, 2022 and \$4,724 of supplies for the year ending June 30, 2021.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



Board of Directors
District 17 Community Colleges Foundation
Spokane, Washington

We have audited the financial statements of District 17 Community Colleges Foundation as of and for the year ended June 30, 2022, and have issued our report thereon dated November 29, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our statement of work letter dated July 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by District 17 Community Colleges Foundation are described in Note 1 to the financial statements.

As described in Note 1 to the financial statements, management adopted Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were allowance for uncollectible pledges receivable, the present value discount on long-term pledges and functional allocation of expenses.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A schedule is attached summarizing the uncorrected misstatements.

Corrected misstatements

Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

* * *

This communication is intended solely for the information and use of the board of directors and management of District 17 Community Colleges Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Spokane, Washington
November 29, 2022

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
District 17 Community Colleges Foundation
Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Net Assets	Change in Net Assets
Adjustment for lease income recognition	\$ 119,686	\$ -	\$ (105,855)	\$ (13,831)
Subtotals	119,686	-	(105,855)	(13,831)