

DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
District 17 Community Colleges Foundation
Spokane, Washington

We have audited the accompanying financial statements of District 17 Community Colleges Foundation (a nonprofit corporation), which comprises the financial statements as of June 30, 2021 and 2020, 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 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 presentation of the financial statements.

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

Board of Directors
District 17 Community Colleges Foundation

Opinion

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, 2021 and 2020 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington
November 17, 2021

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,057,514	\$ 1,327,409
Promises to Give - Pledges Receivable	370,600	51,126
Prepaid Expenses	62,152	27,489
Certificates of Deposit	250,000	1,068,042
Property and Equipment, Net	8,516,888	8,823,280
Future Interests Receivable from Trusts	40,681	32,209
Investments, at Fair Value	25,552,897	18,589,722
Total Assets	\$ 35,850,732	\$ 29,919,277
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 123,787	\$ 165,321
Accrued Compensated Absences	57,734	37,036
Deferred Rent	45,332	685
Deposit Held for Others - at Refinance (CCS)	1,528,867	1,528,867
Deposit Held for Others - after Refinance (CCS)	594,760	495,102
Note Payable	4,573,983	4,842,701
Total Liabilities	6,924,463	7,069,712
NET ASSETS		
Without Donor Restrictions	10,245,328	8,009,521
With Donor Restrictions	4,550,529	3,809,140
With Donor Restrictions - Endowment	14,130,412	11,030,904
Total Net Assets	28,926,269	22,849,565
Total Liabilities and Net Assets	\$ 35,850,732	\$ 29,919,277

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				
Contributions	\$ 69,917	\$ 999,557	\$ 121,618	\$ 1,191,092
Noncash Contributions	4,724	30,420	-	35,144
Net 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 and Other Transfers	806,011	(690,337)	(115,674)	-
Total Revenue, Support, and Gains	5,138,710	741,389	3,099,508	8,979,607
EXPENSES AND LOSSES				
Program Services:				
Student Support	700,931	-	-	700,931
Rental	1,351,206	-	-	1,351,206
Total Program Services	2,052,137	-	-	2,052,137
Supporting Services:				
General and Administrative	493,182	-	-	493,182
Fundraising	357,584	-	-	357,584
Total Supporting Services	850,766	-	-	850,766
Total Expenses	2,902,903	-	-	2,902,903
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	\$ 10,245,328	\$ 4,550,529	\$ 14,130,412	\$ 28,926,269

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions		Total
		Donor Restricted	Endowment	
REVENUE, SUPPORT, AND GAINS				
Cash Contributions	\$ 69,988	\$ 1,096,980	\$ 572,520	\$ 1,739,488
Noncash Contributions	99,208	90,412	-	189,620
Investment Income, Including Gains and Losses on Investments	(319,030)	1,902	305,633	(11,495)
Income Transfer per Spending Rule	34,943	372,410	(407,353)	-
Grant Income	-	30,100	-	30,100
Administration Fees	189,604	6,422	-	196,026
Rental Income	1,692,830	-	25,800	1,718,630
Net Assets Released from Restrictions	1,082,133	(954,179)	(127,954)	-
Total Revenue, Support, and Gains	2,849,676	644,047	368,646	3,862,369
EXPENSES AND LOSSES				
Program Services:				
Student Support	1,036,214	-	-	1,036,214
Rental	1,420,024	-	-	1,420,024
Total Program Services	2,456,238	-	-	2,456,238
Supporting Services:				
General and Administrative	850,634	-	-	850,634
Fundraising	65,603	-	-	65,603
Total Supporting Services	916,237	-	-	916,237
Total Expenses	3,372,475	-	-	3,372,475
CHANGE IN NET ASSETS	(522,799)	644,047	368,646	489,894
Net Assets - Beginning of Year	8,532,320	3,165,093	10,662,258	22,359,671
NET ASSETS - END OF YEAR	\$ 8,009,521	\$ 3,809,140	\$ 11,030,904	\$ 22,849,565

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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services			Support Services		
	Student Support	Rental	Total	General and Administrative	Fundraising	Total
Program Support	\$ 400,854	\$ -	\$ 400,854	\$ -	\$ -	\$ 400,854
Noncash Program Support	189,620	-	189,620	-	-	189,620
Scholarships	437,843	-	437,843	-	-	437,843
Salaries	-	-	-	567,498	-	567,498
Depreciation	-	480,805	480,805	-	-	480,805
Repairs and Maintenance	-	418,210	418,210	703	-	418,913
Interest Expense	-	236,736	236,736	-	-	236,736
Utilities	-	147,226	147,226	-	-	147,226
Fees	-	50	50	126,782	-	126,832
Taxes - Real Estate	-	74,142	74,142	-	-	74,142
Contracted Services	-	40,200	40,200	-	10,400	50,600
Postage and Supplies	-	-	-	46,721	36	46,757
Software Support	-	-	-	21,923	23,026	44,949
Insurance	-	22,655	22,655	2,397	-	25,052
Professional Fees	-	-	-	18,891	-	18,891
Marketing	-	-	-	16,626	2,198	18,824
Uncollectible Pledge Expense	-	-	-	16,158	-	16,158
Travel	-	-	-	11,267	-	11,267
Printing and Promotional	-	-	-	96	10,111	10,207
Training	-	-	-	8,948	-	8,948
Event Expenses	-	-	-	-	8,148	8,148
Other Fundraising Expense	7,897	-	7,897	-	70	7,967
Donor Recognition	-	-	-	-	6,459	6,459
Credit Cards and Bank Fees	-	-	-	5,510	-	5,510
Dues and Subscriptions	-	-	-	4,717	785	5,502
Meetings	-	-	-	2,397	1,708	4,105
Planned Giving	-	-	-	-	2,662	2,662
Total Functional Expenses	\$ 1,036,214	\$ 1,420,024	\$ 2,456,238	\$ 850,634	\$ 65,603	\$ 3,372,475

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,076,704	\$ 489,894
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	496,789	480,805
(Gain) Loss on Investments - Unrealized	(3,384,224)	371,168
(Gain) Loss on Investments - Realized	(1,818,450)	193,630
Gain on Future Interests - Unrealized	(8,472)	(12,027)
Contributions Restricted for Endowments	(121,618)	(572,520)
Changes in Operating Assets and Liabilities:		
Promises to Give	(319,474)	(25,541)
Prepaid Expenses	(34,663)	(9,423)
Accounts Payable	(41,534)	(169,109)
Accrued Expenses	20,698	(6,314)
Deferred Rent	44,647	575
Deposits Held for Others - After Refinance	99,658	200,435
Net Cash Provided by Operating Activities	1,010,061	941,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Paid for Buildings, Improvements, and Equipment	(190,397)	(149,960)
Purchase of Investments	(17,823,216)	(7,625,292)
Sale of Investments	16,062,715	6,062,827
Proceeds from Maturities of Certificates of Deposit	818,042	-
Purchase of Certificates of Deposit	-	(255,523)
Net Cash Used by Investing Activities	(1,132,856)	(1,967,948)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowments	121,618	572,520
Payment on Long-Term Debt	(268,718)	(218,664)
Net Cash Provided (Used) by Financing Activities	(147,100)	353,856
NET CHANGE IN CASH AND CASH EQUIVALENTS	(269,895)	(672,519)
Cash and Cash Equivalents - Beginning of Year	1,327,409	1,999,928
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,057,514	\$ 1,327,409
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 186,682	\$ 236,736

See accompanying Notes to Financial Statements.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Donated Equipment and Materials

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

Donated equipment and materials are recorded at their estimated fair market value. During the years ended June 30, 2021 and 2020 the Foundation recorded noncash contributed equipment and materials totaling \$30,420 and \$90,412, respectively.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Support

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.

During the years ended June 30, 2021 and 2020, the Foundation recorded noncash contributed services and support totaling \$4,724 and \$99,208, respectively.

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.

Subsequent Events

Management has evaluated subsequent events through November 17, 2021, 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.

Change in Accounting Principle

Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for non-public entities. The ASU is effective for fiscal years beginning after December 15, 2019.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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.

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,057,514	\$ 1,327,409
Receivables	370,600	51,126
Certificates of Deposit	250,000	1,068,042
Investments	<u>25,552,897</u>	<u>18,589,722</u>
Total Financial Assets	27,231,011	21,036,299
Receivable Scheduled to be Collected in More than One Year	(321,000)	(38,500)
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)	(594,760)	(495,102)
Investments - With Donor Restrictions	(4,550,529)	(3,809,140)
Investments - Endowment	<u>(14,130,412)</u>	<u>(11,030,904)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,105,443</u>	<u>\$ 4,133,786</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 June 30, 2021. Maturities of long-term promises to give are as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Within One Year	\$ 115,000	\$ 21,650
In One to Five Years	321,000	38,500
Total	436,000	60,150
Less: Allowance for Uncollectible Promises to Give and Discount	(65,400)	(9,024)
Total	<u>\$ 370,600</u>	<u>\$ 51,126</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020:

	2021	2020
Equipment	\$ 44,793	\$ 44,793
Land	3,459,042	3,459,042
Buildings	9,753,931	9,753,931
Building Improvements	3,572,615	3,382,218
Subtotal	<u>16,830,381</u>	<u>16,639,984</u>
Less: Accumulated Depreciation	<u>(8,313,493)</u>	<u>(7,816,704)</u>
Net Property and Equipment	<u>\$ 8,516,888</u>	<u>\$ 8,823,280</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 \$496,789 and \$480,805 for the years ended June 30, 2021 and 2020.

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 \$40,681 and \$32,209 for the years ended June 30, 2021 and 2020, 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, 2021 AND 2020**

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, 2021 and 2020.

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, 2021 AND 2020

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Future Interests (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:

	2021			Total
	Level 1	Level 2	Level 3	
U.S. 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>

	2020			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Equity	\$ 5,828,124	\$ -	\$ -	\$ 5,828,124
Bond	1,254,956	-	-	1,254,956
ETFs:				
Equity	9,231,916	-	-	9,231,916
Bond	2,274,726	-	-	2,274,726
Total	<u>\$ 18,589,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,589,722</u>
Future Interests	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,209</u>	<u>\$ 32,209</u>

The following sets forth a summary for the years ended June 30, 2021 and 2020 of the Foundation's Level 3 assets:

Instrument	2021 Fair Value	2020 Fair Value	Principal Valuation Technique	Unobservable Inputs
Future Interests	<u>\$ 40,681</u>	<u>\$ 32,209</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, 2021 and 2020 of approximately \$57,000 and \$62,000, respectively.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 INVESTMENT (CONTINUED)

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

	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>
	2020			
	Without Donor Restriction	With Donor Restrictions		Total
		Restricted	Endowment	
Interest and Dividends	\$ 6,550	\$ 1,902	\$ 532,824	\$ 541,276
Changes in Trust Value	-	-	12,027	12,027
Gains and Losses, Net	(325,579)	-	(239,219)	(564,798)
Total Investment Return	<u>\$ (319,029)</u>	<u>\$ 1,902</u>	<u>\$ 305,632</u>	<u>\$ (11,495)</u>
 Transfer Income per Spending Rule	 <u>\$ 34,943</u>	 <u>\$ 372,410</u>	 <u>\$ (407,353)</u>	 <u>\$ -</u>

NOTE 8 ACCOUNTING FOR COMPENSATED ABSENCES

Employees of 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 \$57,734 and \$37,036 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 NOTE PAYABLE

Note payable consisted of the following as of June 30:

Description	2021	2020
Note payable to Banner Bank, payable in monthly installments of \$37,950 including interest at 3.9%, due June 1, 2025; secured by real property (Riverpoint One building). There is a prepayment penalty of 1% of the original principal balance if paid within the first three-year period. The current loan requires the Foundation to maintain a debt service ratio equal to or in excess of 1.25 to 1.	<u>\$ 4,573,983</u>	<u>\$ 4,842,701</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 NOTE PAYABLE (CONTINUED)

Interest expense amounted to \$186,682 and \$236,736 for the years ended June 30, 2021 and 2020, 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>
2022	\$ 274,929
2023	290,624
2024	301,909
2025	3,706,521
Total	<u>\$ 4,573,983</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 \$-0- and \$667 in these funds for the years ended June 30, 2021 and 2020, respectively.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 FUNDS HELD FOR ENDOWMENT (CONTINUED)

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.

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% and 4%, respectively at June 30, 2021 and 2020. In addition, the Foundation assesses a 1% administration fee. The spending policy was in effect for the years ended June 30, 2021 and 2020, along with the administrative fee charged against endowment funds. Accordingly, over the long term, the Foundation expects 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>2021</u>	<u>2020</u>
Scholarships	\$ 7,420,485	\$ 5,692,198
Program Support	2,283,235	1,788,763
Emerging Needs	1,097,442	861,150
Faculty/Staff Development	3,288,569	2,656,584
Charitable Remainder Trusts	40,681	32,209
Endowment Net Assets - End of Year	<u>\$ 14,130,412</u>	<u>\$ 11,030,904</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Endowment Net Assets - Beginning of Year	\$ 11,030,904	\$ 10,662,257
Contributions	121,618	572,520
Investment Income, Including Gains and Losses, Realized and Unrealized	3,411,927	270,641
Endowment Income Transfer	(376,938)	(407,353)
Rental Income	25,800	25,800
Uncollectible Pledges	1,425	(975)
Administrative Fees	(109,359)	(104,245)
Support Services	(6,664)	(6,309)
Transfers	31,700	18,568
Endowment Net Assets - End of Year	<u>\$ 14,130,412</u>	<u>\$ 11,030,904</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>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>
	<u>2020</u>			
	<u>Perpetual</u>	<u>Purpose</u>	<u>Underwater</u>	<u>Total</u>
Scholarships	\$ 4,725,092	\$ 3,327,146	\$ (667)	\$ 8,051,571
Program Support	1,458,017	1,812,725	-	3,270,742
Emerging Needs	729,331	131,819	-	861,150
Faculty/Staff Development	2,376,105	280,476	-	2,656,581
Total	<u>\$ 9,288,545</u>	<u>\$ 5,552,166</u>	<u>\$ (667)</u>	<u>\$ 14,840,044</u>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021.

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 1,929,846
2023	1,938,755
2024	1,468,360
2025	873,480
2026	93,148

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.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 OPTION TO PURCHASE RIVERPOINT ONE BUILDING (CONTINUED)

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).”

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	(5,266,565)
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>

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 OPTION TO PURCHASE RIVERPOINT ONE BUILDING (CONTINUED)

In addition, the Foundation will transfer reserve cash accounts to CCS (which are \$300,006 and \$32,893 at June 30, 2021 and \$250,005 and \$32,893 at June 30, 2020 and are equally offset by liability accounts, see Note 15).

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	<u>500,000</u>	-	-	<u>500,000</u>
Liability as of June 30, 2015	<u>500,000</u>	<u>511,696</u>	<u>625,258</u>	<u>1,636,954</u>
Less: Deposits Carried Over	<u>-</u>	<u>-</u>	<u>(108,087)</u>	<u>(108,087)</u>
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.

**DISTRICT 17 COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

	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, 2117	(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	-	-
Liability as of June 30, 2021, Funds Accumulated After Refinance	<u>\$ 261,861</u>	<u>\$ 300,006</u>	<u>\$ 32,893</u>	<u>\$ 594,760</u>

The \$261,861 owed to CCS will be paid in November 2021. The emergency reserve and excess income reserve would be paid to CCS in the event the option to purchase is exercised.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**





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, 2021, and have issued our report thereon dated November 17, 2021. 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. 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) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*.

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. Management did not identify and we did not notify them of any uncorrected financial statement 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 17, 2021.

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.

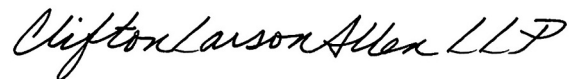
Significant issues discussed with management prior to engagement

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.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

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 17, 2021