



Audited Financial Statements

December 31, 2023 and 2022

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

Audited Financial Statements

December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT ..... 1-3

AUDITED FINANCIAL STATEMENTS

Statements of Financial Position..... 4-5

Statement of Activities with Summarized  
Comparative Totals for 2022..... 6

Statements of Functional Expenses ..... 7-8

Statements of Cash Flows ..... 9

Notes to Financial Statements ..... 10-23

## Independent Auditor's Report

To the Board of Directors  
Clover Park Technical College Foundation  
Lakewood, Washington

### **Opinion**

We have audited the accompanying financial statements of Clover Park Technical College Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Clover Park Technical College Foundation as of December 31, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clover Park Technical College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Clover Park Technical College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Clover Park Technical College 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 Clover Park Technical College 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.

**Report on Summarized Comparative Information**

We have previously audited Clover Park Technical College Foundation's 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*The Doty Group, P.S.*

**THE DOTY GROUP, P.S.**

Tacoma, Washington  
May 6, 2024

AUDITED FINANCIAL STATEMENTS

# CLOVER PARK TECHNICAL COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 650,287	\$ 577,216
Accounts receivable	<u>11,341</u>	<u>12,848</u>
Total Current Assets	661,628	590,064
OTHER ASSETS		
Donated goods inventory	46,470	44,472
Cash restricted to endowment	380	30,303
Investments	<u>2,451,759</u>	<u>2,031,754</u>
Total Other Assets	<u>2,498,609</u>	<u>2,106,529</u>
Total Assets	<u>\$ 3,160,237</u>	<u>\$ 2,696,593</u>

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

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

STATEMENTS OF FINANCIAL POSITION (Continued)

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued liabilities		\$ <u>1,750</u>
Total Current Liabilities		<u>1,750</u>
Total Liabilities		1,750
NET ASSETS		
Net assets (deficit) without donor restrictions		
Undesignated	\$ 305,063	(8,048)
Board-designated	<u>748,129</u>	<u>746,129</u>
Total	1,053,192	738,081
Net assets with donor restrictions	<u>2,107,045</u>	<u>1,956,762</u>
Total Net Assets	<u>3,160,237</u>	<u>2,694,843</u>
Total Liabilities and Net Assets	<u>\$ 3,160,237</u>	<u>\$ 2,696,593</u>

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



**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023 With Summarized Comparative Totals  
for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
Contributions	\$ 90,677	\$ 186,970	\$ 277,647	\$ 254,169
Special events, net	65,939	12,990	78,929	74,396
Donated goods and services	281,865	77,822	359,687	309,861
Investment income (loss), net	5,080	280,297	285,377	(320,130)
Total Support and Revenue	443,561	558,079	1,001,640	318,296
 Net assets released from restriction and reclassifications	 407,796	 (407,796)		
Total Support, Revenue and Reclassifications	851,357	150,283	1,001,640	318,296
 <b>EXPENSES</b>				
Program services:				
Scholarships and grants	143,317		143,317	163,059
Program specific support	264,184		264,184	202,397
Total Program Services	407,501		407,501	365,456
Supporting services:				
General and administrative	111,293		111,293	123,913
Fundraising	17,452		17,452	8,699
Total Supporting Services	128,745		128,745	132,612
Total Expenses	536,246		536,246	498,068
Change in Net Assets	315,111	150,283	465,394	(179,772)
 <b>NET ASSETS AT BEGINNING OF YEAR</b>				
	738,081	1,956,762	2,694,843	2,874,615
 <b>NET ASSETS AT END OF YEAR</b>				
	\$ 1,053,192	\$ 2,107,045	\$ 3,160,237	\$ 2,694,843

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

# CLOVER PARK TECHNICAL COLLEGE FOUNDATION

## STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

	2023				Total
	Program Services		Supporting Services		
	Scholarships and Grants	Program Specific Support	General and Administrative	Fundraising	
Academic program support		\$ 5,363			\$ 5,363
Bank service charges			\$ 1,420		1,420
Board development			182		182
Board meetings			937		937
College promotion		2,892			2,892
Donated goods expense		327	1,427	\$ 3,637	5,391
Donated services expense		142,113	83,281	13,415	238,809
Donor recognition			59		59
Dues and subscriptions			120		120
Emergency grants	\$ 26,396				26,396
Faculty and staff awards	7,000				7,000
Hospitality			77		77
Insurance			1,588		1,588
License and permits			60		60
Meals				455	455
Office			172		172
Postage			18		18
Professional services			21,600		21,600
Purchased services			211	12,059	12,270
Scholarship awards	109,921				109,921
Software maintenance				700	700
Supplies			91	8,141	8,232
Transfers of donated goods to CPTC		113,489			113,489
Travel			50		50
<b>Total expenses</b>	<b>143,317</b>	<b>264,184</b>	<b>111,293</b>	<b>38,407</b>	<b>557,201</b>
Less direct donor benefit reported in special event revenue, net				<u>20,955</u>	<u>20,955</u>
<b>Total Expenses reported on the Statement of Activities</b>	<b><u>\$ 143,317</u></b>	<b><u>\$ 264,184</u></b>	<b><u>\$ 111,293</u></b>	<b><u>\$ 17,452</u></b>	<b><u>\$ 536,246</u></b>

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

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

Years Ended December 31, 2023 and 2022

	2022				
	Program Services		Supporting Services		
	Scholarships and Grants	Program Specific Support	General and Administrative	Fundraising	Total
Academic program support		\$ 15,723			\$ 15,723
Bank service charges			\$ 1,811		1,811
Board development			804		804
College promotion		14,425	5,423		19,848
Donated goods expense		104,440	109	\$ 11,535	116,084
Donated services expense		2,000	96,337	8,699	107,036
Donor recognition			572		572
Emergency grants	\$ 35,941				35,941
Faculty and staff awards	7,000				7,000
Insurance			1,434		1,434
License and permits			60		60
Professional services			17,350	357	17,707
Purchased services				8,209	8,209
Software maintenance			13		13
Scholarship awards	120,118				120,118
Supplies				1,905	1,905
Transfers of donated goods to CPTC		65,809			65,809
Travel				20	20
<b>Total expenses</b>	<b>163,059</b>	<b>202,397</b>	<b>123,913</b>	<b>30,725</b>	<b>520,094</b>
Less direct donor benefit reported in special event revenue, net				22,026	22,026
<b>Total Expenses reported on the Statement of Activities</b>	<b>\$ 163,059</b>	<b>\$ 202,397</b>	<b>\$ 123,913</b>	<b>\$ 8,699</b>	<b>\$ 498,068</b>

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

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 465,394	\$ (179,772)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Credit loss expense		25,000
Realized and unrealized (gain) loss on investments, net	(242,355)	348,766
Dividends and interest, net of investment expenses	(43,022)	(27,864)
Contributions restricted to endowment	(160,709)	(124,332)
Changes in:		
Accounts receivable	1,507	(11,247)
Donated goods inventory	(1,998)	(3,428)
Accrued liabilities	(1,750)	1,750
Scholarships payable		(19,765)
Net Cash Provided by Operating Activities	17,067	9,108
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	328,744	278,289
Purchases of investments	(449,933)	(436,634)
Reinvested dividends and interest	(43,022)	(27,864)
Net Cash Used by Investing Activities	(164,211)	(186,209)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from endowment contributions	160,709	124,332
Net Cash Provided by Financing Activities	160,709	124,332
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	13,565	(52,769)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	727,097	779,866
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR (see Note 11)</b>	\$ 740,662	\$ 727,097

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

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Description of Organization***

Clover Park Technical College Foundation (the Foundation) is a nonprofit organization dedicated to the needs of Clover Park Technical College (the College) students and programs. Established in 1992, the Foundation is overseen by a volunteer board of at least 10 and up to 24 members from the surrounding community and industries which are served by the College. The Foundation's mission is to raise funds for the College to better enable the College to provide students with the knowledge, skills and values necessary to succeed in the workforce of today and tomorrow. The Foundation's office is located in Lakewood, Washington.

##### ***Agreement with Clover Park Technical College***

The Foundation operates under a Memorandum of Understanding (MOU), which began in 1993 and was updated in February 2015. The MOU allows the Foundation to raise and hold economic resources for the direct benefit of the College, which is a governmental unit. In exchange, the College provides the Foundation with resources to operate the Foundation (see Note 10). Due to the significance of the financial relationship with the College, in accordance with Governmental Accounting Standards Board (GASB) No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment to GASB No. 14, the Foundation is included as a component unit in the College's comprehensive annual financial report. Funds of the Foundation are neither subject to the State of Washington appropriation process nor are held in the State treasury and are not owned by the State.

##### ***Basis of Presentation***

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) industry topic applicable to Not-for-Profit Entities. In accordance with the FASB ASC topic, the Foundation reports information regarding its financial position and activities according to two classes of net assets:

##### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

##### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events as specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### ***Basis of Presentation*** (Continued)

Support and contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### ***Cash and Cash Equivalents***

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### ***Pledges and Accounts Receivable***

The Foundation's pledges are contributions from individuals and corporations which are available for general or specific uses. The Foundation provides for expected credit losses on pledges and accounts receivable based on analysis of specific donors or customers, age of past due amounts, and expected impact of future events. It is the Foundation's policy to charge off uncollectible pledges and accounts receivable when management determines the receivable will not be collected. At December 31, 2023 and 2022, management provided a full allowance for past due pledges of \$95,313 (see Note 3). Management has determined that accounts receivable are fully collectable; accordingly, no allowance has been recorded. Accounts receivable totaled \$1,601 at December 31, 2021.

##### ***New Standards***

In 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance using the modified retrospective transition method. The adoption of this ASU did not have a material impact on the Company's financial statements, but did change how the allowance for credit losses is determined.

##### ***Donated Goods Inventory***

Donated goods inventory is recorded at its fair value on the date of donation. Donated goods inventory primarily includes assets which will be transferred, at a later date, to the College for programmatic or administrative use. Donated goods inventory also includes smaller items that will either be consumed or sold by the Foundation.

##### ***Investments***

Investments are stated at fair value. The Foundation follows the investment objectives and spending guidelines contained in a formal investment policy for the endowment account.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

##### ***Contributions***

Contributions, including unconditional promises to give, are recognized in the period received. Contributions of assets other than cash are recorded at their estimated fair value when originally pledged or donated. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

##### ***Management Fee Income***

The Foundation instituted a management fee policy in order to help fund the cost of managing restricted funds. Per the policy, endowment funds are assessed a 1% annual management fee calculated using the three year rolling average of the market value of each endowed fund. Donor designated contributions are assessed a one-time fee of 5%, excluding gifts for scholarships.

##### ***Donated Services and Facilities***

In consideration of the Foundation's efforts on behalf of Clover Park Technical College, the College has agreed to provide the Foundation office space, furniture and equipment, supplies, and the use of certain services available through the College's resources. Clover Park Technical College also provides staff services to the Foundation including the Executive Director and support staff. The College's budgeted value of these support services was \$235,000 for both years ended December 31, 2023 and 2022. This may differ from the actual support provided to the Foundation (see Note 10). In addition, the Foundation had no donated services in 2023, and \$19,450 in donated advertising services in 2022.

The Foundation receives a substantial amount of services from volunteers. No amounts have been reflected in the financial statements for those noncash services since they do not meet the criteria for recognition. However, the volunteer services are an important part of the Foundation's program services and other activities.

##### ***Fundraising Activities***

Fundraising activities generally are comprised of transactions which include both a contribution and exchange component. The FASB ASC requires that a not-for-profit entity determine the fair value of the exchange portion of the transaction first, and report the remaining portion of the transaction (excess of the resources received by the donor over the fair value of the exchange portion) as a contribution.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

##### ***Fundraising Activities*** (Continued)

Fundraising and special events activities are comprised of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Contributions	\$ 71,685	\$ 74,758
Revenue	<u>28,239</u>	<u>21,664</u>
	99,924	96,422
Less cost of direct benefit to donors	<u>(20,995)</u>	<u>(22,026)</u>
Total	<u>\$ 78,929</u>	<u>\$ 74,396</u>

##### ***Allocation of Functional Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs, management and general and fundraising based on the benefits derived. The primary allocated costs are the in-kind services and facilities provided, and are allocated using percentages based on the relative time spent or resources utilized in each function.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Federal Income Tax***

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has not identified any transactions that are subject to unrelated business income tax.

##### ***Reclassifications***

Certain prior year amounts and disclosures have been reclassified to conform to the current year presentation. These reclassifications had no impact on the prior year change in net assets.

##### ***Subsequent Events***

Management has evaluated subsequent events through May 6, 2024 which is the date that the financial statements are available to be issued.



## **CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

#### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

##### ***Summarized Information for 2022***

The financial statements include certain prior period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information is derived.

#### **NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that obligations under endowments with donor restrictions will continue to be met, ensuring the sustainability of the Foundation.

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used primarily to fund scholarship awards and emergency grants. In addition, the Foundation receives support without donor restrictions. Such support typically does not exceed total annual funding needs.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include general and administrative expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for management and general, and fundraising expenses plus an amount that represents the expected payments for scholarships and grants.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The table below presents financial assets available for general expenditures within one year of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 650,287	\$ 577,216
Accounts receivable	11,341	12,848
Operating reserves (see Note 7)	<u>(47,827)</u>	<u>(47,827)</u>
Total	<u>\$ 613,801</u>	<u>\$ 542,237</u>

#### NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable are as follows at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Pledges receivable:			
Less than one year	\$ 95,313	\$ 95,313	\$ 120,313
Less allowance for expected credit losses on pledges receivable	<u>95,313</u>	<u>95,313</u>	<u>95,313</u>
Pledges receivable, net			25,000
Less current portion			<u>(25,000)</u>
Pledges receivable, long-term	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

During 2023 and 2022, no pledges receivable were written off as uncollectable.

#### NOTE 4 - FAIR VALUE MEASUREMENTS

The Foundation uses the FASB ASC topic for *Fair Value Measurement* which establishes a fair value hierarchy for reporting that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable units other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. There were no Level 2 or Level 3 inputs applied to the Foundation's accounts.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### **NOTE 4 - FAIR VALUE MEASUREMENTS** (Continued)

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its financial instruments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves and other relevant information.

#### **NOTE 5 - INVESTMENTS**

The Foundation maintains three “pooled” investment accounts for its donor-restricted endowments at December 31, 2023 and 2022.

##### ***Donor-Restricted Endowments***

The Foundation’s pooled investments primarily consists of named endowment funds, which were established for educational and recognition purposes (see Note 9). As required by the FASB ASC industry topic applicable to *Not-for-Profit Entities*, net assets associated with the endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### ***Interpretation of SPMIFA***

The Board of Directors has interpreted the Washington State Prudent Management of Institutional Funds Act (SPMIFA) 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 classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

In accordance with SPMIFA, 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 or deflation, (5) the expected rate of total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation’s investment policy.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

**NOTE 5 - INVESTMENTS** (Continued)

***Allocation of Investment Income***

Realized and unrealized gains and losses from securities in the pooled investment account are allocated to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the pooled investment account, as adjusted for additions to or deductions from those accounts, such as for scholarships and grants awarded. Investments are stated at their fair value.

Investments consist of the following at December 31:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash held in brokerage accounts (see Note 6)	\$ 89,995	\$ 89,995	\$ 119,578	\$ 119,578
Money Market Funds	217,867	217,867	197,867	197,867
Equities	649,646	854,079	651,770	683,138
Mutual funds	446,918	506,478	396,872	391,887
Fixed income funds	41,531	39,684	84,459	9,681
Real estate investment trusts	25,245	29,443	26,490	26,121
Bonds	<u>772,480</u>	<u>714,213</u>	<u>608,410</u>	<u>603,482</u>
Total investments	<u>\$ 2,243,682</u>	<u>\$ 2,451,759</u>	<u>\$ 2,085,446</u>	<u>\$ 2,031,754</u>

***Investment Income***

Investment income consists of the following for the years ended December 31:

	<u>2023</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Dividends and interest	\$ 5,080	\$ 50,115	\$ 55,195
Unrealized gain, net		242,355	242,355
Investment fees		<u>(12,173)</u>	<u>(12,173)</u>
Total	<u>\$ 5,080</u>	<u>\$ 280,297</u>	<u>\$ 285,377</u>
	<u>2022</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Dividends and interest	\$ 772	\$ 39,513	\$ 40,285
Unrealized loss, net		(348,766)	(348,766)
Investment fees		<u>(11,649)</u>	<u>(11,649)</u>
Total	<u>\$ 772</u>	<u>\$ (320,902)</u>	<u>\$ (320,130)</u>

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 5 - INVESTMENTS (Continued)

##### **Investment Policy**

The Foundation has an investment committee which is responsible for the management and investment allocation of funds, in accordance with their investment policy. Investments are made to secure financial gains for the benefit of the Foundation and its commitments through consideration of capital preservation and risk aversion. The policy contains guidelines regarding the types of assets to be maintained in the portfolio as well as guidelines about prohibited transactions. In addition, the Foundation has an endowment expenditure policy, which provides procedures to compute annual expenditures, based on a rolling average. If there are no earnings available, no distribution is made.

##### **Composition**

Investment composition, by restriction, at year end is as follows at December 31:

	<u>2023</u>	<u>2022</u>
Without donor restrictions (see Note 7)	\$ 700,302	\$ 698,302
With donor restrictions	<u>1,751,457</u>	<u>1,333,452</u>
Total	<u>\$ 2,451,759</u>	<u>\$ 2,031,754</u>

##### **Reconciliation of Investments**

A reconciliation of the assets held in the endowment pooled investment accounts is as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 2,031,754	\$ 2,204,261
Contributions	160,709	124,332
Distributions	(23,044)	(65,679)
Purchases	302,663	302,353
Proceeds	(305,700)	(212,610)
Dividends and interest	55,195	39,513
Unrealized gain (loss), net	242,355	(348,766)
Investment fees	<u>(12,173)</u>	<u>(11,650)</u>
Ending balance	<u>\$ 2,451,759</u>	<u>\$ 2,031,754</u>

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 6 - CASH HELD IN BROKERAGE ACCOUNTS

Investments includes cash deposits held in brokerage accounts (see Notes 5 and 11). These funds are designated for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Exceptional Faculty Fund	\$ 4,230	\$ 3,870
Regular Endowment Fund	75,833	98,549
Title III Funds	4,852	17,159
Undesignated	<u>5,080</u>	
Total	<u>\$ 89,995</u>	<u>\$ 119,578</u>

#### NOTE 7 - BOARD-DESIGNATED NET ASSETS

The board authorizes certain reserves to be set aside as board-designated, unrestricted net assets. The amounts are set aside for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Board-designated endowment funds:		
Adriatic Grill board match	\$ 5,500	\$ 5,500
Autobody Craftsman	271	271
Classic Glass Corvette	5,000	5,000
Emergency grants board match	79,131	79,131
Eva Gordon	530,860	530,860
Instructional program endowment	36,736	36,736
Jolly-Morse Scholarship	5,000	5,000
KVTI	20,645	20,645
McManus-McGavick	7,030	7,030
South Tacoma Rotary	5,000	5,000
Thomas Kay Parks	2,000	
WA State Histology Society	1,129	1,129
Woodworth	<u>2,000</u>	<u>2,000</u>
	700,302	698,302
Operating reserves	<u>47,827</u>	<u>47,827</u>
Total	<u>\$ 748,129</u>	<u>\$ 746,129</u>

The board designated net assets are held in cash and cash equivalent accounts as well as in pooled investment accounts. The amount held in pooled investment accounts was \$700,302 and \$698,302 at December 31, 2023 and 2022, respectively.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Certain net assets with donor restrictions are available for scholarships, emergency grants and specific program uses as follows at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure or time restrictions:		
Academic programs and staff/faculty awards	\$ 113,902	\$ 72,877
Endowment matching fund contributions *	150,000	150,000
Scholarships and student emergency assistance	289,442	308,754
Donated goods	46,470	44,472
Investment earnings restricted for future scholarships and grants	<u>278,073</u>	<u>329,683</u>
Total subject to expenditure or time restrictions	877,887	905,786
Endowments to be held in perpetuity:		
Scholarships, awards and emergency assistance (see Note 9)	<u>1,229,158</u>	<u>1,050,976</u>
Total net assets with donor restrictions	<u>\$ 2,107,045</u>	<u>\$ 1,956,762</u>

- \* Funds were received from the U.S. Department of Education in prior years under the Title III program. The funds were made available to the Foundation to grow the endowment, which generates income for scholarships and grants to be made available to eligible applicants. If the funds are used for the intended purpose for 20 years, the original matching Title III grant becomes unrestricted. The Foundation Board provided a commitment to donors, who contributed to the permanently restricted endowment, that once the temporary restriction on the Title III funds was met, the Foundation Board would continue to hold the original Title III award in the endowment account as board designated net assets. The Title III temporary restriction expires in 2024 and 2025.

#### NOTE 9 - NAMED ENDOWMENT ACCOUNTS

The Foundation informs its donors that there is a \$12,000 minimum amount required before a separate named endowment account may be established. Prior to 2015, the minimum was \$10,000. This minimum threshold can be met with both restricted donor contributions and otherwise unrestricted funds (Board designations). All named endowment accounts are pooled together for investment purposes.

## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 9 - NAMED ENDOWMENT ACCOUNTS (Continued)

Named endowment accounts are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Adriatic Grill	\$ 5,770	\$ 5,770
Autobody Craftsman	24,729	24,729
Brenden Emerging Needs	30,499	30,499
Brenden Horticulture and Environmental Science	71,164	71,164
Broxon White	35,500	24,500
Classic Glass Corvette	19,100	19,100
Clifford Lincoln	26,000	
Clover Park/LeMay Restoration	30,000	30,000
Clover Park Rotary	6,400	6,400
Dr. Sharon McGavick	17,423	17,423
Earl C. White Williamson	54,904	54,904
Elliot/Patrick Endowment	48,000	48,000
Emergency Grants	82,619	80,395
Exceptional Faculty	80,000	80,000
Goranson Memorial	10,358	10,358
Greg and Louise Hull	25,000	
Hamilton Family	101,000	101,000
Harkness Family	194,539	130,487
Jeffrey Lee Davis	17,800	3,000
Jolly-Morse Scholarship	12,084	11,164
Kayce JoAnna White	37,000	21,000
Leila Bishuti Lee	7,009	7,009
Lincoln Park Masonic Lodge #80	15,000	15,000
McGranahan	19,065	19,065
McManus-McGavick	22,676	22,676
Mt. Tahoma	18,086	15,686
Nivicky Lee Family Endowment	10,000	10,000
Ott Ladd Endowment	12,000	12,000
Pauline Burton Memorial	11,500	11,500
Rainier Pacific Bank	10,000	10,000
Schoonmaker, Linda J. and Ronald A.	10,750	10,750
Senator Winsley	10,000	10,000
Sharpe Memorial	15,973	15,973
Sonntag Family Scholarship	14,170	14,045
South Tacoma Rotary	23,000	21,000
Steven W. Hanson Scholarship Endowment	24,000	12,000
Thomas Kay Parks Endowment Scholarship	10,000	10,000
US West	20,000	20,000
Washington Restaurant	10,000	10,000



## CLOVER PARK TECHNICAL COLLEGE FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### NOTE 9 - NAMED ENDOWMENT ACCOUNTS (Continued)

	<u>2023</u>	<u>2022</u>
Washington State Histology Society	\$ 10,871	\$ 10,871
Wendy Joseph Cares	15,169	13,508
Woodworth	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 1,229,158</u>	<u>\$ 1,050,976</u>

#### NOTE 10 - AFFILIATED ENTITY

##### ***Agreement***

The Foundation operates under an MOU with the College (see Note 1). This agreement is for an indefinite period, but may be terminated by either party with 90 days' advance notice and notification may only be given at the end of the State of Washington's fiscal biennium.

##### ***Support Received by College***

The College budgeted \$235,000 annually for the fair value of office space, furniture and equipment, supplies and related office expenses as well as for professional staff to operate the Foundation for both of the years ended December 31, 2023 and 2022. The value of these services received by the Foundation approximated \$239,000 and \$190,000 for the years ended December 31, 2023 and 2022, respectively.

##### ***Foundation Support Provided to College***

The Foundation provided support totaling \$407,501 and \$365,456 during 2023 and 2022, respectively, for student and direct program support, College-related functions and general promotion and recognition activities. This support includes donated goods received by the Foundation, which were transferred to the College for use in programs and general operations.

#### NOTE 11 - STATEMENT OF CASH FLOWS

Cash and cash equivalents and restricted cash consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 650,287	\$ 577,216
Cash held in brokerage accounts (see Note 5)	89,995	119,578
Cash restricted to endowments	<u>380</u>	<u>30,303</u>
Cash, cash equivalents and restricted cash as shown on the statements of cash flows	<u>\$ 740,662</u>	<u>\$ 727,097</u>

## **CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2023 and 2022

#### **NOTE 11 - STATEMENT OF CASH FLOWS (Continued)**

Restricted cash represents amounts received with donor-imposed restrictions that limit the use of the cash to a named endowment account. Such amounts are transferred to the pooled investment account shortly after year-end.

#### **NOTE 12 - CONCENTRATIONS**

##### ***Concentration of Credit Risk***

At times, the Foundation may have deposits at financial institutions in excess of federally insured limits. Management has not experienced any losses and believes there is minimal risk associated with these cash balances. At December 31, 2023, bank deposits exceeded the limit by \$240,000 and insured deposits in brokerage accounts exceeded the limit by \$18,000.

##### ***Support***

The Foundation receives the majority of its contributions from staff, faculty, alumni, and local businesses.

The Foundation receives substantially all of its staff and faculty resources through an agreement with the College.

#### **NOTE 13 - RISKS AND UNCERTAINTIES**

The Foundation invests in various investment securities and is the beneficiary of a trust, which invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts available for future operations.