

**NORTHWEST FOUNDATION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2020 AND 2019**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northwest Foundation, Inc.  
Maryville, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northwest Foundation, Inc. (a nonprofit organization), which comprise the financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Foundation, Inc. as of June 30, 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.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our Opinion is not modified with respect to that matter.

**Other Matter**

The 2019 financial statements of Northwest Foundation, Inc. were audited by other auditors whose report dated October 14, 2019 expressed an unmodified opinion on those statements.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the 2020 financial statements as a whole. The 2020 Statement of Revenue, Expenses, and Changes in Deposits Held for Others is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2019 Statement of Revenue, Expenses, and Changes in Deposits Held for Others was subjected to the auditing procedures applied in the 2019 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 financial statements as a whole.



**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
October 2, 2020

**NORTHWEST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash	\$ 1,193,853	\$ 1,254,799
Cash Equivalents	934,379	970,709
Cash Restricted for Debt obligations	284,406	222,238
Interest Receivable	14,942	43,276
Contributions Receivable	6,084,436	6,812,460
Investments	38,501,919	37,691,074
Cash Surrender Value	315,904	291,874
Note Receivable	3,951,365	4,339,162
Beneficial Interest in Charitable Remainder Trusts	2,239,326	2,269,859
Land Held for Sale	425,000	-
Property and Equipment, Net	1,884,578	2,372,229
Total Assets	\$ 55,830,108	\$ 56,267,680
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 120,875	\$ 406,974
Annuity Contracts	930,280	937,075
Deferred Revenue	45,500	-
Deposits Held for Others	102,537	75,514
Bonds Payable	5,985,000	6,465,000
Present Value of Interest Rate Swap	428,998	286,928
Total Liabilities	7,613,190	8,171,491
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	3,747,754	4,131,210
With Donor Restrictions	44,469,164	43,964,979
Total Net Assets	48,216,918	48,096,189
Total Liabilities and Net Assets	\$ 55,830,108	\$ 56,267,680

See accompanying Notes to Financial Statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 649,895	\$ 3,726,314	\$ 4,376,209
Fundraisers	61,946	-	61,946
Investment Return	368,946	446,429	815,375
Change in Present Value of Interest Rate Swap	(142,070)	-	(142,070)
Change in Value of Charitable Remainder Trust	-	(30,533)	(30,533)
Change in Value of Annuity Liabilities	(107,498)	-	(107,498)
Change in Cash Surrender Value	24,030	-	24,030
Other	76,956	-	76,956
Net Assets Released from Restrictions	3,638,025	(3,638,025)	-
Total Revenue, Support, and Gains	4,570,230	504,185	5,074,415
<b>EXPENSES</b>			
Program Services	4,185,506	-	4,185,506
Support Services:			
Management and General	465,913	-	465,913
Fundraising	302,267	-	302,267
Total Expenses	4,953,686	-	4,953,686
<b>CHANGE IN NET ASSETS</b>	(383,456)	504,185	120,729
Net Assets - Beginning of Year	4,131,210	43,964,979	48,096,189
<b>NET ASSETS - END OF YEAR</b>	\$ 3,747,754	\$ 44,469,164	\$ 48,216,918

See accompanying Notes to Financial Statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 698,430	\$ 4,138,508	\$ 4,836,938
Contributions to Charitable Remainder Trusts	-	38,999	38,999
Fundraisers	86,670	-	86,670
Investment Return	811,566	1,504,631	2,316,197
Change in Present Value of Interest Rate Swap	(144,255)	-	(144,255)
Change in Value of Charitable Remainder Trust	-	95,101	95,101
Change in Value of Annuity Liabilities	(56,754)	-	(56,754)
Change in Cash Surrender Value	26,147	-	26,147
Other	100,408	-	100,408
Impairment Loss on Land	(167,581)	-	(167,581)
Net Assets Released from Restrictions	3,865,690	(3,865,690)	-
Total Revenue, Support, and Gains	5,220,321	1,911,549	7,131,870
<b>EXPENSES</b>			
Program Services	4,452,051	-	4,452,051
Support Services			
Management and General	449,139	-	449,139
Fundraising	330,874	-	330,874
Total Expenses	5,232,064	-	5,232,064
<b>CHANGE IN NET ASSETS BEFORE RECLASSIFICATION</b>	(11,743)	1,911,549	1,899,806
Reclassification of Net Assets	70,388	(70,388)	-
<b>CHANGE IN NET ASSETS</b>	58,645	1,841,161	1,899,806
Net Assets - Beginning of Year	4,072,565	42,123,818	46,196,383
<b>NET ASSETS - END OF YEAR</b>	\$ 4,131,210	\$ 43,964,979	\$ 48,096,189

See accompanying Notes to Financial Statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>University Support</u>	<u>Management and General</u>	<u>Fundraising</u>	
University Support	\$ 2,495,796	\$ -	\$ -	\$ 2,495,796
Scholarships	1,114,593	-	-	1,114,593
Salaries	12,113	239,483	-	251,596
Professional Fees	51,084	71,528	-	122,612
Interest Expense	222,968	-	-	222,968
Bond Fees	111,250	-	-	111,250
Northwest Alumni Magazine	67,768	-	-	67,768
Travel, Cultivation, and Outreach	32,613	2,933	59,846	95,392
Depreciation	18,192	30,716	21,943	70,851
Events and Meetings	17,988	29,667	66,532	114,187
Computer Hardware and Software	28,641	14,351	48,736	91,728
Staff Development and Conferences	-	9,854	1,045	10,899
Administrative Expenses	606	39,556	-	40,162
Community Relations	-	-	7,220	7,220
Fundraisers	-	-	19,764	19,764
Supplies, Printing, and Mailing	174	8,911	44,778	53,863
Communications	5,500	-	1,200	6,700
Insurance	5,753	7,537	30,538	43,828
Repairs and Maintenance	467	11,377	665	12,509
Total Expenses by Function	<u>\$ 4,185,506</u>	<u>\$ 465,913</u>	<u>\$ 302,267</u>	<u>\$ 4,953,686</u>

See accompanying Notes to Financial Statements.



**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>University Support</u>	<u>Management and General</u>	<u>Fundraising</u>	
University Support	\$ 2,763,236	\$ -	\$ -	\$ 2,763,236
Scholarships	1,061,530	-	-	1,061,530
Salaries	11,905	229,655	-	241,560
Professional Fees	46,548	50,344	-	96,892
Interest Expense	232,774	438	-	233,212
Bond Fees	120,358	-	-	120,358
Northwest Alumni Magazine	126,202	-	-	126,202
Travel, Cultivation, and Outreach	30,958	1,786	79,613	112,357
Depreciation	18,705	30,435	21,861	71,001
Events and Meetings	9,246	32,957	61,927	104,130
Computer Hardware and Software	16,325	20,198	32,131	68,654
Staff Development and Conferences	462	21,086	1,959	23,507
Administrative Expenses	858	37,046	-	37,904
Community Relations	-	-	10,429	10,429
Fundraisers	-	-	33,841	33,841
Supplies, Printing, and Mailing	-	11,575	38,245	49,820
Advertising and Promotion	5,333	-	4,000	9,333
Insurance	6,061	7,615	44,690	58,366
Repairs and Maintenance	1,550	6,004	2,178	9,732
Total Expenses by Function	<u>\$ 4,452,051</u>	<u>\$ 449,139</u>	<u>\$ 330,874</u>	<u>\$ 5,232,064</u>

See accompanying Notes to Financial Statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 120,729	\$ 1,899,806
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	70,851	71,001
Loss on Impairment of Land	-	167,581
Net Unrealized and Realized Investment Gain	(133,142)	(1,317,939)
Contributed Securities Included in Revenue	-	(176,232)
Contributions Restricted for Long-Term Purposes	(1,516,653)	(932,721)
Revaluation of Annuity Contracts Payable	107,498	56,754
Valuation of Interest Rate Swap	142,070	144,255
Permanently Endowed Charitable Gift Annuity Liabilities	(45,198)	(33,955)
Noncash Contribution of Charitable Remainder Trusts	-	(38,999)
Change in Value of Charitable Remainder Trusts	30,533	(95,101)
(Increase) Decrease in Assets:		
Contributions Receivable	728,024	(36,025)
Interest Receivable	28,334	(3,354)
Cash Surrender Value	(24,030)	(26,146)
Increase (Decrease) in Liabilities:		
Accounts Payable	(286,099)	255,795
Deferred Revenue	45,500	-
Deposits Held for Others	27,023	(33,003)
Net Cash Used by Operating Activities	(704,560)	(98,283)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	6,536,301	3,687,983
Purchase of Investments	(7,214,004)	(3,228,558)
Principal Payment on Note Receivable	387,797	372,587
Capital Expenditures	(8,200)	(8,395)
Net Cash Provided (Used) by Investing Activities	(298,106)	823,617
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Investing in Endowments	1,516,653	932,721
Payments of Annuity Obligations	(69,095)	(74,614)
Principal Payments on Long-Term Debt	-	(181,493)
Principal Payments on Bonds	(480,000)	(565,000)
Net Cash Provided by Financing Activities	967,558	111,614
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(35,108)	836,948
Cash and Cash Equivalents - Beginning of Year	2,447,746	1,610,798
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,412,638</b>	<b>\$ 2,447,746</b>

See accompanying Notes to Financial Statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 1,193,853	\$ 1,254,799
Cash Equivalents	934,379	970,709
Cash Restricted for Debt Obligations	284,406	222,238
Total Cash and Cash Equivalents	\$ 2,412,638	\$ 2,447,746
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	\$ 226,122	\$ 240,421
 <b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITY</b>		
Contributed Securities	\$ 100,871	\$ 374,007
Noncash Contributions	\$ 134,033	\$ 77,129

*See accompanying Notes to Financial Statements.*

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Northwest Foundation, Inc. (the Foundation) is organized for strictly educational, charitable, benevolent, cultural, scientific and nonprofit purposes. Its general purpose shall be for the promotion of the welfare, goals and programs of Northwest Missouri State University (the University) in Maryville, Missouri.

The mission of the Foundation is to encourage, receive, invest, manage, steward and disburse private support on behalf of the donors of the University, for the benefit of the University, its students, faculty, staff and alumni. Established in 1971, the Foundation operates independently of the University as a separate 501(c)(3) nonprofit corporation governed by its own board of directors. The Foundation is considered a component unit of the University in the University's financial reporting entity.

**Basis of Accounting**

The financial statements of Northwest Foundation, Inc. have been prepared on the accrual basis of accounting.

**Description of Program and Supporting Services**

The following program and supporting services are included in the accompanying financial statements:

Support of Northwest Missouri State University

The Foundation supports the University through scholarships and support of programs and operations with and without restriction.

Management and General

Management and general includes the functions necessary to manage the individual funds of the Foundation, including monitoring and investing assets, administering the programs of the Foundation, and managing the financial responsibilities of the Foundation.

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals and corporations.

**Net Assets**

The Foundation reports information regarding its financial position and activities according to two classes of net assets – net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions and performing administrative functions. The governing board has not designated any net assets as a separate component of net assets without donor restrictions.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor-(or certain grantor-) 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 specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates incorporated in the financial statements include: the allowance for uncollectible pledges and notes receivable; the discount for pledges to be received in future periods; the useful lives used to calculate depreciation expense; the functional allocation of expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all cash and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Restrictions on Cash and Cash Equivalents**

Included in cash on the statements of financial position is \$284,406 and \$222,238 as of June 30, 2020 and 2019, respectively, held in a debt service fund for payment of scheduled principal, interest and fees payments on the Series 2008 bonds.

Certificates of deposit required by the donor to be held in a separate bank account totaled \$370,043 and \$365,012 as of June 30, 2020 and 2019, respectively.

**Contributions and Contributions Receivable**

Unconditional promises to give are recorded as revenues or gains in the period received and as assets or a decrease of liabilities, depending on the form of the benefits received. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, and a right of return or release are no longer present, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, reclassifications are made from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Contributions Receivable (Continued)**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

The Foundation capitalizes donated collection items and recognizes them as revenue at their estimated fair values at the date of donation.

The Foundation records various types of in-kind support. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or property and equipment, if capitalized. Additionally, the Foundation receives contributed time that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

The Foundation uses the allowance method for uncollectible accounts. Contributed support receivable is recorded at the amount the Foundation expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances considered uncollectible. Based on past experience and current expectations, management has concluded that uncollectible balances outstanding at June 30, 2020 and 2019 will be immaterial.

**Investments and Investment Return**

Investments in equity and debt securities having a readily determinable fair value are carried at fair value. Other investments, notably investments classified as alternative investments, are generally valued at net asset value which is the reported value provided by or on behalf of the investment fund, which valuations are prepared in accordance with such investment fund's governing documents. Management considers this a reliable representation of fair value if the investment fund is accepting subscriptions and processing redemptions based on this reported value. Because of the inherent uncertainty of valuation of investments in alternative investment funds, the estimated fair values used for these investments may differ significantly from values that will eventually be realized upon an actual liquidation of the investment and such differences could be material.

Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments, less investment fees.

The Foundation maintains pooled investment accounts. The total pooled earnings and realized and unrealized gains or losses are allocated quarterly based on the percentage of fund balance of each individual fund to the total of all the funds. Earnings allocated to nonendowed funds are credited to the University Venture Fund. Investment return on donor-restricted endowment investment assets are reported as increases or decreases in net assets with donor restrictions until appropriated by the Foundation.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are valued at historical cost, when available. The Foundation evaluates the recoverability of the carrying value of long-lived assets when events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the assets, the asset cost is adjusted to the fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Expenditures for additions and betterments greater than \$5,000 are capitalized, while expenditures for maintenance and repairs which do not improve or extend the life of the assets are charged to expense as incurred.

Depreciation on assets has been provided over the estimated useful lives, ranging from five to thirty years, of the respective assets on the straight-line basis.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Donated services, software costs and certain occupancy costs are the primary costs that are allocated based on the estimated number of hours that staff spend on each of the program and supporting service activities.

**Reclassifications**

Reclassification of net assets on the statements of activities represents transfers of fund balances between net asset categories. The reclassifications primarily include revisions to donor agreements and permanent endowment of charitable gift annuities.

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. These reclassifications had no effect on previously reported change in net assets or total net assets.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not considered to be a private foundation. The Foundation follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

**New Accounting Pronouncements Effective in Future Accounting Periods**

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Foundation for the fiscal year ending June 30, 2023. Management will be evaluating the effects of this new standard.

**NOTE 2 ADOPTION OF NEW ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the application of ASC 606 guidance beginning on July 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

In 2020, the Foundation adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarified and improved guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. There is no material impact on the financial statements, as such, there have been no related reclassifications on previously presented change in net assets or total net assets.



**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2020 and 2019 are as follows:

	2020	2019
Within One Year	\$ 2,106,077	\$ 1,771,586
In One to Five Years	3,880,167	4,441,592
Over Five Years	98,192	599,282
Total	\$ 6,084,436	\$ 6,812,460

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 1.52% to 2.31% and totaled \$295,839 and \$410,970 at June 30, 2020 and 2019, respectively.

**NOTE 4 INVESTMENTS**

Investments are presented at fair value, except for certificates of deposit that are valued at cost. Equity securities and bonds are considered held for trading purposes, whereas certificates of deposit are held to maturity.

Investments are composed of the following at June 30, 2020 and 2019:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	\$ 370,043	\$ 370,043	\$ 365,012	\$ 365,012
Mutual Funds:				
Equity:				
Domestic	7,054,322	8,963,347	5,508,054	7,790,455
International	3,893,598	4,036,480	3,820,748	4,169,245
Fixed Income:				
Core	2,713,004	2,774,726	1,814,057	1,780,561
Unconstrained	1,270,656	1,265,533	3,472,102	3,487,202
Global	500,030	507,764	621,906	598,872
Short-Term	1,649,479	1,595,824	-	-
Noninvestment Grade	-	-	650,695	653,611
Alternate Investments:				
Equity	8,272,014	10,888,353	8,274,580	11,265,537
Fixed Income	5,181,871	5,749,856	5,243,927	5,520,239
Private Equity Partnership	898,711	1,100,847	681,603	885,340
Fixed Income Limited Partnerships	1,312,500	1,249,146	1,175,000	1,175,000
Total	\$ 33,116,228	\$ 38,501,919	\$ 31,627,684	\$ 37,691,074

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

The following chart summarizes the relationship between cost and market values of investment assets:

	<u>Cost</u>	<u>Market</u>	<u>Excess of Market Over (Under) Cost</u>
<u>June 30, 2020</u>			
Balance at End of Year	\$ 33,116,228	\$ 38,501,919	\$ 5,385,691
Less:			
Balance at Beginning of Year	31,627,684	37,691,074	<u>6,063,390</u>
Current Year Change in Unrealized Loss			(677,699)
Realized Net Gain for the Year			<u>810,841</u>
Total Net Gain for the Year			<u><u>\$ 133,142</u></u>
<u>June 30, 2019</u>			
Balance at End of Year	\$ 31,627,684	\$ 37,691,074	\$ 6,063,390
Less:			
Balance at Beginning of Year	31,547,449	36,458,552	<u>4,911,103</u>
Current Year Change in Unrealized Gain			1,152,287
Realized Net Gain for the Year			<u>165,652</u>
Total Net Gain for the Year			<u><u>\$ 1,317,939</u></u>

Investment returns consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 808,290	\$ 1,122,150
Realized Gains	810,841	165,652
Unrealized Gains/(Losses)	(677,699)	1,152,287
Investment Fees	<u>(126,057)</u>	<u>(123,892)</u>
Net Investment Return	<u><u>\$ 815,375</u></u>	<u><u>\$ 2,316,197</u></u>

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 FINANCIAL INSTRUMENTS**

**Fair Value Measurements**

The following table presents the Foundation's assets and liabilities and related valuation inputs within the fair value hierarchy utilized to measure fair value on a recurring basis:

	Fair Value	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
<u>June 30, 2020</u>					
Assets:					
Mutual Funds	\$ 19,143,674	\$ 19,143,674	\$ -	\$ -	\$ -
Alternative Investments:					
Equity	10,888,353	-	-	-	10,888,353
Fixed Income	5,749,856	-	-	-	5,749,856
Private Equity LP	1,100,847	-	-	-	1,100,847
Fixed Income LP	1,249,146	-	-	-	1,249,146
Total Investments at Fair Value	38,131,876	19,143,674	-	-	18,988,202
Investments Not Required to be Reported at Fair Value:					
Investments - Other Certificates of Deposit	370,043	-	-	-	-
Total Investments	38,501,919	19,143,674	-	-	18,988,202
Beneficial Interest in Charitable Remainder Trusts	2,239,326	-	2,239,326	-	-
Total Assets	<u>\$ 40,741,245</u>	<u>\$ 19,143,674</u>	<u>\$ 2,239,326</u>	<u>\$ -</u>	<u>\$ 18,988,202</u>
Liabilities:					
Derivative - Synthetic Fixed Interest Rate Swap on Bonds Payable	\$ 428,998	\$ -	\$ 428,998	\$ -	\$ -
Liabilities for Annuity Contracts	930,280	-	-	930,280	-
Total Liabilities	<u>\$ 1,359,278</u>	<u>\$ -</u>	<u>\$ 428,998</u>	<u>\$ 930,280</u>	<u>\$ -</u>
<u>June 30, 2019</u>					
Assets:					
Mutual Funds	\$ 18,479,946	\$ 18,479,946	\$ -	\$ -	\$ -
Alternative Investments:					
Equity	11,265,537	-	-	-	11,265,537
Fixed Income	5,520,239	-	-	-	5,520,239
Private Equity LP	885,340	-	-	-	885,340
Fixed Income LP	1,175,000	-	-	-	1,175,000
Total Investments at Fair Value	37,326,062	18,479,946	-	-	18,846,116
Investments Not Required to be Reported at Fair Value:					
Investments - Other Certificates of Deposit	365,012	-	-	-	-
Total Investments	37,691,074	18,479,946	-	-	18,846,116
Beneficial Interest in Charitable Remainder Trusts	2,269,859	-	2,269,859	-	-
Total Assets	<u>\$ 39,960,933</u>	<u>\$ 18,479,946</u>	<u>\$ 2,269,859</u>	<u>\$ -</u>	<u>\$ 18,846,116</u>
Liabilities:					
Derivative - Synthetic Fixed Interest Rate Swap on Bonds Payable	\$ 286,928	\$ -	\$ 286,928	\$ -	\$ -
Liabilities for Annuity Contracts	937,075	-	-	937,075	-
Total Liabilities	<u>\$ 1,224,003</u>	<u>\$ -</u>	<u>\$ 286,928</u>	<u>\$ 937,075</u>	<u>\$ -</u>

**NORTHWEST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 5 FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

FASB Accounting Standards Codification 820 establishes a fair value hierarchy 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, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

*Level 1* – The fair values of investments are based on quoted market prices of the shares held by the Foundation at year-end.

*Level 2* – Inputs are those that are observable, either directly or indirectly, for the asset or liability other than quoted prices included in Level 1. Level 2 financial instruments include:

- The synthetic fixed interest rate swap is based on an income valuation model determined by calculating the present value of the future expected cash flows using discount factors based on market interest rates.
- The Foundation's interest in the trust assets and the specified future distributions is recorded at fair value as a beneficial interest held in trust using actuarial assumptions based on the donors' life expectancy and a discount rate of 0.6% and 2.8% at June 30, 2020 and 2019, respectively.

*Level 3* – The liabilities for annuity contracts are not actively traded and significant other observable inputs are not available. Thus, the fair value of liabilities subject to annuity agreements is calculated each June 30 as the present value of the payments to the annuitant over the actuarially determined life expectancy of the annuitant at 0.6% and 2.8% at June 30, 2020 and 2019, respectively.

The following table provides further details of the Level 3 fair value measurements. Liabilities for annuity contracts:

	<u>2020</u>	<u>2019</u>
Balance - Beginning of Year	\$ 937,075	\$ 988,890
Change in Value of Annuity Liabilities	107,498	56,754
Expiration of Donor Contract	(45,198)	(33,955)
Payments to Annuitants	(69,095)	(74,614)
Balance - End of Year	<u>\$ 930,280</u>	<u>\$ 937,075</u>

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 5 FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

Investments in alternative investments are generally valued at the reported value provided by or on behalf of the investment fund, which valuations are prepared in accordance with such investment fund's governing documents. Management considers this a reliable representation of fair value if the investment fund is accepting subscriptions and processing redemptions based on this reported value.

Because of the inherent uncertainty of valuation of investments in alternative investment funds, the estimated fair values used for these investments may differ significantly from values that will eventually be realized upon an actual liquidation of the investment, and such differences could be material.

Investments for which fair value is measured using net asset value per share as a practical expedient have not been categorized within the fair value hierarchy.

The following investments, valued at Net Asset Value as a practical expedient, may impose restrictions on the Foundation's ability to respond quickly to changes in market conditions. In addition, certain of these investment vehicles may have provisions for extended initial periods during which withdrawals are restricted ("lock-up" periods). The following table provides details of redemption restrictions of such assets held at June 30, 2020 and 2019.

Investment	Fair Value Determined Using NAV		Investment Strategy	Unfunded Commitments	Redemption Terms	Redemption Restrictions
	2020	2019				
Salient MLP Total Return TE Fund	\$ 852,257	\$ 1,315,612	Energy Master Limited Partnerships	None	Weekly	No lockup provisions
Thirteen Partners Offshore, Ltd.	1,650,721	1,565,184	Long/Short Equity Fund of Funds	None	Semi-Annual with 95 Days Notice	Two-year lockup provision expired December 31, 2017
Commonfund Multi- Strategy Equity Fund Total	<u>8,385,375</u> <u>\$ 10,888,353</u>	<u>8,384,741</u> <u>\$ 11,265,537</u>	Multi-Strategy Equity Fund of Funds	None	Monthly with 5 Days Notice	No lockup provisions
Protege Partners QP Fund, Ltd.	\$ -	\$ 94,360	Multi-Strategy Equity Fund of Funds	None	Quarterly with 95 Days Notice	One-year lockup provision expired December 31, 2016
Ironwood International, Ltd.	1,810,466	1,716,070	Multi-Strategy Equity Fund of Funds	None	Semi-Annual with 95 Days Notice	One-year lockup provision expired December 31, 2016
Commonfund Multi- Strategy Bond Fund Total	<u>3,939,390</u> <u>\$ 5,749,856</u>	<u>3,709,809</u> <u>\$ 5,520,239</u>	Multi-Strategy Income Fund of Funds	None	Monthly with 5 Days Notice	No lockup provisions

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

Investment	Fair Value Determined Using NAV		Investment Strategy	Unfunded Commitments	Redemption Terms/Restrictions
	2020	2019			
Commonfund Global Private Equity Partners 2014	\$ 871,128	\$ 827,077	Private Equity	\$ 216,000	The term of the fund is 12 years with one three-year extension. The partnership is scheduled to terminate on February 4, 2026 unless terminated earlier or extended by the general partner in accordance with the partnership agreement.
Legacy Venture IX, LLC	229,719	58,263	Private Equity	760,000	The term of the fund will approximate 12 years with option of three additional one-year extensions. Partners may not withdraw from the fund.
Total	<u>\$ 1,100,847</u>	<u>\$ 885,340</u>		<u>\$ 976,000</u>	
Golub Capital Partners 10, L.P.	\$ 834,571	\$ 875,000	Distressed Debt Private Equity	\$ 125,000	90% of capital commitments expected to be drawn by 18 months after final closing. Principal will be re-invested for 5.5 years from final closing date. Final closing date was January 1, 2017. The term of the fund is 10 years from the closing date, subject to a two-year extension. Profits are distributed quarterly.
Golub Capital Partners 11, L.P.	414,575	300,000	Distressed Debt Private Equity	62,500	90% of capital commitments expected to be drawn by 18 months after final closing. Principal will be re-invested for 5.5 years from final closing date. Final closing was July 1, 2018. The term of the fund is 10 years from the closing date, subject to a two-year extension. Profits are distributed quarterly.
Total	<u>\$ 1,249,146</u>	<u>\$ 1,175,000</u>		<u>\$ 187,500</u>	

The Foundation initiated the disposition of the investment in Protégé Partners QP Fund, Ltd in fiscal year 2018 subject to the redemption terms and restrictions described above. Periodic payouts have occurred since termination of the agreement with final disposition during fiscal year 2020.

The stock market is subject to significant volatility that could directly impact the unrealized gain or loss on investments held by the Foundation. The potential effect of the market adjustments could have a material effect on carrying values of investments held by the Foundation.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

Fair values of assets and liabilities measured on a nonrecurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<u>June 30, 2020</u>				
Long-Lived Asset Held and Used (Land)	\$ -	\$ 203,000	\$ -	\$ 203,000
Land Held for Sale	-	425,000	-	425,000
Total	<u>\$ -</u>	<u>\$ 628,000</u>	<u>\$ -</u>	<u>\$ 628,000</u>
<u>June 30, 2019</u>				
Long-Lived Asset Held and Used (Land)	<u>\$ -</u>	<u>\$ 628,000</u>	<u>\$ -</u>	<u>\$ 628,000</u>

**Level 2 Fair Value Measurements**

Land has been valued using a market approach. The values were determined by an appraisal on February 8, 2019 using market prices of similar real estate assets. The fair value of the land is included in property and equipment on the statements of financial position.

**NOTE 6 PROPERTY AND EQUIPMENT**

The details of the property and equipment are as follows:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Less Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>June 30, 2020</u>				
Haderlein Farm	\$ 58,500	\$ -	\$ -	\$ 58,500
Land	-	203,000	-	203,000
Faust Center	-	1,541,537	372,339	1,169,198
House - 718 College Ave.	-	224,499	96,622	127,877
House - 720 College Ave.	-	115,272	70,093	45,179
House 714 College Ave.	-	252,678	117,685	134,993
Furniture and Equipment	-	1,725	1,725	-
Foundation Vehicles	-	21,492	20,111	1,381
Collections	-	144,450	-	144,450
Total Net Asset by Type	<u>\$ 58,500</u>	<u>\$ 2,504,653</u>	<u>\$ 678,575</u>	<u>\$ 1,884,578</u>

**NORTHWEST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)**

	With Donor Restrictions	Without Donor Restrictions	Less Accumulated Depreciation	Net Book Value
<u>June 30, 2019</u>				
Haderlein Farm	\$ 58,500	\$ -	\$ -	\$ 58,500
Land	-	628,000	-	628,000
Faust Center	-	1,541,537	323,991	1,217,546
House - 718 College Ave.	-	224,499	89,133	135,366
House - 720 College Ave.	-	115,272	66,074	49,198
House 714 College Ave.	-	244,478	109,448	135,030
Furniture and Equipment	-	1,725	1,725	-
Foundation Vehicles	-	21,492	17,353	4,139
Collections	-	144,450	-	144,450
Total Net Asset by Type	<u>\$ 58,500</u>	<u>\$ 2,921,453</u>	<u>\$ 607,724</u>	<u>\$ 2,372,229</u>

The Haderlein farm is required to be held in perpetuity for use by the University for agricultural purposes.

**NOTE 7 LAND HELD FOR SALE**

The Foundation is selling land as of June 30, 2020. As of June 30, 2019, the land was not actively listed and is included in Property and Equipment. As of June 30, 2020, a sales price of \$425,000 was agreed upon between the Foundation and a buyer, which has been presented as Land Held for Sale on the statements of financial position. The land held for sale is a portion of two parcels of land which appraised at less than the carried value. An asset impairment was recognized in 2019 totaling \$167,581 for the land held for sale and the retained parcel.

**NOTE 8 SPLIT INTEREST AGREEMENTS**

**Charitable Gift Annuities**

The charitable gift annuity is a contract between a donor and a charitable organization under which, in consideration of the donor's irrevocable gift of money or property to the Foundation, the Foundation promises to pay a fixed amount annually to the annuitant for life. The liability is the present value of the payments based on the life expectancy of the donor at the date of the gift. The portion of the annuity attributable to the future interest of the Foundation is recorded at fair value in the statements of activities as contributions without donor restrictions or contributions with donor restrictions in the period the annuity is established, depending on the donor's stipulation for use of the gift. On an annual basis, the Foundation reviews the need to revalue the liability to the designated beneficiaries based on actuarial assumptions. The changes in actuarial assumptions resulting in revaluations of a \$107,498 and \$56,754 for the years ended June 30, 2020 and 2019, respectively, are included in program expense in the statements of activities. The present value of the estimated future payments is calculated using a discount rate of 0.6% and 2.8% in 2020 and 2019, respectively, and applicable mortality tables.



**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 8 SPLIT INTEREST AGREEMENTS (CONTINUED)**

**Charitable Gift Annuities (Continued)**

For income tax purposes of the donor, the transfer for an annuity is considered to be part gift and part purchase of the annuity.

The balance of the liability for annuity contracts as of June 30, 2020 and 2019, was \$930,280 and \$937,075, respectively. Interest expense amounted to \$91,120 and \$93,988 for fiscal years 2020 and 2019, respectively.

**Charitable Remainder Trusts**

A beneficial interest in irrevocable rights to charitable remainder unit trusts is recorded when a donor establishes and funds a trust with specified distributions to be made to the donor and/or other beneficiaries over the trust's term. The Foundation will receive the amounts remaining in the charitable remainder unit trust at the end of the trusts' stated term.

The Foundation is not the trustee and does not hold the trust assets. The Foundation's interest in the trust assets and the specified future distributions is recorded at fair value as a beneficial interest held in trust using actuarial assumptions. Based on the donors' life expectancy and a discount rate of 0.6% and 2.8% for 2020 and 2019, respectively, the fair value of the future benefits expected to be received by the Foundation was recorded as net assets without donor restrictions or net assets with donor restrictions based on the terms of the donors' agreements. Subsequent changes in the fair value of the charitable remainder unit trust receivable are recognized in the statements of activities. At June 30, 2020 and 2019, the beneficial interests in charitable remainder unit trusts totaled \$2,239,326 and \$2,269,859, respectively.

**NOTE 9 BONDS PAYABLE**

In 2003, Variable Rate Demand Educational Facilities Revenue Bonds Series 2002 in the amount of \$4,455,000 were issued to finance construction of the University stadium. The bonds mature on November 1, 2032, and had a variable interest rate of 1.35% at inception with a maximum of 12%. Interest is paid monthly and totaled \$20,973 and \$29,881 for years ended June 30, 2020 and 2019, respectively. The bonds will be repaid from the collection of donor pledges and the sale of stadium seating. The bonds can be redeemed prior to maturity at the option of the Foundation. The balance is \$1,775,000 and \$1,875,000 at June 30, 2020 and 2019, respectively. As a part of the bond financing agreement, the Foundation signed a letter of credit and Reimbursement Agreement dated November 1, 2002. The letter of credit and Reimbursement Agreement was amended on December 1, 2009 requiring principal repayments in an amount of \$100,000 on or before the first business day of November of each odd-numbered year and \$200,000 on or before the first business day of November of each even-numbered year and to call such bonds for redemption in accordance with the provisions of the Indenture. These bonds are also subject to certain affirmative and negative covenants. Management believes the Foundation is in compliance with all covenants at June 30, 2020 and 2019. The letter of credit was most recently renewed on April 1, 2020 and now expires May 20, 2023.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 BONDS PAYABLE (CONTINUED)**

In fiscal year 2009, Variable Rate Demand Educational Facilities Revenue Bonds Series 2008 in the amount of \$7,675,000 were issued to finance the construction of the University's Studio Theatre and Valk Center renovations. The bonds mature on November 1, 2028 and had a variable interest rate of 3.5% at inception with a maximum 12%. Interest is paid monthly and totaled \$110,876 and \$108,904 for fiscal years 2020 and 2019, respectively. The balance is \$4,210,000 and \$4,590,000 at June 30, 2020 and 2019, respectively. The University signed a loan agreement with the Foundation for \$7,675,000, payable in monthly installments at 5.5% interest which is to be used for principal, interest and letter of credit fees. The obligations of the University are payable from annual appropriation of revenues for the year plus unencumbered balances for previous years. On November 15th of each year, the Foundation will refund to the University any payments received in excess of actual costs. The amount of the excess at June 30, 2020 and 2019 was estimated at \$41,185 and \$56,990, respectively, and is reported as accounts payable on the statements of financial position.

As part of the bond financing agreement, the Foundation signed a letter of credit and Reimbursement Agreement dated December 1, 2009. The letter of credit was most recently renewed on April 1, 2018 and now expires May 20, 2023. Under the amendments, the foundation has agreed to certain affirmative and negative covenants. Management believes that the Foundation is in compliance with all covenants at June 30, 2020 and 2019.

Maturities of bonds payable are as follows:

<u>Year Ending June 30.</u>	<u>Bonds</u>		<u>Total</u>
	<u>Series 2002</u>	<u>Series 2008</u>	
2021	\$ 200,000	\$ 395,000	\$ 595,000
2022	100,000	415,000	515,000
2023	200,000	430,000	630,000
2024	100,000	445,000	545,000
2025	200,000	465,000	665,000
Thereafter	975,000	2,060,000	3,035,000
Total	<u>\$ 1,775,000</u>	<u>\$ 4,210,000</u>	<u>\$ 5,985,000</u>

**NOTE 10 DERIVATIVES**

In March of 2009, as a means to lower its borrowing costs in the long term and increase its savings when compared to fixed-rate refunding bonds at the time of the swap, the Foundation entered into an interest rate swap in connection with its \$7,675,000 Variable Rate Demand Educational Facilities Revenue Bonds, Series 2008. The intention of the swap agreement was to effectively change the Foundation's interest rate on the bonds to a synthetic fixed rate of 2.5%.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 10 DERIVATIVES (CONTINUED)**

*Terms:* The swap agreement matures on the same date as the bonds, November 1, 2028 and the swap's notional amount of \$7,675,000 matched the \$7,675,000 variable-rate bonds. Starting in fiscal year 2010, the notional value of the swap and the principal amount of the associated debt decline concurrently. The balance of both is \$4,210,000 and \$4,590,000 at June 30, 2020 and 2019, respectively. Under the swap, the Foundation pays the counterparty a fixed payment of 2.5% and receives a variable payment computed at 68% of the London Interbank Offer Rate (LIBOR). Conversely, the bonds' variable-rate coupons are associated with the Securities Industry and Financial Markets Association Swap Index (SIFMA).

*Fair Value:* Because long term interest rates have decreased since inception of the swap, the swap has a negative fair value of \$428,998 and \$286,928 at June 30, 2020 and 2019, respectively. The swap's negative fair value may be countered by a decrease in total interest payments required under the variable rate bonds, creating a lower synthetic rate. Because the coupons on the Foundation's variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value decrease. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

*Credit Risk:* As of June 30, 2020 and 2019, the Foundation is not exposed to credit risk as the fair value of the swap is negative. The swap counterparty was rated A1 by Moody's Investor Service (Moody's).

*Basis Risk:* The swap exposes the Foundation to basis risk should the relationship between LIBOR and SIFMA diverge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate of 2.5% and the synthetic rate as of June 30, 2020 and 2019 of 2.38424% and 2.74697%, respectively. As of June 30, 2020, the rate on the Foundation's bonds was 0.10% whereas 68% of LIBOR was 0.21576%. As of June 30, 2019, the rate on the Foundation's bonds was 1.90% whereas 68% of LIBOR was 1.65303%.

*Termination Risk:* The Foundation or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty rating falls below Baa3 (Moody's) or BBB- (Standard & Poor's). The counterparty may terminate the swap if the letter of credit is revoked on the underlying bonds and a suitable replacement letter of credit is not found. Termination can be avoided upon posting of collateral until a replacement letter of credit is obtained. Also, if at the time of termination, the swap has a negative fair value, the Foundation would be liable to the counterparty for a payment equal to the swap's fair value.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 DERIVATIVES (CONTINUED)**

**Swap Payments and Associated Debt**

Using rates as of June 30, 2020, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows.

As rates vary, variable-rate bond interest payments and net swap payments will vary.

<u>Year Ending June 30,</u>	<u>Variable Rate Bond</u>		<u>Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swap, Net</u>	
2021	\$ 395,000	\$ 3,815	\$ 87,144	\$ 485,959
2022	415,000	3,400	77,664	496,064
2023	430,000	2,970	67,842	500,812
2024	445,000	2,525	57,677	505,202
2025	465,000	2,060	47,055	514,115
2026-2029	2,060,000	3,190	72,867	2,136,057
Total	<u>\$ 4,210,000</u>	<u>\$ 17,960</u>	<u>\$ 410,249</u>	<u>\$ 4,638,209</u>

Using rates as of June 30, 2019 debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows.

As rates vary, variable-rate bond interest payments and net swap payments will vary.

<u>Year Ending June 30,</u>	<u>Variable Rate Bond</u>		<u>Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swap, Net</u>	
2020	\$ 380,000	\$ 79,990	\$ 35,657	\$ 495,647
2021	395,000	72,485	32,312	499,797
2022	415,000	64,600	28,797	508,397
2023	430,000	56,430	25,155	511,585
2024	445,000	47,975	21,386	514,361
2025-2029	2,525,000	99,750	44,466	2,669,216
Total	<u>\$ 4,590,000</u>	<u>\$ 421,230</u>	<u>\$ 187,773</u>	<u>\$ 5,199,003</u>

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

	2020	2019
Subject to Expenditure for Specified Purpose:		
Hughes Fieldhouse	\$ 71,753	\$ 657,919
Agricultural Learning Center	3,339,370	2,413,819
Scholarships	2,460,517	2,470,421
Athletics	358,940	156,895
Academic Programs	1,448,638	1,413,469
Other	622,682	602,711
Contributions Receivable, the Proceeds from which have been Restricted by Donors for:		
Hughes Fieldhouse	3,776,560	4,614,181
Agricultural Learning Center	1,575,195	1,238,777
Scholarships	47,225	73,650
Athletics	49,823	-
Academic Programs	116,700	128,400
Other	15,225	21,670
Total	13,882,628	13,791,912
Subject to the Passage of Time:		
Contributions Receivable that are Not Restricted by Donors, but which are Unavailable for Expenditure Until Due	142,580	136,167
Beneficial Interest in Charitable Trusts Held by Others	2,239,327	2,269,859
Assets Held Under Split-Interest Agreements	809,576	832,924
Total	3,191,483	3,238,950
Endowments:		
Subject to NFP Endowment Spending Policy and Appropriation:		
Scholarships	23,231,163	22,442,322
Academic Programs	3,125,537	3,211,432
Athletics	20,470	20,286
Other	587,391	841,174
Unconditional Promises to Give	360,978	349,566
Total Endowments	27,325,539	26,864,780
Not Subject to Spending Policy or Appropriation:		
Real Property to be Held in Perpetuity	58,500	58,500
Investments Related to Real Property	11,014	10,837
Total	69,514	69,337
 Total Net Assets with Donor Restrictions	 \$ 44,469,164	 \$ 43,964,979

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2020</u>	<u>2019</u>
Expiration of Time Restrictions	\$ 14,504	\$ -
Satisfaction of Purpose Restrictions:		
Hughes Fieldhouse payment	1,573,297	1,750,000
Agricultural Learning Center payment	56,500	-
Scholarships	359,767	348,887
Academic Programs	93,814	61,949
Athletics	145,246	318,721
Other	78,785	166,960
Total	<u>2,321,913</u>	<u>2,646,517</u>
Restricted-Purpose Spending-Rate		
Distributions and Appropriations:		
Scholarships	725,084	697,405
Academic Programs	70,215	73,011
Athletics	650	600
Other	5,652	-
General Use	514,511	448,157
Total	<u>1,316,112</u>	<u>1,219,173</u>
 Total Net Assets Released from Donor Restrictions	 <u>\$ 3,638,025</u>	 <u>\$ 3,865,690</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs as instructed by the donors. In accordance with GAAP, there were no deficiencies of this nature that are reported in net assets without donor restrictions as of June 30, 2020 and 2019.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 12 ENDOWMENTS**

The Foundation's endowment consists of approximately 370 individual donor-restricted endowment funds. The donor-restricted endowment funds are subject to the Missouri Uniform Management of Institutional Funds Act (UPMIFA).

The Foundation Board has interpreted the law as requiring the preservation of 75% 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 maintains in perpetuity (a) 75% of the original value of gifts donated to the permanent endowment and (b) 75% of the original value of subsequent gifts to the permanent endowment. 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. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation has classified the endowment into two groups. Group A is defined by gift agreements that give the Foundation explicit permission to continue distributions from the fund even if the total fund value has fallen below the original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor. Group B is defined by gift agreements that give the Foundation explicit instruction not to expend the perpetually restricted gifts to the endowment.

The Foundation considers cash, cash equivalents, investments, and pledges receivable in determining its endowment net assets.

**Endowment Net Asset Composition by Type of Funds**

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount:			
Group A	\$ 13,600	\$ 22,675,791	\$ 22,689,391
Group B	-	1,920,500	1,920,500
Accumulated Investment Gains	-	2,729,248	2,729,248
Total	<u>\$ 13,600</u>	<u>\$ 27,325,539</u>	<u>\$ 27,339,139</u>

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 12 ENDOWMENTS (CONTINUED)**

June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount:			
Group A	\$ 13,180	\$ 21,500,327	\$ 21,513,507
Group B	1,094	1,819,415	1,820,509
Accumulated Investment Gains	-	3,545,038	3,545,038
Total	<u>\$ 14,274</u>	<u>\$ 26,864,780</u>	<u>\$ 26,879,054</u>

**Changes in Endowment Net Assets**

June 30, 2020	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 14,274	\$ 26,864,780	\$ 26,879,054
Investment Return, Net	433	444,635	445,068
Contributions	-	1,289,765	1,289,765
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(462)	(1,316,112)	(1,316,574)
Other Changes:			
Revenues from Exchange Transactions	830	-	830
Expenditure of Funds From Exchange Transactions	(1,475)	-	(1,475)
Transfers From Non-Endowed Funds	-	42,471	42,471
Endowment Net Assets - End of Year	<u>\$ 13,600</u>	<u>\$ 27,325,539</u>	<u>\$ 27,339,139</u>
<u>June 30, 2019</u>			
Endowment Net Assets - Beginning of Year	\$ 14,385	\$ 25,773,106	\$ 25,787,491
Investment Return, Net	1,150	1,373,945	1,375,095
Contributions	-	918,821	918,821
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(455)	(1,219,173)	(1,219,628)
Other Changes:			
Revenues from Exchange Transactions	532	-	532
Expenditure of Funds From Exchange Transactions	(1,338)	-	(1,338)
Transfers From Non-Endowed Funds	-	18,081	18,081
Endowment Net Assets - End of Year	<u>\$ 14,274</u>	<u>\$ 26,864,780</u>	<u>\$ 26,879,054</u>



**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 12 ENDOWMENTS (CONTINUED)**

*Return Objectives and Risk Parameters:* The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Foundation Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives:* 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 constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy:* The Foundation has a policy of appropriating for distribution each year a base rate of 4.0% of its endowment fund's average fair value over the prior three years through the fiscal year-end preceding the fiscal year in which the distribution is planned. Unless otherwise provided in the gift agreement, the recommended distribution shall be calculated based on the following table.

<b>Percent of Total Fund Balance to Cumulative Gifts</b>	<b>Recommended Distribution Rate</b>
> 100%	Base Rate (4%)
< 100% but at least 90%	0.02
> 90% but at least 75%	0.01
Under 75%	Suspend Distributions

*Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued):* In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2.75% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment return.

A management fee of 1.75% was charged to all endowed funds for the years ended June 30, 2020 and 2019, resulting in fees of \$500,002 and \$483,087, respectively. This management fee is recognized within net assets released from restriction on the Statement of Activities.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation's primary sources of support are contributions and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded the majority of program activities. In addition, the Foundation receives support without donor restriction. Such support has historically represented approximately 25% of the annual supporting activities, with the remainder funded by appropriated earnings from gifts with donor restrictions per the Foundation spending policy and by university support.

The Foundation manages its cash available to meet general expenditures by maintaining adequate liquid funds. The Board must approve the purchase of all investments that are not listed on the New York Stock Exchange, American Stock Exchange or NASDAQ; are priced daily; and have a liquidity of more than one month. At June 30, 2020 and 2019, over 85% and 86% of cash and investments could be liquidated within one month, respectively. The Foundation can adjust the timing of disbursements to the University when necessary.

The table below represents financial assets available for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Financial Assets Available Within One Year:		
Without Donor Restrictions:		
Cash and Short-Term Investments	\$ 3,748,064	\$ 4,261,462
Contributions Receivable, No Purpose Restrictions	<u>15,580</u>	<u>12,504</u>
Total With Donor Restrictions	3,763,644	4,273,966
With Donor Restrictions:		
Cash and Short-Term Investments	6,265,838	5,635,258
Payout on Donor-Restricted Endowment for Use	1,001,500	1,031,350
Payout on Donor-Restricted Quasi-Endowments for Use in One Year	<u>88,050</u>	<u>105,559</u>
Total With Donor Restrictions	<u>7,355,388</u>	<u>6,772,167</u>
Total Financial Assets Available Within One Year	<u>\$ 11,119,032</u>	<u>\$ 11,046,133</u>

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 14 RELATED PARTY TRANSACTIONS**

*University Support:* Expenses in the statements of activities include approximately \$4,200,000 and \$4,500,000 of University support with and without restriction, which included approximately \$1,115,000 and \$1,061,000 for scholarships at June 30, 2020 and 2019, respectively. Contribution revenue in the statements of activities includes approximately \$63,000 and \$-0- for Foundation expenses paid for by the University at June 30, 2020 and 2019, respectively. Payables to the University were \$68,135 and \$346,837 at June 30, 2020 and 2019, respectively.

*Board and Employee Support:* Contributions receivable in the statement of financial position include approximately \$3,100,000 and \$3,600,000 from board members and University advancement staff at June 30, 2020 and 2019, respectively.

*Donated Services:* The University incurs expenditures for salaries, benefits, and operating expenses that benefit the Foundation in return for advancement, development and alumni relation services. Employees' compensation and benefits totaling \$37,000 and \$36,000 for 2020 and 2019, respectively, were not reimbursed by the Foundation and are reported in management and general expense on the statements of activities. The terms of this relationship have been formalized in a written agreement between the Foundation and the University.

*Leases:* Beginning July 1, 2018, the Foundation and the University entered into new leases for two properties which require no annual lease payments. Should the University wish to purchase the properties, the purchase price has been fixed in the lease agreement. The leased properties had a carrying value of \$628,000 at June 30, 2020 and 2019. No gift-in-kind contributions or expenses have been recognized in relation to the lease agreements, as the value exchanged is not considered to be material.

*Note Receivable:* The balance of the note receivable from the University for repayment of the Series 2008 revenue bonds was \$3,951,365 and \$4,339,162 at June 30, 2020 and 2019, respectively.

**NOTE 15 CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash balances in two financial institutions in Maryville, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, the Foundation had uninsured deposits. The Foundation had uninsured deposits of approximately \$830,000 and \$1,420,000 at June 30, 2020 and 2019, respectively

In addition, the Foundation invests in short-term investments that are reported as cash equivalents. In limited circumstances, the Securities Investor Protection Corporation (SIPC) provides up to \$500,000 of protection for brokerage accounts, including a limit of \$250,000 for claims of uninvested cash balances.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 15 CONCENTRATION OF CREDIT RISK (CONTINUED)**

Approximately 39% and 33% of the Foundation's pledges receivable were from one donor for the years ended June 30, 2020 and 2019. Approximately 17% of the Foundation's contributions at June 30, 2020 were from one donor. No concentration of contributions existed at June 30, 2019.

**NOTE 16 COMMITMENTS AND CONTINGENCIES**

The Foundation is the beneficiary of life insurance policies with net death benefit values approximating \$1,952,000 and \$1,951,000 at June 30, 2020 and 2019, respectively. The cash surrender value of these policies approximated \$315,904 and \$291,874 at June 30, 2020 and 2019, respectively.

In conjunction with the issuance of the 2008 bonds, the University signed a loan agreement to reimburse the Foundation for the bond principal, interest and letter of credit fees. The obligations of the University are payable from annual appropriation of revenues for the year plus unencumbered balances for previous years. While the Foundation does not anticipate the University will not annually appropriate adequate revenues for payment of the debt, the bond covenant ratios would be adversely affected, potentially resulting in default, if the University's payments on the note receivable were not appropriated or received.

The Foundation's investment securities are exposed to various risks including 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 investment balances reported in the statements of financial position.

Contributions receivable include estimated valuations of the Foundation's beneficiary interest in estates that are holding assets pending liquidation. The recorded amount of the receivables could be materially affected if liquidation amounts realized vary significantly from the estimated values.

Unfunded investment commitments to limited partnerships totaled \$1,163,500 and \$1,567,500 at June 30, 2020 and 2019, respectively.

**Market Conditions**

Financial markets as a whole incur significant volatility. The values of individual investments fluctuate with market conditions, and the amount of investment losses or gains that the Foundation will recognize in its future financial statements, if any, cannot be determined.

**NORTHWEST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Market Conditions (Continued)**

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including a negative impact on earnings. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing subsequent to year-end.

**NOTE 17 SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 2, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to October 2, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the 2020 financial statements.

**NORTHWEST FOUNDATION, INC.**  
**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN DEPOSITS HELD FOR OTHERS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

	2020	2019
<b>REVENUE AND SUPPORT</b>		
Cash Contributions	\$ 95,323	\$ 101,983
Fundraisers	801	866
Total Revenue and Support	96,124	102,849
<b>EXPENSES</b>		
Food and Beverages	6,791	5,750
University Support	56,357	120,524
Premiums and Gifts	5,443	7,544
Printing and Advertising	-	2,000
Professional Services	510	-
Travel	-	8
Membership/Registrations/Subscriptions	-	26
Total Expenses	69,101	135,852
<b>EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER EXPENSES</b>	27,023	(33,003)
Deposits Held for Others - Beginning of Year	75,514	108,517
<b>DEPOSITS HELD FOR OTHERS - END OF YEAR</b>	<b>\$ 102,537</b>	<b>\$ 75,514</b>

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