



Arizona Western College Foundation
Financial Statements
For the Year Ended June 30, 2023

Arizona Western College Foundation

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Year Ended June 30, 2023

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Independent Auditor's Report

The Board of Directors
Arizona Western College Foundation

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Arizona Western College Foundation (Foundation) which comprise the statement of financial position as of June 30, 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 Arizona Western College Foundation as of June 30, 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 Arizona Western 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 the 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 the 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 the 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 7, 2023

Arizona Western College Foundation
Statement of Financial Position
June 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 152,175
Accounts receivable	8,000
Contributions receivable	10,000
Other assets	3,454
Total current assets	<u>173,629</u>

Noncurrent assets:

Investments	6,617,965
Total assets	<u>\$ 6,791,594</u>

Liabilities

Current liabilities:

Accounts payable	\$ 42,858
Deferred revenue	2,000
Total current liabilities	<u>44,858</u>

Noncurrent liabilities:

Compensated absences	21,424
Total liabilities	<u>\$ 66,282</u>

Net assets

Without donor restrictions:

Undesignated	\$ 1,360,219
Designated by the Board	401,522

With donor restrictions:

Time restricted	455,458
Purpose restricted	1,545,303
Perpetual in nature	<u>2,962,810</u>

Total net assets	<u>6,725,312</u>
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Total liabilities and net assets	<u>\$ 6,791,594</u>
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See accompanying notes to financial statements.

Arizona Western College Foundation
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains:			
Contributions	\$ 442	\$ 347,255	\$ 347,697
Contributions - in kind	396,229		396,229
Special events	10,189	41,909	52,098
Investment return, net	41,127	282,916	324,043
Net assets released from restrictions	438,901	(438,901)	
Total revenue, support, and gains	<u>886,888</u>	<u>233,179</u>	<u>1,120,067</u>
 Expenses and losses:			
Program services			
Scholarships	503,780		503,780
Instruction	216,997		216,997
Total program expenses	<u>720,777</u>		<u>720,777</u>
Supporting services			
Management and general	59,758		59,758
Fundraising	51,476		51,476
Cost of direct benefits to donors	27,110		27,110
Total supporting services	<u>138,343</u>		<u>138,343</u>
 Total expenses and losses	 859,120		 859,120
 Change in net assets	 27,768	233,179	 260,947
 Net assets, beginning of year	 <u>1,733,973</u>	 <u>4,730,392</u>	 <u>6,464,365</u>
Net assets, end of year	<u>\$ 1,761,741</u>	<u>\$ 4,963,571</u>	<u>\$ 6,725,312</u>

See accompanying notes to financial statements.

Arizona Western College Foundation
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	
Scholarships	\$ 215,347	\$	\$	\$	\$ 215,347
Instructional supplies	66,827				66,827
Library project	25,172				25,172
Professional development	24,000	3,614	3,000		30,614
Salaries and wages	321,125	40,141	40,141		401,407
Printing and copying	225		25		250
Insurance	715	1,650			2,365
Travel and meetings	2,274	1,102	171		3,547
Office supplies and technology	1,291	2,745	161		4,197
Postage	963	120	120		1,203
Rent	46,392	5,799	5,799	4,300	62,290
Bank/credit card charges	343	121			464
Professional services	6,189	4,292	774		11,255
Memberships and subscriptions	1,341	158	178		1,677
Event expenses				8,146	8,146
Prizes and awards				4,500	4,500
Food and beverages				7,946	7,946
Advertising			898		898
Entertainment				300	300
Miscellaneous expenses	8,573	15	209	1,918	10,715
Total expenses	\$ 720,777	\$ 59,757	\$ 51,476	\$ 27,110	\$ 859,120

See accompanying notes to financial statements.

**Arizona Western College Foundation
Statement of Cash Flows
For the Year Ended June 30, 2023**

Cash flows from operating activities:	
Change in net assets	\$ 260,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net gain on investments	(72,791)
Changes in assets and liabilities:	
Accounts receivable	582
Contributions receivable	4,000
Other assets	48
Accounts payable	(25,004)
Deferred revenue	2,000
Compensated absences	1,601
	<u>171,383</u>
Net cash provided by operating activities	<u>171,383</u>
Cash flows from investing activities:	
Proceeds from sale of investments	4,725,297
Purchases of investments	<u>(5,186,860)</u>
	<u>(461,563)</u>
Net cash used for investing activities	<u>(461,563)</u>
Net decrease in cash and cash equivalents	(290,180)
Cash and cash equivalents, beginning of year	<u>442,355</u>
Cash and cash equivalents, end of year	<u>\$ 152,175</u>

See accompanying notes to financial statements.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Arizona Western College Foundation (the Foundation) provides funding for educational needs and individual scholarships through Arizona Western College and other special projects. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The Foundation's offices are located on the campus of Arizona Western College in Yuma, Arizona. The Foundation provides services to residents of Yuma and La Paz counties. The Foundation's primary source of revenue is from contributions.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Foundation is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Governing Board has designated, from net assets without donor restrictions, net assets for the purpose of matching donated contributions for the Dreams to Reality Program. These assets are held in investments in a board designated endowment fund.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

The Foundation reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. There was no uninsured cash at year end. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation's investments do not represent significant concentrations of market risk inasmuch as the Foundation's investment portfolio is adequately diversified among issuers.

Revenue Recognition

Contributions. The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Foundation did not have any conditional promises to give at June 30, 2023.

Special Events. Special events revenue consists of sponsorships, sales of tickets or registration for the events, and proceeds from auctions. Revenue is recognized when the performance obligations have been met, which is the point in time that the event occurs.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. As of June 30, 2023, management expects the entire \$10,000 balance of contributions receivable to be collected in less than one year. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective asset. No assets met the Foundation's capitalization threshold, and therefore, depreciation expense for the current fiscal year was zero.

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Foundation's policy to recognize the cost of compensated absence when leave is earned by employees.

Deferred Revenue

The Foundation holds an annual event around October of each year. Payments received for sponsorships and tickets prior to year end for the next year's event are recorded as deferred revenue and recognized at the time of the event. The Foundation recorded \$2,000 of deferred revenue related to the October 2023 annual event as of June 30, 2023.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Foundation does not sell donated gifts-in-kind it receives. In addition to contributed nonfinancial assets, volunteers may contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Office supplies and technology	Time and effort
Rent	Time and effort
Professional development	Time and effort
Professional services	Time and effort

Advertising

The Foundation uses advertising to promote its programs and special events among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled \$898.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Foundation's Form 990, *Return of Organization Exempt from Income Taxes* is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

New Accounting Pronouncement

During the fiscal year, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This update requires entities to recognize assets and liabilities for both capital and operating leases on the statement of financial position, and disclose key information about leasing arrangements. In adopting Topic 842, the Foundation elects the practical expedient transition package to not reassess (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. It also elects not to report assets or liabilities for leases with terms of one year or less. The adoption had no impact on the Foundation’s financial statements.

Note 2 – Liquidity and Availability

The following represents the Foundation’s financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 152,175
Contributions receivable	10,000
Accounts receivable	8,000
Investments	<u>6,617,965</u>
Total financial assets	<u>6,788,140</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(4,963,571)
Quasi-endowment established by the Board	<u>(401,522)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,423,047</u>

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 2 – Liquidity and Availability

The Foundation does not have a formal policy regarding operating reserves, however the Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Although the Foundation does not intend to spend from its quasi-endowment, amounts could be made available if necessary. The Foundation did not have any lines of credit during the current fiscal year.

Note 3 – Investments and Fair Value Measurements

Fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 3 – Investments and Fair Value Measurements

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

	Hierarchy Level	Fair Value
Cash and cash equivalents		
Money market funds	Level 1	\$ 61,492
Investments		
Mutual funds	Level 1	1,904,575
Fixed income investments	Level 1	2,257,297
Equities	Level 1	2,456,093
Total assets		\$ 6,679,457

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 4 – Endowments

The Foundation’s endowment consists of approximately 152 individual funds established for student scholarships. Its endowment includes both donor-restricted funds and funds designated by the Board to meet matching requirements. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Arizona’s version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 4 – Endowments

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of year end:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$	\$ 2,962,810	\$ 2,962,810
Accumulated investment gains and contributions		936,827	936,827
Board-designated endowment funds:			
Title V match	401,522		401,522
Total funds	\$ 401,522	\$ 3,899,637	\$ 4,301,159

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding for scholarships supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of three to four percent, while growing the funds if possible.

Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately six to eight percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 4 – Endowments

Spending Policy

The Foundation has a policy of appropriating for distribution each year between three and four percent of its endowment funds' average fair value, provided that the value of the particular endowment is at least 105 percent of its principal. Any income in excess of annual spending is to be reinvested in the endowment account. Money reinvested in the endowment account shall not be considered principal of that account unless so designated by the Board or as stipulated by the donor. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to be consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Assets as of year end:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 390,406	\$ 3,737,492	\$ 4,127,898
Contributions		189,572	189,572
Reclassification		27,231	27,231
Investment return, net	24,320	231,019	255,339
Amounts appropriated for expenditure	(13,204)	(285,677)	(298,881)
Endowment net assets, end of year	<u>\$ 401,522</u>	<u>\$ 3,899,637</u>	<u>\$ 4,301,159</u>

Note 5 – Net Assets

Net assets without donor restrictions are as follows:

Designated for Title V match	\$ 401,522
Undesignated	<u>1,360,219</u>
Total	<u>\$ 1,761,741</u>

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 5 – Net Assets

Net assets with donor restrictions were as follows:

Perpetual and Specific Purpose	
Endowments	\$ 3,899,637
Title V Dreams to Reality	9,098
Instruction	599,378
Passage of Time	
Title V Dreams to Reality	455,458
Total	<u>\$ 4,963,571</u>

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	
Scholarships	\$ 285,677
Instructional	139,435
Title V Dreams to Reality	13,789
Total	<u>\$ 438,901</u>

Note 6 – In-Kind Contributions

The Foundation received the following contributions of nonfinancial assets during the fiscal year:

Salaries and benefits	\$ 300,659
Rent	57,990
Services	30,000
Other	2,825
Auction items	4,755
Total	<u>\$ 396,229</u>

Arizona Western College contributes office space to the Foundation on a month-to-month basis. During the fiscal year, the Foundation utilized 966.5 square feet of office space and storage. Through reference to other lease agreements the College has with outside renters, the market value of the Foundation’s space is estimated at \$5 per square foot. The contributed office space is used for program, management & general, and fundraising services and is allocated based upon time and effort for each service.

In addition, Arizona Western College pays 100 percent of the salaries and benefits for the Chief Operating Officer and the Development Manager of the Foundation, as well as 60 percent of the salaries and benefits for the Executive Director and 60-80 percent of the salaries and benefits for the Grants Writer and Coordinator, which is based on time and effort spent between the College and the Foundation.

Arizona Western College Foundation
Notes to Financial Statements
June 30, 2023

Note 6 – In-Kind Contributions

Contributed services consisted of consulting services for coaching/professional development for the Foundation's employees. Contributed services were allocated to program and supporting services based on the same methodology used to allocate the salaries of the employees receiving the services, and were recognized at fair value based on current rates for similar services.

Other nonfinancial assets consisted of office expenses, paid memberships, travel accommodations, and other minimal expenses paid for by Arizona Western College.

All donated services and goods were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and goods.

The Foundation also receives donated auction items to be sold at their special event. There were no unsold auction items after the event. Contributed auction items are initially valued at their estimated fair value and adjusted to the sale price received during the auction on the day of the event.

Note 7 – Concentrations

The Foundation relies on support from Arizona Western College for a significant portion of its operating expenses for services performed by the Foundation. The loss of such support could have a material impact on the operations of the Foundation.

Note 8 – Subsequent Event

Subsequent events have been evaluated through December 7, 2023, which is the date the financial statements were available to be issued.

In July 2023, the Foundation received a pledge of \$565,000 to support several scholarship and program funds. The Foundation expects to receive the full pledged amount in installments of \$113,000 over the next five years. The first installment of \$113,000 was received on July 25, 2023.