

RENTON TECHNICAL COLLEGE FOUNDATION

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

BRANTLEY JANSON
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A Professional Service Corporation
909 S. 336th St. Suite 201
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Renton Technical College Foundation
Renton, Washington

We have audited the accompanying financial statements of Renton Technical College Foundation (a Washington nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 an 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 financial statement presentation.

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 Renton Technical College Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Brantley Janson". The signature is written in a cursive style with a large initial 'B'.

January 27, 2021

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 376,758	\$ 371,362
Accounts receivable	<u>46,875</u>	<u>19,229</u>
Total current assets	423,633	390,591
INVESTMENTS	<u>1,908,208</u>	<u>1,446,798</u>
TOTAL ASSETS	<u>\$ 2,331,841</u>	<u>\$ 1,837,389</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 7,150	\$ 14,972
Due to related party	<u>22,699</u>	<u>5,104</u>
Total current liabilities	29,849	20,076
NET ASSETS		
Without donor restrictions	238,599	270,476
With donor restrictions	<u>2,063,393</u>	<u>1,546,837</u>
	<u>2,301,992</u>	<u>1,817,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,331,841</u>	<u>\$ 1,837,389</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without</u> <u>donor restrictions</u>	With <u>donor restrictions</u>	<u>Total</u>
Operating activities			
Support and revenue			
Contributions	\$ 14,265	\$ 898,648	\$ 912,913
Special event revenue	46,294	82,421	128,715
Gain (loss) on investments, net	(1,903)	27,778	25,875
In-kind support	206,443	-	206,443
Net assets released from restriction	<u>492,291</u>	<u>(492,291)</u>	<u>-</u>
Total operating support and revenue	757,390	516,556	1,273,946
Expenses			
Program services	529,383	-	529,383
Supporting activities			
General and administrative	124,447	-	124,447
Fundraising	<u>135,437</u>	<u>-</u>	<u>135,437</u>
Total expenses	<u>789,267</u>	<u>-</u>	<u>789,267</u>
CHANGE IN NET ASSETS	(31,877)	516,556	484,679
NET ASSETS, beginning of year	<u>270,476</u>	<u>1,546,837</u>	<u>1,817,313</u>
NET ASSETS, end of year	<u>\$ 238,599</u>	<u>\$ 2,063,393</u>	<u>\$ 2,301,992</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without</u> <u>donor restrictions</u>	With <u>donor restrictions</u>	<u>Total</u>
Operating activities			
Support and revenue			
Contributions	\$ 44,277	\$ 339,194	\$ 383,471
Special event revenue	27,395	93,743	121,138
Gain on investments, net	25,184	39,965	65,149
In-kind support	209,070	-	209,070
Net assets released from restriction	<u>431,777</u>	<u>(431,777)</u>	<u>-</u>
Total operating support and revenue	737,703	41,125	778,828
Expenses			
Program services	474,761	-	474,761
Supporting activities			
General and administrative	118,773	-	118,773
Fundraising	<u>130,298</u>	<u>-</u>	<u>130,298</u>
Total expenses	<u>723,832</u>	<u>-</u>	<u>723,832</u>
CHANGE IN NET ASSETS	13,871	41,125	54,996
NET ASSETS, beginning of year	<u>256,605</u>	<u>1,505,712</u>	<u>1,762,317</u>
NET ASSETS, end of year	<u>\$ 270,476</u>	<u>\$ 1,546,837</u>	<u>\$ 1,817,313</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

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

	Supporting Activities				Total
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Bank charges	\$ -	\$ 1,534	\$ -	\$ 1,534	\$ 1,534
Contract services	44,675	91,936	81,440	173,376	218,051
Equipment funding expenditures	86,921	-	-	-	86,921
Fundraising	-	-	5,759	5,759	5,759
Insurance	-	1,111	-	1,111	1,111
Meeting and conferences	676	193	97	290	966
Occupancy	3,302	1,651	1,651	3,302	6,604
Office & software expenses	8,035	16,072	2,679	18,751	26,786
Professional fees	-	11,950	-	11,950	11,950
Program & student support	49,063	-	-	-	49,063
Scholarship expense	336,711	-	-	-	336,711
Special events	-	-	43,811	43,811	43,811
	<u>\$ 529,383</u>	<u>\$ 124,447</u>	<u>\$ 135,437</u>	<u>\$ 259,884</u>	<u>\$ 789,267</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Supporting Activities</u>				<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	
Bank charges	\$ -	\$ 1,846	\$ -	\$ 1,846	\$ 1,846
Contract services	40,225	84,556	74,582	159,138	199,363
Equipment funding expenditures	128,624	-	-	-	128,624
Fundraising	-	-	3,775	3,775	3,775
Insurance	-	1,111	-	1,111	1,111
Meeting and conferences	2,725	779	389	1,168	3,893
Occupancy	3,554	1,778	1,778	3,556	7,110
Office expenses	8,526	17,053	2,842	19,895	28,421
Professional fees	-	11,650	-	11,650	11,650
Program & student support	45,575	-	-	-	45,575
Scholarship expense	245,532	-	-	-	245,532
Special events	-	-	46,932	46,932	46,932
	<u>\$ 474,761</u>	<u>\$ 118,773</u>	<u>\$ 130,298</u>	<u>\$ 249,071</u>	<u>\$ 723,832</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 484,679	\$ 54,996
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Dividends and interest reinvested, net of fees	24,509	30,382
Unrealized gain on investments	(1,366)	(34,767)
Accounts receivable	(27,646)	(19,229)
Accounts payable	(7,822)	20,076
Due to related party	<u>17,595</u>	<u>(150,961)</u>
Net cash provided (used) by operating activities	489,949	(99,503)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(1,919,221)	(710,937)
Investment proceeds	<u>1,434,668</u>	<u>770,575</u>
Net cash provided (used) by investing activities	<u>(484,553)</u>	<u>59,638</u>
 Net change in cash	5,396	(39,865)
 CASH, beginning of year	<u>371,362</u>	<u>411,227</u>
 CASH, end of year	<u>\$ 376,758</u>	<u>\$ 371,362</u>

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

RENTON TECHNICAL COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 1- NATURE OF ACTIVITIES

Renton Technical College Foundation (the Foundation) was established in 1993 to provide support for the private fundraising efforts of Renton Technical College (the College). The Foundation aids and promotes excellence at the College by providing scholarships, equipment for teaching and training, special academic opportunities for students, and support for outstanding faculty.

The goals of the Foundation are to:

- Increase private funding to support students' scholarships and special needs of the College;
- Increase the public's awareness of the College's and students' financial needs;
- Communicate the strong relationships between the College and the business community;
- Increase the self-sufficiency of the Foundation.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

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

Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are met, either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation maintains cash balances at two financial institutions in Washington State. The total cash balances held in interest bearing accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, there were no uninsured cash balances.

For purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income tax is included. The Foundation operates as a Type III functionally integrated supporting organization (FISO) to the College.

The Foundation follows accounting principles generally accepted in the United States of America (GAAP), which prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

For the years ended June 30, 2020 and 2019, the Foundation has no material uncertain tax positions to be accounted for in the financial statements. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

Management has evaluated subsequent events through January 27, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain items in the 2019 financial statements have been reclassified to conform to the 2020 presentation with no effect on net assets.

Pending Accounting Pronouncements

In August 2015, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new standard is effective for reporting periods beginning after December 15, 2019 and early adoption is permitted. This comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The standard also requires expanded disclosures regarding revenue and contracts with customers. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years and one requiring prospective application of the new standard with disclosure of results under old standards. Management is currently evaluating the impact this update will have on the Foundation's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The new standard is effective for reporting periods beginning after December 15, 2021 and early adoption is permitted. The standard will require lessees to report most leases as assets and liabilities on the balance sheet, while lessor accounting will remain substantially unchanged. The standard requires a modified retrospective transition approach for existing leases, whereby the new rules will be applied to the earliest year presented. Management is currently evaluating the impact this update will have on the Foundation's financial statements.

NOTE 3- LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures to satisfy its liabilities and other obligations as they become due. Cash needs are expected to be met on a monthly basis from contributions, grants, and earnings on investments. Under grantor-stipulated terms, funds received by the grantor for use in future periods are required to be reported as restricted.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 3- LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Foundation had the following assets available for general expenditures in the next year:

	<u>2020</u>	<u>2019</u>
Cash	\$ 376,758	\$ 371,362
Investments	1,908,208	1,446,798
Accounts receivable	<u>46,875</u>	<u>19,229</u>
Total financial assets	2,331,841	1,837,389
Less:		
Donor restrictions	<u>2,063,393</u>	<u>1,546,837</u>
Available for general expenditures within one year:	<u>\$ 268,448</u>	<u>\$ 290,552</u>

NOTE 4- FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under GAAP are described as follows:

- *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- *Level 2* – Inputs to the valuation methodology include: 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; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The Foundation held no Level 3 assets in either year.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4- FAIR VALUE MEASUREMENT (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate & treasury bonds and pooled interest accounts: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Market exchange traded funds, mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded for fair value purposes.

In accordance with GAAP, the following table represents the Foundation's hierarchy for its financial assets measured at fair value on a recurring basis as of:

June 30, 2020

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Common stocks	\$ 368,777	\$ 368,777	\$ -
Corporate bonds	367,939	-	367,939
Market exchange traded funds	478,397	478,397	-
Money market funds	540,000	540,000	-
Pooled interest account	62,136	-	62,136
Treasury bonds	71,254	-	71,254
Other	<u>19,705</u>	<u>-</u>	<u>19,705</u>
	<u>\$ 1,908,208</u>	<u>\$ 1,387,174</u>	<u>\$ 521,034</u>

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4- FAIR VALUE MEASUREMENT (Continued)

June 30, 2019

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Common stocks	\$ 613,031	\$ 613,031	\$ -
Corporate bonds	225,150	-	225,150
Market exchange traded funds	62,091	62,091	-
Money market funds	8,767	8,767	-
Mutual funds	362,547	362,547	-
Pooled interest account	65,749	-	65,749
Treasury bonds	91,155	-	91,155
Other	18,308	-	18,308
	<u>\$ 1,446,798</u>	<u>\$ 1,046,436</u>	<u>\$ 400,362</u>

NOTE 5- INVESTMENT INCOME

Gain on investments, net, is comprised of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Unrealized gain	\$ 1,366	\$ 34,767
Interest and dividends, including reinvested	34,355	50,736
Investment fees	<u>(9,846)</u>	<u>(20,354)</u>
	<u>\$ 25,875</u>	<u>\$ 65,149</u>

NOTE 6- ENDOWMENT

Washington State has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides uniform and fundamental rules for the prudent investment of funds held by charitable institutions and the expenditure of funds donated as endowments to those institutions. The Foundation's investment policy requires compliance with UPMIFA. Management believes they are managing their endowment funds in compliance with UPMIFA.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6- ENDOWMENT (Continued)

The Board of Directors of the Foundation has interpreted the law as requiring the preservation of the fair value of corpus of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets (that is, its net unspent appreciation and income) is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the entity.

The Foundation's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. In accordance with GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment is primarily invested in common stock and bonds that are included in the investments at June 30, 2020 and 2019. Interest earned on the investments is considered appropriated as received.

A summary of the endowment investment account is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Balance, beginning	\$ 1,200,251	\$ 1,131,916
Contributions	637,581	42,066
Investment earnings, net of fees	27,778	39,965
Release from restrictions	<u>(102,413)</u>	<u>(13,696)</u>
Balance, ending	<u>\$ 1,763,197</u>	<u>\$ 1,200,251</u>

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 donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed a blended benchmark.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6- ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Foundation relies on an investment 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 Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year approximately 6 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. Of this 6 percent, 4 percent is designated for scholarships, and the remaining 2 percent may cover administrative costs. If a fund has a deficiency due to unfavorable market conditions, no distributions are granted. In establishing this policy, the Foundation considered the historical return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow 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 to provide additional real growth through new gifts and investment return.

NOTE 7- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 totaled \$2,063,393 and \$1,546,837, which were restricted primarily for the following purposes: student support and scholarships, program equipment and supplies, faculty and staff development and endowment funds. Of the balance, \$1,524,860 and \$932,117 was endowed by donors. The principal portion of the endowment is restricted and income on the principal is either classified as net assets without donor restrictions or net assets with donor restrictions that are restricted to scholarships or programs.

RENTON TECHNICAL COLLEGE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8- RELATED PARTY

The Foundation was established to provide support for the private fundraising efforts of the College. The Board of the Foundation is separate from the Board of the College. As part of the agreement with the College, the College pays for certain salaries, benefits, facility charges and supplies. These costs totaled \$200,000 during each of the years ended June 30, 2020 and 2019, and are included in the statement of changes in net assets as in-kind support. As of June 30, 2020 and 2019, there was \$22,699 and \$5,104 due from the Foundation to the College for reimbursement of expenses that exceeded this annual cap of \$200,000 of in-kind support. Because such a large portion of the management and fundraising costs are paid by the College, a significant percentage of each gift received is available to pay for scholarships or other programs for students of the College.

For the year ended June 30, 2019, the Foundation received \$92,284 from United Way that was directed to the College per the grant received from United Way. Because the Foundation had no variance power over the use and allocation of the gift, it was not recorded in revenues or expenses. No such pass through income was received for the year ended June 30, 2020.

NOTE 9- COVID-19

In mid-March 2020, COVID-19 was officially declared a global pandemic by the World Health Organization and a national emergency was declared by the United States. Subsequently, states and municipalities began to issue shelter-in-place orders and similar mandates requiring those not engaged in essential activities to remain home. The COVID-19 outbreak in the United States is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on donors, employees and students, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.