

**WAKE TECHNICAL COMMUNITY  
COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**

Consolidated Financial Statements

June 30, 2020  
(With Comparative Totals as of June 30, 2019)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Wake Technical Community College Foundation, Inc. and Subsidiaries  
Raleigh, North Carolina

We have audited the accompanying consolidated financial statements of Wake Technical Community College Foundation, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wake Technical Community College Foundation, Inc. and subsidiaries as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Wake Technical Community College Foundation, Inc. and subsidiaries' 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed on pages 21 to 23 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Thomas, Judy & Packer, P.A.*

Raleigh, North Carolina  
August 18, 2020

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)

	2020			2019
	Without Restrictions	With Restrictions	Total	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,453,970	\$ 109,060	\$ 2,563,030	\$ 2,220,240
Sales Tax Receivable	2,753		2,753	2,816
Investments	2,785,704	9,826,590	12,612,294	12,059,015
Pledges Receivable - Current	5,000	732,067	737,067	522,267
Charitable Lead Annuity Trust - Current		99,369	99,369	82,807
Notes Receivable - Related Parties	120,000		120,000	
Total Current Assets	<u>5,367,427</u>	<u>10,767,086</u>	<u>16,134,513</u>	<u>14,887,145</u>
Property and Equipment:				
Software	128,319		128,319	128,319
Accumulated Depreciation	<u>(128,319)</u>		<u>(128,319)</u>	<u>(128,319)</u>
Net Property and Equipment				
Other Assets:				
Pledges Receivable - Net	7,364	1,417,570	1,424,934	554,685
Land Held for Sale	267,412	748,819	1,016,231	1,016,231
Charitable Lead Annuity Trust - Net		1,506,727	1,506,727	1,544,344
Total Other Assets	<u>274,776</u>	<u>3,673,116</u>	<u>3,947,892</u>	<u>3,115,260</u>
Total Assets	<u>\$ 5,642,203</u>	<u>\$ 14,440,202</u>	<u>\$ 20,082,405</u>	<u>\$ 18,002,405</u>
<b>LIABILITIES, EQUITY, AND NET ASSETS</b>				
Liabilities:				
Accounts Payable	\$ 154	\$	\$ 154	\$ 10,227
Total Liabilities	<u>154</u>		<u>154</u>	<u>10,227</u>
Equity:				
Retained Earnings	93,812		93,812	78,713
Total Equity	<u>93,812</u>		<u>93,812</u>	<u>78,713</u>
Net Assets:				
Without Donor Restrictions:				
Undesignated	4,019,516		4,019,516	4,288,695
Designated by the Board	1,528,721		1,528,721	1,560,200
With Donor Restrictions:				
Perpetual in Nature		7,632,646	7,632,646	5,963,598
Purpose Restrictions		<u>6,807,556</u>	<u>6,807,556</u>	<u>6,100,972</u>
Total Net Assets	<u>5,548,237</u>	<u>14,440,202</u>	<u>19,988,439</u>	<u>17,913,465</u>
Total Liabilities, Equity, and Net Assets	<u>\$ 5,642,203</u>	<u>\$ 14,440,202</u>	<u>\$ 20,082,405</u>	<u>\$ 18,002,405</u>

See Accompanying Notes

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenues:				
Contributions	\$ 116,496	\$ 3,643,022	\$ 3,759,518	\$ 2,376,740
Investment Earnings (Losses)	(31,326)	24,133	(7,193)	619,298
Gifts - in - Kind	1,003,359	2,175,938	3,179,297	3,077,042
Product Sales		21,093	21,093	20,074
Interest Income	25,432		25,432	37,885
Other Income		2,477	2,477	45,938
Total Support and Revenues	<u>1,113,961</u>	<u>5,866,663</u>	<u>6,980,624</u>	<u>6,176,977</u>
Net Assets Released from Restrictions	<u>3,491,031</u>	<u>(3,491,031)</u>		
Program Expenses:				
Scholarship Support	755,924		755,924	554,958
Fostering Bright Futures	104,711		104,711	132,884
College Support	2,334,019		2,334,019	2,111,940
College Initiatives	372,103		372,103	592,389
General and Administrative	868,910		868,910	784,155
Fundraising	469,983		469,983	510,104
Total Expenses	<u>4,905,650</u>		<u>4,905,650</u>	<u>4,686,430</u>
Change in Net Assets	<u>(300,658)</u>	<u>2,375,632</u>	<u>2,074,974</u>	<u>1,490,547</u>
Sales and Revenue:				
Energy Rebate	74,865		74,865	72,930
Other Income	82		82	162
Total Sales and Revenue	<u>74,947</u>		<u>74,947</u>	<u>73,092</u>
Expenses:				
Management and General	55,048		55,048	56,625
Total Expenses	<u>55,048</u>		<u>55,048</u>	<u>56,625</u>
Net Income Before Income Taxes	19,899		19,899	16,467
Income Taxes	4,800		4,800	10,613
Net Income	<u>15,099</u>		<u>15,099</u>	<u>5,854</u>
Retained Earnings, Beginning of Year	<u>78,713</u>		<u>78,713</u>	<u>72,859</u>
Retained Earnings, End of Year	<u>93,812</u>		<u>93,812</u>	<u>78,713</u>
Net Assets, Beginning of Year	<u>5,848,895</u>	<u>12,064,570</u>	<u>17,913,465</u>	<u>16,422,918</u>
Net Assets, End of Year	<u>\$ 5,548,237</u>	<u>\$ 14,440,202</u>	<u>\$ 19,988,439</u>	<u>\$ 17,913,465</u>

See Accompanying Notes

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020					2019			
	Scholarships	Fostering Bright Futures	Program College Support	College Initiatives	Total Program	Administrative and General	Fundraising	Total	Total
Gifts - in - Kind	\$	\$	\$ 1,955,342	\$ 220,595	\$ 2,175,937	\$ 547,224	\$ 456,135	\$ 3,179,296	\$ 3,040,832
General Program Support			140,779	430	141,209			141,209	174,410
Scholarships	691,969				691,969			691,969	515,653
Foster Care Program		104,646			104,646			104,646	114,664
Student Financial Assistance and Grants	63,955		37,307		101,262			101,262	39,305
Faculty Recognition						57,941		57,941	43,160
Event Expenses			23,736	299	24,035	79,872		103,907	131,494
Professional Contract of Services			9,348		9,348	12,807		22,155	40,314
Travel and Meeting Expense			3,336	5,876	9,212	4,879	2,700	16,791	26,220
Audit and Tax Compliance Fees						12,000		12,000	15,031
Support and Training			4,438	43,379	47,817	294		48,111	77,958
Supplies			88,637	57,899	146,536	13,726		160,262	196,646
Meals/Food			45,819	1,879	47,698	7,388	5,505	60,591	77,212
Repairs and Maintenance						7,020		7,020	11,719
Salaries			17,492	37,901	55,393	7,421	150	62,964	153,488
Dues, Subscriptions, and Memberships			1,689	225	1,914	18,738		20,652	13,869
Printing, Postage, and Publications			5,062	2,466	7,528	8,472		16,000	5,751
Donor Recognition						51	5,493	5,544	7,008
Bad Debt Expense, Net of Recoveries						92,000		92,000	7,000
Banking Fees			1,034	1,154	2,188	1,172		3,360	4,849
Rent Expense						4,000		4,000	4,000
Lease Expense						37,303		37,303	37,303
Other		65			65	11,650		11,715	5,169
	\$ 755,924	\$ 104,711	\$ 2,334,019	\$ 372,103	\$ 3,566,757	\$ 923,958	\$ 469,983	\$ 4,960,698	\$ 4,743,055

See Accompanying Notes

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash Flows from Operating Activities:		
Change in Net Assets and Net Income	\$ 2,090,073	\$ 1,496,401
Adjustments to Reconcile Changes in Net Assets and Net Income to Net Cash Provided (Used) by Operating Activities:		
Amortization of Charitable Lead Annuity Trust	(63,376)	(63,975)
Net Appreciation in Fair Value of Investments	341,354	(895,285)
Net Realized Gain on Sale of Investments	67,421	616,306
Change in Discount on Long Term Pledges Receivable	213,000	(10,000)
Change in Allowance for Doubtful Accounts	82,000	7,000
Changes in Assets and Liabilities:		
Prepaid Income Taxes		114
Sales Tax Receivables	63	51
Pledges Receivable	(1,380,049)	(111,387)
Charitable Lead Annuity Trust	84,431	70,415
Accounts Payable	(10,073)	(2,276)
Contributions Restricted for Long Term Purposes	(1,698,639)	(441,751)
Net Cash Provided (Used) by Operating Activities	(273,795)	665,613
Cash Flows from Investing Activities:		
Sale of Investments	1,368,778	998,801
Purchase of Investments	(2,330,832)	(1,524,189)
Notes Receivable to Related Parties	(120,000)	
Net Cash Used by Investing Activities	(1,082,054)	(525,388)
Cash Flows from Financing Activities:		
Collections of Contributions Restricted for Long Term Purposes	1,698,639	441,751
Net Cash Provided by Financing Activities	1,698,639	441,751
Net Increase in Cash and Cash Equivalents	342,790	581,976
Cash and Cash Equivalents, Beginning of Year	2,220,240	1,638,264
Cash and Cash Equivalents, End of Year	\$ 2,563,030	\$ 2,220,240

See Accompanying Notes



**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)

1. Business Operations and Summary of Significant Accounting Policies

Business Operations

Wake Technical Community College Foundation, Inc. (the "Foundation") is a nonprofit organization established to operate exclusively for charitable and educational purposes, in order to receive funds from corporate and individual contributors which are used in support of and benefit to Wake Technical Community College ("College") in such a manner deemed necessary and appropriate by the Board of Directors of the Foundation.

Principles of Consolidation

The consolidated financial statements include the accounts of Wake Technical Community College Foundation, Inc., Wake Tech Innovations, Inc., and LS Selma, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Wake Tech Innovations, Inc. ("Innovations"), a for-profit corporation, was formed in May 2012 to construct, operate, and maintain a solar photovoltaic array. Wake Technical Community College Foundation, Inc. owns 100% of Innovations common stock. No amounts were paid for the common stock.

The books and records of Wake Technical Community College Foundation, Inc. include the accounts of LS Selma, LLC ("Selma"), a for-profit limited liability company, which was formed in December 2012 to receive, maintain, and sell donated land. Selma is wholly-owned by Wake Technical Community College Foundation, Inc.

Wake Technical Community College Foundation, Inc., Wake Tech Innovations, Inc., and LS Selma, LLC are collectively referred to as the "Foundation". The Foundation's revenues are derived primarily to benefit the following programs:

Scholarship Support: Financial assistance to degree and non-degree students attending Wake Technical Community College.

Fostering Bright Futures: Financial, academic and social support for students who are in or were in the foster care system.

College Support: Equipment, professional development and financial support for Wake Technical Community College departments and divisions.

College Initiatives: Targeted support for key programmatic initiatives of Wake Technical Community College.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. ASC 958-205 requires that not-for-profit organizations provide a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. Also, ASC 958-205 requires classification of an organization's net assets, revenues and expenses according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

The Foundation has adopted FASB ASC 958-720-50-3 and subsections as it relates to *Related Party Transactions and Common Control* and ASU 2013-06, *Not-for-Profit Entities: Services Rendered from Personnel of an Affiliate*. Under these provisions, the Foundation is required to report information regarding its services received from personnel of the College and the services are to be recognized at fair market value.

Contributions

The Foundation has adopted FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as contributions without donor restriction or contributions with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Although restricted contributions typically are reported as support that increases net assets with donor restrictions, they may be reported as support without donor restriction if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities. The Foundation accounts for investments in accordance with FASB ASC 958-320 and subsections as it relates to *Accounting for Certain Investments Held By Not-for-Profit Organizations*. This standard requires that investments in equity securities with readily determinable fair value and all investments in debt securities be measured at fair value in the consolidated statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gains or losses in investments are reflected in the accompanying consolidated statement of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity at date of purchase of three months or less to be cash equivalents. As of June 30, 2020 and 2019, the Foundation had \$1,712,578 and \$1,278,194 of cash equivalents, respectively.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2020  
 (With Comparative Totals as of June 30, 2019)

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Functional Allocations of Expenses

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All other expenses are directly identified with either programs or in administrative and general or fundraising. The expenses that are allocated include the following:

Expense	Method of Allocation
Gifts in Kind	Time and Effort
Salaries	Time and Effort

Use of Estimates

The preparation of the Foundation's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated statement of financial position and the reported amounts of revenues and expenses included in the consolidated statement of activities. Actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes

The Foundation is exempt from income taxes as a nonprofit organization under Internal Revenue Service ("IRS") code section 501(c)(3). During the years ended June 30, 2020 and 2019, the Foundation reported no unrelated business taxable income which is defined by the IRS as gross income derived from any unrelated trade or business that is not substantially related to the organization's tax-exempt purpose. Accordingly, no provision for income taxes has been recorded.

Wake Tech Innovations, Inc. accounts for uncertainties using the asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Foundation has adopted the provisions of FASB ASC 740-10-25 as it relates to *Accounting for Uncertainty in Income Taxes*. Under this provision, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The Foundation does not believe there are any material uncertain tax positions and, accordingly, no liability for unrecognized tax benefits will be recorded. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress. For the years ended June 30, 2020 and 2019, there were no interest or penalties recorded or included in the consolidated financial statements.

Property and Equipment

Expenditures for property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed and any gain or loss is reflected in the consolidated statement of activities for the period. The estimated useful life of software included within property and equipment for the purpose of computing depreciation is three years.

Depreciation expense for the years ended June 30, 2020 and 2019 was \$0.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 2020  
 (With Comparative Totals as of June 30, 2019)

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Endowments

The Foundation adopted the provisions of FASB ASC 958-205 and subsections as it relates to *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Acts of 2006 (“UPMIFA”) and is effective for fiscal years ending after December 15, 2008. UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. It also improves disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board designated endowment funds), and whether or not the organization is subject to UPMIFA.

Reclassifications

Certain reclassifications have been made to prior year presentation to conform to the current year presentation with no effect on previously reported change in net assets or total net assets.

New Accounting Pronouncement

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information and also impacts the recognition, measurement, presentation and disclosure of financial instruments. The Foundation adopted the new standard effective July 1, 2019, the first day of the Foundation’s fiscal year, using the full retrospective adoption approach. The adoption of the ASU had no impact on net assets as of July 1, 2019 as the guidance under the ASU did not impact the measurement of the Foundation’s financial instruments.

2. Availability and Liquidity

The following represents the Foundation’s financial assets as of June 30, 2020:

Financial assets at year-end:	
Cash and Cash Equivalents	\$ 2,563,030
Sales Tax Receivable	2,753
Investments	12,612,294
Pledges Receivable – Net	737,067
Charitable Lead Annuity Trust, collected in less than one year	99,369
Notes Receivable – Related Party	120,000
Total financial assets	<u>16,134,513</u>
Less amounts not available to be used within one year:	
Donor-Restricted Funds for Purpose	6,807,556
Perpetual Endowments	7,632,646
Board Designated Endowment	<u>1,528,721</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 165,590</u>

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2020  
(With Comparative Totals as of June 30, 2019)

2 Availability and Liquidity (Continued)

The Foundation's board-designated funds as of June 30, 2020 were \$1,528,721 is subject to the Board's spending policy. Although the Foundation does not intend to spend from this board-designated fund (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Foundation's policy is to have adequate liquid funds available to meet upcoming cash flow needs while being good stewards of funds available for investment.

3. Concentrations of Credit Risk

The Foundation occasionally maintains deposits in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Foundation's uninsured cash balances totaled \$850,225.

4. Deposits

All funds of the Foundation are deposited in board-designated official depositories and are required to be collateralized in accordance with *North Carolina General Statute* 115D-58.7. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the Foundation may establish time deposit accounts, money market accounts, and certificates of deposit. At June 30, 2020 and 2019, the Foundation had a balance of \$641,508 and \$629,588, respectively, on deposit with the State Treasurer.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is established by each depository in the name of each local government unit and the responsibility of monitoring collateralization rests with the local unit. Under the pooling method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer. Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2020, the Foundation's bank balance in excess of federal depository insurance coverage was covered under the pooling method.

5. Fair Value Measurements

FASB ASC 820-10 and subsections as it relates to *Fair Value Measurements*, establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
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5. Fair Value Measurements (Continued)

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.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2020 and 2019, all of the Foundation's financial instruments are as follows:

	2020		
	Level I	Level II	Total
<i>Financial Assets:</i>			
Mutual Funds:			
U.S. Equity	\$ 5,359,382	\$	\$ 5,359,382
Fixed Income	3,157,258		3,157,258
International Equities	1,266,029		1,266,029
Real Estate Investment Trusts	195,055		195,055
Strategic Alternative	935,255		935,255
Commodities	187,959		187,959
U.S. Government and Agency Bond		744,969	744,969
Corporate Obligations		766,387	766,387
 Total	 \$ 11,100,938	 \$ 1,511,356	 \$ 12,612,294
	2019		
	Level I	Level II	Total
<i>Financial Assets:</i>			
Mutual Funds:			
U.S. Equity	\$ 4,931,935	\$	\$ 4,931,935
Fixed Income	2,631,892		2,631,892
International Equities	1,773,899		1,773,899
Real Estate Investment Trusts	195,138		195,138
Strategic Alternative	932,334		932,334
Commodities	137,977		137,977
U.S. Government and Agency Bond		712,564	712,564
Corporate Obligations		743,276	743,276
 Total	 \$ 10,603,175	 \$ 1,455,840	 \$ 12,059,015

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6. Investments

Investments are reported at fair market values based on quotation from national securities exchanges or brokerage firms.

The fair value of investments at June 30, 2020 and 2019 is comprised of the following:

	2020		
	Fair Value	Cost	Unrealized Gain (Loss)
<i>Financial Assets:</i>			
Mutual Funds	\$ 11,100,938	\$ 10,918,323	\$ 179,615
U.S. Government and Agency Bonds	744,969	703,231	44,738
Commodities	187,959	247,253	41,725
Total	\$ 12,612,294	\$ 12,346,216	\$ 266,078
2019			
	Fair Value	Cost	Unrealized Gain (Loss)
<i>Financial Assets:</i>			
Mutual Funds	\$ 10,603,175	\$ 10,031,136	\$ 572,039
U.S. Government and Agency Bonds	712,564	693,560	19,004
Corporate Obligations	743,276	723,874	19,402
Total	\$ 12,059,015	\$ 11,448,570	\$ 610,445

The Foundation's investment income (losses) consisted of the following items for the years ended June 30, 2020 and 2019:

	2020	2019
Realized Losses on Investments	\$ (69,507)	\$ (616,306)
Interest and Dividends	449,946	385,861
Unrealized Gains (Losses) on Investments	(341,353)	895,285
Investment Fees	(46,279)	(45,542)
Total	\$ (7,193)	\$ 619,298

For purposes of determining the gain or loss on sale, the cost of the investment is based on the average cost of all shares of each such investment fund at the date of the sale.

7. Endowment Fund

The Foundation's endowment consists of approximately 70 individual funds established for a variety of purposes. The endowments include both donor restricted endowment funds and internally designated funds to function as endowments. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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7. Endowment Fund (Continued)

The Foundation has interpreted 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 gifts donated to the permanent endowment, (b) the original value of 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 retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA.

Endowment net assets consist of the following as of June 30:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Board Designated Funds	\$ 1,464,159	\$	\$ 1,464,159
Donor Restricted Endowment Funds:			
Funds to be Kept in Perpetuity		7,632,646	7,632,646
Accumulated Investment Gains		793,700	794,366
<b>Total</b>	<b>\$ 1,464,159</b>	<b>\$ 8,426,346</b>	<b>\$ 9,890,505</b>
	2019		
	Without Donor Restriction	With Donor Restriction	Total
Board Designated Funds	\$ 1,460,200	\$	\$ 1,460,200
Donor Restricted Endowment Funds:			
Funds to be Kept in Perpetuity		5,963,598	5,963,598
Accumulated Investment Gains		816,797	816,797
<b>Total</b>	<b>\$ 1,460,200</b>	<b>\$ 6,780,395</b>	<b>\$ 8,240,595</b>

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 endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation has adopted specific guidelines for both equity and fixed income investments. The guidelines for equity investments include equity holdings that may only be selected from the New York, America, Regional and Major Foreign Stock Exchanges, or the NASDAQ markets. No individual security managed by any one investment manager should exceed 5% (at cost) of the total assets contained in their respective portfolio. Holdings must represent companies meeting the minimum capitalization of \$50 million with high market liquidity. Allocations to any non-US equity portfolio will have no more than 30% in any one country. The overall portfolio should be reflective of a balanced and broad based asset allocation. For fixed income securities, investment securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and other factors.



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7. Endowment Fund (Continued)

No investments of a single issuer (with the exception of the U.S. Government and its agencies) should exceed 10% (at cost) of the total assets contained in any one manager's portfolio. Only preferred stocks or corporate debt securities that have a Standard and Poor's rating or a Moody's rating of Investment Grade or higher may be purchased or held. Fixed income portfolio duration shall not exceed the Lehman Brothers Government/Credit Intermediate Bond Index by 1 ½ years. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's or Moody's.

The investment manager is prohibited from investing in private placements and from speculating in fixed income or interest rate futures, swaps and derivatives.

The Foundation's goal is to yield investment return over a five-year period such that each endowment may fund payouts of 4% per year, based on the size of the endowment, toward the scholarship or other intended purpose. In years where the investment income is negative 5% or greater, no allocations are authorized without a specific vote of the Board of Directors.

Changes in the endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, June 30, 2018:	\$ 1,400,000	\$ 6,065,868	\$ 7,465,868
Investment Income	60,200	272,776	332,976
Contributions	<u>                    </u>	<u>441,751</u>	<u>441,751</u>
Endowment net assets, June 30, 2019:	1,460,200	6,780,395	8,240,595
Investment Income	3,959	24,133	28,092
Contributions	<u>                    </u>	1,699,904	1,699,904
Payout of endowment assets for expenditure	<u>                    </u>	<u>(76,486)</u>	<u>(76,486)</u>
Endowment net assets, June 30, 2020:	<u>\$ 1,464,159</u>	<u>\$ 8,426,346</u>	<u>\$ 9,890,505</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below what the donor requires the Foundation to retain as with donor restrictions. Deficiencies of this nature result from unfavorable market fluctuations and would be included in without donor restricted net assets. As of June 30, 2020 and 2019, there were no deficiencies.

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8. Pledges Receivable

The Foundation receives pledges to support scholarships, financial assistance and other programs. Pledge receivables consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 737,067	\$ 522,267
Receivable in one to five years	1,885,934	720,685
Total unconditional promises to give	2,623,001	1,242,952
Less: discounts to net present value	(304,000)	(91,000)
Less: allowance for doubtful pledges	(157,000)	(75,000)
Net unconditional promises to give	<u>\$ 2,162,001</u>	<u>\$ 1,076,952</u>

9. Notes Receivable - Related Parties

The Foundation entered into a promissory note with the College in November 2019. The loan accrues interest at 2.00% and is due and payable the earlier of ten business days following the written demand for payment or breach of any term of the note. At June 30, 2020 and 2019, the outstanding balance was \$120,000 and \$0, respectively.

10. Charitable Lead Annuity Trust

The Foundation is the beneficiary of an irrevocable charitable lead annuity trust created in 2013. The trust agreement states that the Foundation will receive annual cash payments starting at \$32,328 and increase 120% over the next 15 years. The Foundation recorded amortization of the discount associated with the estimated present value of the receivable in the amounts of \$63,376 and \$63,975 as a contribution for the years ended June 30, 2020 and 2019.

The status of the amounts recorded under the charitable lead annuity trust are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Remaining annual payments	\$ 1,983,472	\$ 2,067,903
Less: Discount at 4 percent	(377,309)	(440,752)
Present value of amounts receivable	1,606,069	1,627,151
Less: Current portion of present value	(99,369)	(82,807)
Long term portion of present value	<u>\$ 1,506,727</u>	<u>\$ 1,544,344</u>

The charitable lead annuity trust is scheduled to be received as follows:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 99,369	\$ 82,807
Two to five years	653,160	544,300
Thereafter	1,230,944	1,440,796
	<u>\$ 1,983,472</u>	<u>\$ 2,067,903</u>

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
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11. Designated Net Assets

Net assets with board designations are designated for the following purposes:

	<u>2020</u>	<u>2019</u>
Business Services Facilities	\$ 465,693	\$ 517,200
Stephen Scott Applied Benchmarking	<u>1,045,828</u>	<u>1,043,000</u>
	<u>\$ 1,528,721</u>	<u>\$ 1,560,200</u>

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as follows:

Subject to expenditure for specified purpose:

	<u>2020</u>	<u>2019</u>
Student Success and Support	\$ 1,886,815	\$ 1,263,528
College Educational Support	1,901,116	1,675,392
Programs and Special Operations	<u>2,225,925</u>	<u>2,345,255</u>
	<u>6,013,856</u>	<u>5,284,175</u>

Endowments:

Subject to appropriation and expenditure when a specified event occurs:

Student Support (Scholarships, Foster Care Program, Curriculum)	<u>793,700</u>	<u>816,797</u>
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Subject to endowment spending policy and appropriation:

Student Support (Scholarships, Foster Care Program, Curriculum)	<u>7,632,646</u>	<u>5,963,598</u>
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Total Net Assets with Donor Restrictions	<u>\$ 14,440,202</u>	<u>\$ 12,064,570</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Gift in Kind	\$ 2,175,938	\$ 2,020,980
Scholarships	678,835	515,023
Equipment and Supplies	146,536	187,025
General Program Support	143,409	160,718
Event and Meal Expenses	71,733	54,080
Other Expenses	<u>214,627</u>	<u>409,406</u>
	<u>\$ 3,491,031</u>	<u>\$ 3,347,233</u>

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13. Related Party Transactions

During the years ended June 30, 2020 and 2019, the College provided office space, utilities, hardware, software, and other office equipment to the Foundation without charge. The amounts are considered immaterial and therefore not recorded as in-kind contributions.

Under an operating agreement between the College and the Foundation for the year ended June 30, 2020 and 2019, the College agreed to retain and fund experienced personnel for the Foundation. The employees are considered employees of the College. With the adoption of FASB ASC 958-720-50-3, the Foundation recognized personnel costs of \$784,631 and \$731,953 and other costs of \$31,448 and \$35,653 for the years ended June 30, 2020 and 2019, respectively.

The Foundation entered into a note receivable agreement in November 2019 with the College for \$120,000 and 2% interest. Both interest and principal are payable on demand. Refer to Note 9.

The Foundation received gifts-in-kind from board members for services rendered during the years ended June 30, 2020 and 2019 totaled \$14,000.

The Foundation paid the former executive director consulting fees for services rendered for the years ended June 30, 2020 and 2019 totaled \$299 and \$8,994, respectively.

All accounts payable are owed to the College under an agreement with the College that includes reimbursement for related expenses.

14. Leases

The Foundation leases rooftop space under an operating lease with the College that expires July 2032 and requires an annual payment of \$4,000. The rooftop space is used to house solar energy equipment leased under a separate lease with a bank.

During 2012, the Foundation constructed and subsequently sold solar energy equipment to a bank at a cost of \$1,246,366. Concurrent with the sale, the Foundation leased back the equipment under an operating lease with the bank for 10 years with monthly payments of \$2,898. The transaction was accounted for as a sale-leaseback transaction by the Foundation. The lease is considered an operating lease. The solar equipment generates energy rebates which are paid for by the utility company.

Total rent expense for the rooftop space for the years ended June 30, 2020 and 2019 was \$4,000. Total lease expense for the solar energy equipment for the years ended June 30, 2020 and 2019 was \$34,776.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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14. Leases (Continued)

Total future minimum lease payments under these leases are as follows:

Year Ending June 30	Rent Amount	Lease Amount
2021	\$ 4,000	\$ 34,776
2022	4,000	11,592
2023	4,000	
2024	4,000	
2025	4,000	
Thereafter	24,000	
Total	\$ 44,000	\$ 46,368

15. Income Taxes

The provision for income taxes for Wake Tech Innovations, Inc. is as follows for the years ended:

	2020	2019
Current	\$ 4,800	\$ 10,613
Deferred		
Provision for Income Taxes	\$ 4,800	\$ 10,613

There were no temporary book/tax differences during the years ended June 30, 2020 and 2019.

16. Concentrations

Fifty nine percent (56%) of pledges receivable at June 30, 2020 were due from three donors. Fifty nine percent (59%) of pledges receivable at June 30, 2019 were due from two donors. The Foundation received support in the form of a gift-in-kind of approximately 78% from three donors for the year ended June 30, 2020. The Foundation received support in the form of a gift-in-kind of approximately 74% from three donors for the year ended June 30, 2019. A significant reduction in this level of support, if it were to occur, could have a significant impact on the Foundation's programs and activities.

17. Contingencies, Risks and Uncertainties

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which may have a negative impact on the Organization's financial results in the future. The extent of the impact of COVID-19 on the operational and financial performance will depend on certain developments, including duration and spread of the outbreak, impact on donors, employees and vendors, all of which are uncertain at this time. The extent to which COVID-19 may impact the Organization's financial condition or results in the future is uncertain.

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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18. Contributed Services and Materials

The Foundation reports gifts of furniture, equipment and other nonmonetary contributions as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. The Foundation recognizes contributions of services received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributed specialized services and property and equipment in the amounts of \$3,179,297 and \$3,077,042 have been recognized in the accompanying consolidated statement of activities for the years ended June 30, 2020 and 2019, respectively.

19. Prior Year Information

The statements of activities and functional expenses include certain prior-year summarized comparative information in total but not by net asset class and functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidation financial statements for the year ended June 30, 2019, from which the summarized information was derived.

20. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 18, 2020, which is the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
June 30, 2020

	Wake Technical Community College Foundation, Inc.	Wake Tech Innovations, Inc.	Eliminations	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 2,422,033	\$ 140,997	\$	\$ 2,563,030
Related Party Receivable	224,319		(224,319)	
Sales Tax Receivable	2,753			2,753
Investments	12,612,294			12,612,294
Pledges Receivable - Net	737,067			737,067
Charitable Lead Annuity Trust - Current Portion	99,369			99,369
Notes Receivable - Related Party	120,000			120,000
<b>Total Current Assets</b>	<b>16,217,835</b>	<b>140,997</b>	<b>(224,319)</b>	<b>16,134,513</b>
<b>Property and Equipment:</b>				
Software	128,319			128,319
Accumulated Depreciation	(128,319)			(128,319)
<b>Net Property and Equipment</b>				
<b>Other Assets:</b>				
Pledges Receivable - Net	1,424,934			1,424,934
Land Held for Sale	1,016,231			1,016,231
Charitable Lead Annuity Trust - Net	1,506,727			1,506,727
Investments	(83,322)		83,322	
<b>Total Other Assets</b>	<b>3,864,570</b>		<b>83,322</b>	<b>3,947,892</b>
<b>Total Assets</b>	<b>\$ 20,082,405</b>	<b>\$ 140,997</b>	<b>\$ (140,997)</b>	<b>\$ 20,082,405</b>
<b>LIABILITIES, EQUITY, AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 154	\$ 10,569	\$ (10,569)	\$ 154
Related Party Loan		213,750	(213,750)	
<b>Total Liabilities</b>	<b>154</b>	<b>224,319</b>	<b>(224,319)</b>	<b>154</b>
<b>Equity:</b>				
Retained Earnings (Deficit)		(83,322)	177,134	93,812
<b>Total Equity</b>		<b>(83,322)</b>	<b>177,134</b>	<b>93,812</b>
<b>Net Assets:</b>				
<b>Without Donor Restrictions:</b>				
Undesignated	4,113,328		(93,812)	4,019,516
Designated by the Board	1,528,721			1,528,721
<b>With Donor Restrictions:</b>				
Perpetual in Nature	7,632,646			7,632,646
Purpose Restrictions	6,807,556			6,807,556
<b>Total Net Assets</b>	<b>20,082,251</b>		<b>(93,812)</b>	<b>19,988,439</b>
<b>Total Liabilities, Equity, and Net Assets</b>	<b>\$ 20,082,405</b>	<b>\$ 140,997</b>	<b>\$ (140,997)</b>	<b>\$ 20,082,405</b>



**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020

	Wake Technical Community College Foundation, Inc.	Wake Tech Innovations, Inc.	Eliminations	Total
Support and Revenues:				
Contributions	\$ 3,759,518	\$	\$	\$ 3,759,518
Investment Losses	(7,193)			(7,193)
Gifts - in - Kind	3,179,297			3,179,297
Product Sales	21,093			21,093
Interest Income	40,251		(14,819)	25,432
Other Income	2,737		(260)	2,477
Total Support and Revenues	<u>6,995,703</u>		<u>(15,079)</u>	<u>6,980,624</u>
Program Expenses:				
Scholarship Support	755,924			755,924
Fostering Bright Futures	104,711			104,711
College Support	2,334,019			2,334,019
College Initiatives	372,103			372,103
Administrative and General	868,890			868,890
Fundraising	469,983			469,983
Total Expenses	<u>4,905,630</u>			<u>4,905,630</u>
Change in Net Assets	<u>2,090,073</u>		<u>(15,079)</u>	<u>2,074,994</u>
Sales and Revenue:				
Energy Rebate		74,865		74,865
Other Income		82		82
Total Sales and Revenue		<u>74,947</u>		<u>74,947</u>
Expenses:				
Management and General		75,367	(20,319)	55,048
Total Expenses		<u>75,367</u>	<u>(20,319)</u>	<u>55,048</u>
Net Income (Loss)				
Before Taxes		(420)	20,319	19,899
Income Taxes (Loss)		4,800		4,800
Net Income (Loss)		<u>(5,220)</u>	<u>20,319</u>	<u>15,099</u>
Retained Earnings (Deficit), Beginning of Year		<u>(78,102)</u>	<u>156,815</u>	<u>78,713</u>
Retained Earnings (Deficit), End of Year		<u>(83,322)</u>	<u>177,134</u>	<u>93,812</u>
Net Assets, Beginning of Year	<u>17,992,178</u>		<u>(78,713)</u>	<u>17,913,465</u>
Net Assets, End of Year	<u>\$ 20,082,251</u>	<u>\$</u>	<u>\$ (93,792)</u>	<u>\$ 19,988,459</u>

**WAKE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC. AND SUBSIDIARIES**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Wake Technical Community College Foundation, Inc.						Wake Tech Innovations, Inc.		
	Program					Administrative and General	Fundraising	Administrative and General	Total
Scholarships	Fostering Bright Futures	College Support	College Initiatives	Total Program Support					
Gifts - in - Kind	\$	\$	\$ 1,955,342	\$ 220,595	\$ 2,175,937	\$ 547,224	\$ 456,135	\$	\$ 3,179,296
General Program Support			140,779	430	141,209				141,209
Scholarships	691,969				691,969				691,969
Foster Care Program		104,646			104,646				104,646
Student Financial Assistance and Grants	63,955		37,307		101,262				101,262
Faculty Recognition						57,941			57,941
Event Expenses			23,736	299	24,035	79,872			103,907
Professional Contract of Services			9,348		9,348	12,807			22,155
Travel and Meeting Expense			3,336	5,876	9,212	4,879	2,700		16,791
Audit and Tax Compliance Fees						12,000			12,000
Support and Training			4,438	43,379	47,817	294			48,111
Supplies			88,637	57,899	146,536	13,726			160,262
Meals/Food			45,819	1,879	47,698	7,388	5,505		60,591
Repairs and Maintenance								7,020	7,020
Salaries			17,492	37,901	55,393	7,421	150		62,964
Dues, Subscriptions, and Memberships			1,689	225	1,914	18,738			20,652
Printing, Postage, and Publications			5,062	2,466	7,528	8,472			16,000
Donor Recognition						51	5,493		5,544
Bad Debt Expense, Net of Recoveries						92,000			92,000
Banking Fees			1,034	1,154	2,188	1,172			3,360
Rent Expense								4,000	4,000
Lease Expense								37,303	37,303
Other		65			65	4,925		6,725	11,715
	\$ 755,924	\$ 104,711	\$ 2,334,019	\$ 372,103	\$ 3,566,757	\$ 868,910	\$ 469,983	\$ 55,048	\$ 4,960,698