

**WEATHERFORD COLLEGE
FOUNDATION, INC.**
A Component Unit of Weatherford College

**Annual Financial Report For
The Years Ended August 31, 2022 and 2021**

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
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Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Weatherford College Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Weatherford College Foundation, Inc. (a nonprofit organization and a component unit of Weatherford College), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and cash flows for the years 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 Weatherford College Foundation, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.



Snow Garrett Williams
January 20, 2023

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Statements of Financial Position
August 31, 2022 and 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 636,767 | \$ 280,587 |
| Accounts receivable | - | 250 |
| Interest receivable | 4,659 | 6,236 |
| Note receivable, current portion | 8,902 | 8,495 |
| Unconditional promises to give, current portion | 102,820 | 97,378 |
| Total Current Assets | 753,148 | 392,946 |
| Long-Term Unconditional Promises to Give | 125,119 | 176,315 |
| Restricted Assets | | |
| Cash and cash equivalents | 481,099 | 2,524,541 |
| Certificates of deposit | 2,000,961 | 2,475,806 |
| Investments | 7,925,715 | 6,998,397 |
| Total Restricted Assets | 10,407,775 | 11,998,744 |
| Property and Equipment | | |
| Personal property | 77,958 | 77,958 |
| Less accumulated depreciation | (77,958) | (77,958) |
| Total Property and Equipment, net | - | - |
| Other Assets | | |
| Mineral rights | 1 | 1 |
| Note receivable, net of current portion | 157,529 | 166,431 |
| Total Other Assets | 157,530 | 166,432 |
| Total Assets | <u>\$ 11,443,572</u> | <u>\$ 12,734,437</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 403,859 | \$ 3,880 |
| Total Current Liabilities | 403,859 | 3,880 |
| Net Assets | | |
| Without donor restrictions | 399,340 | 451,884 |
| With donor restrictions | | |
| Program | 742,483 | 1,626,711 |
| Endowment | 9,897,890 | 10,651,962 |
| Total Net Assets With Donor Restrictions | 10,640,373 | 12,278,673 |
| Total Net Assets | 11,039,713 | 12,730,557 |
| Total Liabilities and Net Assets | <u>\$ 11,443,572</u> | <u>\$ 12,734,437</u> |

See accompanying notes to financial statements.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Statements of Activities
For the Years Ended August 31, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|----------------------------|-------------------------|---------------|----------------------------|-------------------------|---------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public Support, Revenues, and Reclassifications | | | | | | |
| Contributions | \$ 80,184 | \$ 2,673,943 | \$ 2,754,127 | \$ 68,307 | \$ 2,135,233 | \$ 2,203,540 |
| Interest and dividends | 8,208 | 223,127 | 231,335 | 8,068 | 196,061 | 204,129 |
| Investment return (loss), net | (69,729) | (1,069,164) | (1,138,893) | 7,272 | 834,829 | 842,101 |
| Other revenues | 215 | - | 215 | 109 | - | 109 |
| Net assets released from restrictions due to satisfaction of purpose restrictions | 3,466,206 | (3,466,206) | - | 839,298 | (839,298) | - |
| Total public support, revenues, and reclassifications | 3,485,084 | (1,638,300) | 1,846,784 | 923,054 | 2,326,825 | 3,249,879 |
| Expenses | | | | | | |
| Programs | | | | | | |
| Contributions to Weatherford College | 2,997,921 | | 2,997,921 | 421,177 | | 421,177 |
| Scholarships | 387,060 | | 387,060 | 371,664 | | 371,664 |
| Other contributions | 32,450 | | 32,450 | 7,965 | | 7,965 |
| Total programs | 3,417,431 | - | 3,417,431 | 800,806 | - | 800,806 |
| Management and General | | | | | | |
| Awards | 1,278 | | 1,278 | 4,311 | | 4,311 |
| Bad debt | 500 | | 500 | 300 | | 300 |
| Bank fees and charges | 1,835 | | 1,835 | 2,005 | | 2,005 |
| Contract services | 1,003 | | 1,003 | - | | - |
| Legal and professional | 16,700 | | 16,700 | 40,199 | | 40,199 |
| Printing and postage | 1,077 | | 1,077 | 4,100 | | 4,100 |
| Supplies | 16,236 | | 16,236 | 17,011 | | 17,011 |
| Other expenses | 60,137 | | 60,137 | 36,081 | | 36,081 |
| Total management and general | 98,766 | - | 98,766 | 104,007 | - | 104,007 |
| Fundraising | | | | | | |
| Advertising | 5,009 | | 5,009 | 3,428 | | 3,428 |
| Receptions and entertainment | 16,422 | | 16,422 | 13,059 | | 13,059 |
| Total fundraising | 21,431 | - | 21,431 | 16,487 | - | 16,487 |
| Total expenses | 3,537,628 | - | 3,537,628 | 921,300 | - | 921,300 |
| Change in net assets | (52,544) | (1,638,300) | (1,690,844) | 1,754 | 2,326,825 | 2,328,579 |
| Net assets at beginning of year | 451,884 | 12,278,673 | 12,730,557 | 450,130 | 9,951,848 | 10,401,978 |
| Net assets at end of year | \$ 399,340 | \$ 10,640,373 | \$ 11,039,713 | \$ 451,884 | \$ 12,278,673 | \$ 12,730,557 |

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

| | 2022 | 2021 |
|---|----------------|--------------|
| Operating activities | | |
| Change in net assets | \$ (1,690,844) | \$ 2,328,579 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Net realized (gain) loss on sale of investments | (170,829) | (606,677) |
| Net unrealized (gain) loss on investments | 1,279,284 | (264,039) |
| Net (increase) decrease in: | | |
| Accounts receivable | 250 | (250) |
| Interest receivable | 1,577 | 2,476 |
| Unconditional promises to give | 45,754 | (132,562) |
| Net increase (decrease) in accounts payable | 399,979 | (1,048) |
| Net cash provided by (used in) operating activities | (134,829) | 1,326,479 |
| Investing activities | | |
| Proceeds from redemption of securities | 6,739,535 | 3,328,932 |
| Proceeds from redemption of certificates of deposits | 1,960,009 | 1,065,661 |
| Purchases of securities | (8,775,308) | (2,974,740) |
| Purchases of certificates of deposits | (1,485,164) | (1,007,221) |
| Collection of note receivable | 8,495 | 8,106 |
| Net cash provided by (used in) investing activities | (1,552,433) | 420,738 |
| Net increase (decrease) in cash and cash equivalents | (1,687,262) | 1,747,217 |
| Cash and cash equivalents at beginning of year | 2,805,128 | 1,057,911 |
| Cash and cash equivalents at end of year | \$ 1,117,866 | \$ 2,805,128 |
| Reconciliation of cash and cash equivalents to Statement of Financial Position | | |
| Cash and cash equivalents | \$ 636,767 | \$ 280,587 |
| Restricted cash and cash equivalents | 481,099 | 2,524,541 |
| Total cash and cash equivalents | \$ 1,117,866 | \$ 2,805,128 |

See accompanying notes to financial statements.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Weatherford College Foundation, Inc. (the Foundation) is a component unit of Weatherford College (the College). The Foundation is designed for the support and development of the College and its programs, as well as for the support, assistance, and encouragement of students of the College. The Foundation solicits and acts as coordinator of gifts made by other parties. The College is not obligated to pay debt related to the Foundation. While the College is the beneficiary of the Foundation, the Foundation functions independently under its own Board of Directors and pursues its own investment policies in the management of its portfolios.

Income Tax

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined by the Internal Revenue Service to not be a "private foundation" within the meaning of Section 509(a) of the Code.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2022 and 2021.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities 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.

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 by 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 statements of activities.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for the purposes of the statement of cash flows includes cash and cash equivalents with donor restrictions. Restricted cash and cash equivalents are classified as such based on donor-imposed restrictions.

Investments

The Foundation reports investments at fair value as of the statement of financial position date. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less investment fees. Net investment return (loss) is reported as increases or decreases in net assets without donor restrictions absent any donor restriction.

Note Receivable

The note receivable is stated at its principal amount plus unpaid accrued interest, if any, which is recognized as it accrues. Management has analyzed the note receivable collectability from the borrower as of August 31, 2022 and 2021, based on collection experience with the borrower. Based on management's assessment, all amounts are considered collectible. Therefore, there was no allowance for doubtful accounts at August 31, 2022 and 2021.

Property and Equipment

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

Property and equipment recorded in the Foundation's statement of financial position was a previous donation and is fully depreciated. The property and equipment is not used in the Foundation's operations.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue

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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other 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 with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recorded as received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional promises to give due within the next year are reflected as current promises to give, while promises to give due in subsequent years are reflected as long-term promises to give. The majority of the promises to give are received from contributors in Parker County.

Endowment contributions and investments are considered contributions and investments with donor restrictions. Assets of the Foundation's individual endowment funds are generally maintained in investment portfolios. Interest, dividends, and gains and losses on the investments are allocated on a monthly-average basis to the endowment funds in proportion to each endowment fund's relative share in the investment portfolios. The earnings on donor-restricted endowments are recorded as with donor restrictions, in accordance with donor stipulations. Accumulated unspent earnings are reinvested and retained in the endowment funds to protect them against inflation over the long-term.

Use of Estimates

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE B: AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at August 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 1,117,866 | \$ 2,805,128 |
| Accounts receivable | - | 250 |
| Interest receivable | 4,659 | 6,236 |
| Note receivable, current portion | 8,902 | 8,495 |
| Unconditional promises to give, current portion | 102,820 | 97,378 |
| Certificates of deposit | 2,000,961 | 2,475,806 |
| Securities | 7,925,715 | 6,998,397 |
| Total financial assets | <u>11,160,923</u> | <u>12,391,690</u> |
| Amounts not available to be used within one year: | | |
| Restricted assets | 10,407,775 | 11,998,744 |
| Interest receivable on restricted assets | 4,659 | 6,236 |
| Unconditional promises to give, current portion | 102,820 | 97,378 |
| Total amounts not available to be used within one year: | <u>10,515,254</u> | <u>12,102,358</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 645,669</u> | <u>\$ 289,332</u> |

The Foundation's goal is generally to maintain liquidity and provide timely working funds that are sufficient to cover anticipated expenses over the next twelve months.

NOTE C: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalents have been placed with high quality financial institutions believed to be creditworthy.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE D: SECURITIES AND INVESTMENTS

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement, and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. 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 are defined as follows:

- | | |
|---------|--|
| Level 1 | Represented by quoted prices that are available in an active market. |
| Level 2 | Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. |
| Level 3 | Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity's own assumptions about the market risk. |

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE D: SECURITIES AND INVESTMENTS (Continued)

The following table presents investments and certificates of deposit measured at fair value on a recurring basis as of August 31, 2022 and 2021:

| August 31, 2022 | | | | |
|--|---------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Fair Value |
| Certificates of Deposit | \$ - | \$ 2,000,961 | \$ - | \$ 2,000,961 |
| Government Securities | - | 2,811,436 | - | 2,811,436 |
| Municipal Obligations | - | 288,960 | - | 288,960 |
| Corporate Obligations | - | 1,544,759 | - | 1,544,759 |
| Equities | 3,132,886 | - | - | 3,132,886 |
| Mutual Funds | 147,674 | - | - | 147,674 |
| Total Investments and Certificates of Deposit | <u>\$ 3,280,560</u> | <u>\$ 6,646,116</u> | <u>\$ -</u> | <u>\$ 9,926,676</u> |

| August 31, 2021 | | | | |
|--|---------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Fair Value |
| Certificates of Deposit | \$ - | \$ 2,475,806 | \$ - | \$ 2,475,806 |
| Government Securities | - | 1,779,150 | - | 1,779,150 |
| Municipal Obligations | - | 319,331 | - | 319,331 |
| Corporate Obligations | - | 1,622,375 | - | 1,622,375 |
| Equities | 3,113,694 | - | - | 3,113,694 |
| Mutual Funds | 163,847 | - | - | 163,847 |
| Total Investments and Certificates of Deposit | <u>\$ 3,277,541</u> | <u>\$ 6,196,662</u> | <u>\$ -</u> | <u>\$ 9,474,203</u> |

Fair values for assets in Level 2 are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE D: SECURITIES AND INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended August 31, 2022 and 2021.

| | August 31, 2022 | | |
|------------------------------|----------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividends | \$ 8,208 | \$ 223,127 | \$ 231,335 |
| Investment return | | | |
| Realized gain | 6,247 | 164,582 | 170,829 |
| Unrealized loss | (45,538) | (1,233,746) | (1,279,284) |
| Investment fees | (30,438) | - | (30,438) |
| Total investment loss, net | (69,729) | (1,069,164) | (1,138,893) |
| Total investment loss | <u>\$ (61,521)</u> | <u>\$ (846,037)</u> | <u>\$ (907,558)</u> |
| | | | |
| | August 31, 2021 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividends | \$ 8,068 | \$ 196,061 | \$ 204,129 |
| Investment return | | | |
| Realized gain | 24,718 | 581,959 | 606,677 |
| Unrealized gain | 11,169 | 252,870 | 264,039 |
| Investment fees | (28,615) | - | (28,615) |
| Total investment return, net | 7,272 | 834,829 | 842,101 |
| Total investment return | <u>\$ 15,340</u> | <u>\$ 1,030,890</u> | <u>\$ 1,046,230</u> |

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE E: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of August 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| Receivable in less than one year | | |
| Restricted for: | | |
| Scholarships | \$ 71,009 | \$ 61,046 |
| Fine Arts | 48 | 2,219 |
| Other | <u>31,763</u> | <u>34,113</u> |
| Total receivable in less than one year | <u>\$ 102,820</u> | <u>\$ 97,378</u> |
| Receivable in one to five years | | |
| Restricted for: | | |
| Scholarships | \$ 109,369 | \$ 112,441 |
| Fine Arts | - | - |
| Other | <u>15,750</u> | <u>63,874</u> |
| Total receivable in one to five years | <u>\$ 125,119</u> | <u>\$ 176,315</u> |
| Total unconditional promises to give | <u><u>\$ 227,939</u></u> | <u><u>\$ 273,693</u></u> |

Unconditional promises to give are not recorded at net present value as any discount would be immaterial to the statements as a whole at August 31, 2022 and August 31, 2021.

NOTE F: NOTE RECEIVABLE

The Foundation sold land in April 2016 for \$265,382, net of settlement costs. The Foundation received \$51,294 as a down payment with the remainder of \$214,088 as a promissory note which will be paid over the next twenty years. The terms of the promissory note state that the Foundation will receive \$1,376 in monthly installments through April 2036, including principal and interest. The stated interest rate for this receivable is 4.69%.

The note receivable has the following maturities at August 31:

| | |
|------------|--------------------------|
| 2023 | \$ 8,902 |
| 2024 | 9,329 |
| 2025 | 9,776 |
| 2026 | 10,244 |
| 2027 | 10,734 |
| Thereafter | <u>117,446</u> |
| | <u><u>\$ 166,431</u></u> |

WEATHERFORD COLLEGE FOUNDATION, INC.
A Component Unit of Weatherford College
Notes to Financial Statements
August 31, 2022 and 2021

NOTE G: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of August 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Scholarships | \$ 8,691,947 | \$ 9,469,932 |
| Fine arts program | 1,217,895 | 1,218,914 |
| Other | <u>730,531</u> | <u>1,589,827</u> |
| Total net assets with donor restrictions | <u>\$ 10,640,373</u> | <u>\$ 12,278,673</u> |

NOTE H: ENDOWMENT FUNDS

The Board of Directors interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. A donor or donors may establish a named endowment at a minimum funding level of \$10,000. The donor(s) may accumulate the endowment gift over a five-year period with earnings during the accumulation period to be used for scholarships. Earnings during the accumulation period may not be used to reduce the donors' commitment to fund the endowment at the minimum level. Once the endowment is established, the donor may expect that the Foundation will make every attempt to award the entire amount earned in interest each year under terms of the endowment fund's (the Fund) charter and that unused portions, if any, shall be awarded in subsequent years. Any non-endowed funds that do not reach a corpus of \$10,000 within five years of the initial gift may be transferred into funds without donor restrictions or redirected into other endowment funds.

Spending Policy

The Foundation believes that it is in the best interest of the charitable purposes of the Foundation to annually distribute as much from the Fund as possible while maintaining overall investment objectives as defined in the Investment Policy and ensuring the long-term health of the Fund. Distributions from the Fund shall be consistent with those goals and focus primarily on an annual target distribution to support scholarships and other activities. The target for annual distribution is 5% of the average fund balance (AFB). The AFB is calculated on the basis of market values of the Fund averaged over the preceding three fiscal years. The Foundation's policy allows for a lesser or greater total annual distribution than the target 5% distribution amount with the approval of the Board of Directors.

Investment Policy

The overall objectives of the Foundation's investment policy are to 1) assure the safety of the Foundation's funds, 2) maintain liquidity and provide timely working funds, 3) attain a rate of return consistent with safety and liquidity considerations, 4) match maturity of the investment instruments to cash flow requirements, and 5) diversify investments as to maturity, instruments, and financial institutions. The investment policy defines the types of investments that are considered allowable for the Foundation unless otherwise prohibited as a restriction of the original gift.

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NOTE H: ENDOWMENT FUNDS (Continued)

The return objective for the Fund, measured over a full market cycle, is to maximize the benefit intended by the donor, to produce current income to support the programs of Weatherford College and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting against inflation. The Foundation accomplishes this by continuous monitoring of investments by the Board of Director's investment committee and through approximated asset allocation guidelines.

Endowment Net Assets

The following represents the changes in endowment net assets for the years ended August 31, 2022 and 2021:

| | August 31, 2022 | | |
|--|----------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - beginning | \$ - | \$ 10,651,962 | \$ 10,651,962 |
| Contributions | - | 493,160 | 493,160 |
| Interest and dividends | - | 204,546 | 204,546 |
| Investment loss, net | - | (968,811) | (968,811) |
| Appropriation of endowment assets for expenditure | - | (482,967) | (482,967) |
| Endowment net assets - end of year | <u>\$ -</u> | <u>\$ 9,897,890</u> | <u>\$ 9,897,890</u> |

| | August 31, 2021 | | |
|--|----------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - beginning | \$ - | \$ 9,438,640 | \$ 9,438,640 |
| Contributions | - | 633,698 | 633,698 |
| Interest and dividends | - | 184,346 | 184,346 |
| Investment return, net | - | 795,905 | 795,905 |
| Appropriation of endowment assets for expenditure | - | (400,627) | (400,627) |
| Endowment net assets - end of year | <u>\$ -</u> | <u>\$ 10,651,962</u> | <u>\$ 10,651,962</u> |

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NOTE H: ENDOWMENT FUNDS (Continued)

Underwater Endowments

As of August 31, 2022, funds with original gift values of \$835,838, fair values of \$807,397 and deficiencies of \$28,441 were reported in net assets with donor restrictions. During the year ended August 31, 2022, the Foundation appropriated \$750 from underwater endowments funds. The Foundation had no underwater endowments as of August 31, 2021.

NOTE I: RELATED PARTY TRANSACTIONS

The Foundation remitted \$387,060 and \$371,664 in scholarships to Weatherford College in fiscal years 2022 and 2021, respectively, and \$2,997,921 and \$421,177 for other contributions to Weatherford College in fiscal years 2022 and 2021, respectively.

The Foundation received contributions from board members in the amount of \$2,185,000 and \$362,500 in fiscal years 2022 and 2021, respectively. These contributions are included as without donor restriction or with donor restrictions based upon any donor-imposed restrictions.

NOTE J: SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 20, 2023, the date the financial statements were available to be issued and none were noted.

