

# **Yakima Valley Community Foundation**

**Financial Statements and  
Independent Auditors' Report**

**December 31, 2009**



*Powerful insight. Proven results.*

# Yakima Valley Community Foundation

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## Contents

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	<i>Page</i>
<i>INDEPENDENT AUDITORS' REPORT</i>	2
 <i>FINANCIAL STATEMENTS:</i>	
<i>Statement of financial position</i>	3
<i>Statement of activities and changes in net assets</i>	4
<i>Statement of cash flows</i>	5
<i>Notes to financial statements</i>	6-16
 <i>SUPPLEMENTAL INFORMATION:</i>	
<i>Administration expenses</i>	18

## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
Yakima Valley Community Foundation  
Yakima, Washington**

We have audited the accompanying statement of financial position of Yakima Valley Community Foundation (the Organization) as of December 31, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yakima Valley Community Foundation as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of expressing an opinion on the basic financial statements taken as a whole. The supplemental information on page 18 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Yakima, Washington  
May 19, 2010

# Yakima Valley Community Foundation

## Statement of Financial Position

December 31, 2009

### Assets

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 54,467
Current maturities of pledges and bequest receivable	1,439,926
Bequest receivable from remainder trust	5,150,762
	<u>6,645,155</u>

INVESTMENTS 33,043,399

INVESTMENT IN TRUST 500,000

FURNITURE AND EQUIPMENT, net of accumulated  
depreciation of \$66,629 21,613

LONG-TERM PLEDGES RECEIVABLE 2,710,301

\$ 42,920,468

### Liabilities

Accrued compensation	\$ 50,578
Funds held for others	375,583
	<u>426,161</u>

### Net Assets

Unrestricted	\$ 38,137,815	
Temporarily restricted	<u>4,356,492</u>	
		<u>42,494,307</u>
		<u>\$ 42,920,468</u>

See accompanying notes to financial statements.

# Yakima Valley Community Foundation

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>REVENUE AND OTHER SUPPORT:</i>			
Contributions and pledges	\$ 20,109,357	\$ (265,229)	\$ 19,844,128
Administrative fees	121,964	-	121,964
Dividends and interest income	549,731	-	549,731
Realized and unrealized gain on investments	2,629,432	-	2,629,432
	<u>23,410,484</u>	<u>(265,229)</u>	<u>23,145,255</u>
Net assets released from restrictions	1,359,966	(1,359,966)	-
Reclassification of net assets subject to variance power previously reported as temporarily restricted	<u>12,097,293</u>	<u>(12,097,293)</u>	<u>-</u>
Total revenue and other support	<u>36,867,743</u>	<u>(13,722,488)</u>	<u>23,145,255</u>
<i>EXPENSES:</i>			
Grants awarded	659,618	-	659,618
Administration expenses	693,134	-	693,134
Total expenses	<u>1,352,752</u>	<u>-</u>	<u>1,352,752</u>
<i>CHANGES IN NET ASSETS</i>	35,514,991	(13,722,488)	21,792,503
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>2,622,824</u>	<u>18,078,980</u>	<u>20,701,804</u>
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 38,137,815</u>	<u>\$ 4,356,492</u>	<u>\$ 42,494,307</u>

See accompanying notes to financial statements.

# Yakima Valley Community Foundation

## Statement of Cash Flows

Year Ended December 31, 2009

### *Increase (Decrease) in Cash and Cash Equivalents*

#### *CASH FLOWS FROM OPERATING ACTIVITIES:*

Cash received from donors and agencies	\$ 18,844,037
Cash paid to grant recipients	(630,032)
Cash paid to employees and suppliers	(693,134)
Cash received and held for others	375,583
Interest received	549,731
Net cash provided by operating activities	<u>18,446,185</u>

#### *CASH FLOWS FROM INVESTING ACTIVITIES:*

Purchase of investments	\$ (33,404,382)
Proceeds from sale of investments	13,092,459
Purchase of fixed assets	<u>(4,629)</u>
Net cash used in investing activities	<u>(20,316,552)</u>

*NET DECREASE IN CASH AND CASH EQUIVALENTS* (1,870,367)

*CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR* 1,924,834

*CASH AND CASH EQUIVALENTS, END OF YEAR* \$ 54,467

### *Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:*

Changes in net assets	\$ 21,792,503
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	9,583
Increase in assets:	
Pledges and bequest receivable	(3,751,487)
Increase in liabilities:	
Funds held for others	375,583
Accrued compensation	<u>20,003</u>
Net cash provided by operating activities	<u>\$ 18,446,185</u>

See accompanying notes to financial statements.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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#### *Organization:*

Yakima Valley Community Foundation (the Organization) is a nonprofit organization incorporated in November of 2003, under the laws of the state of Washington, and commenced operations in 2005. The Organization was initially formed as a result of the acquisition of medical centers located at Yakima and Toppenish, Washington, by a for-profit corporation, Health Management Associates, Inc., (“HMA”) from a nonprofit hospital, Providence Health System (“Providence”). A portion of the proceeds from the sale of the medical centers were required to be held and administered by a nonprofit corporation. The Organization was formed as a nonprofit community foundation in order to fulfill that purpose and benefit the local community.

#### *Nature of Operations and Services Provided:*

As a community foundation the Organization is chartered to improve the cultural, economic, social, health, and educational quality of life for residents of Yakima County and to help donors achieve their philanthropic goals. The Organization attracts, manages, and distributes the income from gifts of capital for community betterment. The Organization assists compatible nonprofit groups in providing and improving services in health, education, the arts/humanities, community development, and social programs. The Organization’s major sources of revenue include HMA contributions, private grants and donations, and asset management fees.

#### *Summary of Significant Accounting Policies:*

- a. *Basis of accounting* – The accompanying financial statements are prepared using the accrual basis of accounting.
- b. *Financial statement presentation* – The Organization presents its financial statements in accordance with the provisions of *Financial Statements of Not-for-Profit Organizations*. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted net assets* – All contributions other than endowments, including those with donor-imposed restrictions, are subject to the variance power established by the Organization’s governing documents. The variance provision gives the Board of Directors (the Board) the power to modify any restriction placed on gifts to the Organization that is incapable of fulfillment or is no longer consistent with the charitable needs of the community. Accordingly, unless time restrictions have been imposed on contributions, net assets are generally classified as unrestricted net assets.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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#### *Summary of Significant Accounting Policies (continued):*

#### b. *Financial statement presentation (continued) –*

The Organization's governing documents further provide that absent contrary directions given in the transferring instrument regarding the use of the principal, all or part of the principal of any fund may be used subject to certain conditions, including approval of the Board and trustee holding each fund. Contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made are included as unrestricted support that increases unrestricted assets.

*Temporarily restricted net assets* – These are subject to restrictions that will be met either by the passage of time or satisfying the restriction by the donors. The Organization had \$4,356,492 in temporarily restricted net assets at December 31, 2009. Net assets were released from donor restrictions by the passage of time or incurring expenses satisfying the restriction specified by the donors in the amount of \$1,359,966 for the year ended December 31, 2009.

*Permanently restricted net assets* – Permanently restricted net assets are controlled by law or donor-imposed restrictions that require such assets be maintained in perpetuity. The Organization has no permanently restricted net assets.

In accordance with accounting standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support. This recording depends upon the nature of any donor restrictions, the use of variance power and the designation of a beneficiary, if applicable.

- c. *Federal income tax* – As a charitable organization, the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. As of December 31, 2009, the Organization had no unrelated business activities subject to federal income taxes.
- d. *Cash and cash equivalents* – For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be cash equivalents.
- e. *Contributions receivable* – Unconditional promises to give are recorded as contributions when received at the net present value of the amounts expected to be collected. Unconditional promises to give that are expected to be received in future periods are discounted using a rate commensurate with the risks involved applicable to the years in which the promises were received. The discount is amortized to contribution revenue using the effective-interest method.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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#### *Summary of Significant Accounting Policies (continued):*

- f. *Funds held for others* – The Organization receives and distributes assets under certain agency and intermediary arrangements. The Financial Accounting Standards Board (FASB) establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is established by a donor. The guidance specifically requires that if a not-for-profit organization establishes a fund at a recipient organization with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the recipient organization must account for the transfer of such assets as a liability. The liability is reflected under the title “funds held for others” on the accompanying statement of financial position. In addition, related amounts received or distributed, investment income or loss, and expenses are presented separately on the accompanying statement of activities and changes in net assets.

During the year, the Organization reclassified \$251,039 of net assets to the liability account “funds held for others” to properly record asset transfers posted as contributions. As of December 31, 2009, funds held for others was \$375,583.

- g. *Investments* – Investments in debt and equity securities with readily determinable market values are recorded at fair value. The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are valued at the last reported bid price. Real estate investments are recorded at fair value determined by periodic appraisals which are obtained as deemed necessary based upon economic conditions and management discretion.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the Investment Objectives and Policies adopted by the Organization’s Board. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. The Organization contracts with outside parties to provide investment management and consulting services.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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#### *Summary of Significant Accounting Policies (continued):*

- h. *Furniture and equipment* – Furniture and equipment are stated at cost. Depreciation is computed by the straight-line method over estimated useful lives of five to seven years.
- i. *Advertising* – Such costs are expensed as incurred and were \$43,179 for the year ended December 31, 2009.
- j. *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. Actual results could differ from those estimates.
- k. *Subsequent events* – Subsequent events have been evaluated through May 19, 2010, which is the date the financial statements were available to be issued.
- l. *Recent accounting pronouncements* –

*Income taxes* – The Financial Accounting Standards Board (FASB) has issued provisions on accounting for uncertainty in income taxes. The Organization adopted this new guidance for the year ended December 31, 2009. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for the years before 2006.

*Fair value* – In September 2006, the FASB issued provisions on *Fair Value Measurements*. These provisions establish a framework for measuring fair value and expand disclosures about fair value measurements. They are generally effective for fiscal years beginning after November 15, 2007. Therefore, effective January 1, 2009, the Organization adopted the provisions of *Fair Value Measurements*. The adoption of the provisions resulted in additional financial statement disclosures and did not have an impact on the Organization's change in financial position.

*Endowments* – In August 2008, the FASB issued provisions on *Enhanced Disclosures for All Endowment Funds*. This provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 2006. The provisions also improve disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA. The state of Washington adopted UPMIFA effective July 1, 2009. The Organization has adopted this guidance as of July 1, 2009. See enhanced disclosures required at note 3.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 2 — INVESTMENT SECURITIES AND OTHER INVESTMENTS:

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The Organization presents investment securities at fair value. Investments include: marketable securities, five cash value life insurance policies, and a charitable gift annuity. The charitable gift annuity is held by the Organization, which in 2009 met the requirements for holding charitable gift annuities. The aggregate carrying amount of the major types of investments consisted of the following at December 31, 2009:

Cash and cash equivalents	\$ 11,405,992
Common and preferred stock	19,694,550
U.S. government and corporate bonds	1,630,924
Real estate	155,169
Charitable gift annuity	67,353
Cash value of life insurance	<u>89,411</u>
 Total investments	 \$ 33,043,399

### NOTE 3 — FAIR VALUE MEASUREMENTS:

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As discussed at note 1(k), the Organization adopted the provisions of *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*, effective July 1, 2009. In accordance with this guidance, fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. The guidance established a three-tier hierarchy to maximize the use of observable measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

*Level 1* – quoted prices in active markets for identical assets

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 3 – FAIR VALUE MEASUREMENTS (continued):

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Level 2 – other significant observable inputs (including quoted prices for similar assets, interest rates, prepayments speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Organization's own assumptions in determining the fair value of assets)

The following is a summary of the inputs used as of December 31, 2009, in valuing the Organization's financial assets carried at fair value:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Types of investments:				
Cash and cash equivalents	\$ 11,405,992	\$ 11,405,992	\$ -	\$ -
Common and preferred stock	19,694,550	19,694,550	-	-
U.S. government and corporate bonds	1,630,924	1,630,924	-	-
Real estate	155,169	-	-	155,169
Charitable gift annuity	67,353	67,353	-	-
Cash value life insurance	<u>89,411</u>	<u>89,411</u>	-	-
Total investments	33,043,399	32,888,230	-	155,169
Bequest receivable from remainder trust	<u>5,150,762</u>	<u>3,207,732</u>	-	<u>1,943,030</u>
Total	<u>\$ 38,194,161</u>	<u>\$ 36,095,962</u>	\$ -	<u>\$ 2,098,199</u>

The bequest receivable from the remainder trust of a donor is comprised of \$3,207,732 of cash, cash equivalents and stocks, and \$1,943,030 of real estate.

### NOTE 4 – LONG-TERM PLEDGES RECEIVABLE AND BEQUEST:

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The Organization has received unconditional written promises to give in the amount of \$3,525,226, which includes \$814,926 of current maturities at December 31, 2009. The Organization will receive \$1,000,000, annually for the next three years with the last contribution scheduled to be received in 2013. Also included in current maturities of pledges and bequest receivable is \$625,000 of a bequest to be received in 2010.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### *NOTE 4 – LONG-TERM PLEDGES RECEIVABLE AND BEQUEST (continued):*

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Pledges receivable are net of unamortized discount of \$474,774 as of December 31, 2009. The discount is calculated using a risk-free interest rate of 5.25%. No provision has been made for uncollectible pledges receivable because the uncollected amount is expected to be insignificant.

The Organization will also receive the remainder of a trust bequeathed by Mary Monroe “Mollie” Davis in the amount of \$5,150,762.

### *NOTE 5 – RETIREMENT PLAN:*

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The Organization contributes to a 401(k) retirement plan (the Plan). All employees may participate in the Plan. The Organization contributes up to 5% of the eligible employee’s salary to the Plan. Employees are 100% vested. During the year ended December 31, 2009, the Organization contributed \$8,943.

### *NOTE 6 – LEASES:*

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In February 2005, the Organization entered into an office lease agreement with Iron Horse Lodge. As of December 31, 2009, the monthly payment was \$1,925. The lease term will end January 31, 2010, and is expected to be renewed. The Organization paid a total of \$23,350 rent for the year ended December 31, 2009.

### *NOTE 7 – DEFERRED COMPENSATION:*

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The Organization has a deferred compensation plan for the executive director. Each year the liability is adjusted to reflect the amount invested in the plan. The corresponding expense is included in administration expenses on the statement of activities and changes in net assets.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS:

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Temporarily restricted net assets at December 31, 2009, consisted of the following:

	Temporarily Restricted <u>Contributions</u>	Funds Released in Satisfaction <u>of Requirement</u>	Balance <u>as of 2009</u>
Gifts restricted by time	\$ 59,550	\$ -	\$ 59,550
Gifts restricted by purpose	5,656,908	(1,359,966)	4,296,942
Reclassification of net assets subject to variance power previously reported as temporarily restricted	<u>12,097,293</u>	<u>(12,097,293)</u>	<u>-</u>
	<u>\$ 16,453,781</u>	<u>\$ (13,457,259)</u>	<u>\$ 4,356,492</u>

### NOTE 9 – CONCENTRATIONS OF CREDIT RISK:

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Most of the Organization's support was provided by one source for the year ended December 31, 2009. The support provided by this source was \$19,507,000.

The Organization maintains cash balances in financial institutions in Washington state. The Federal Deposit Insurance Corporation (FDIC) insures the accounts at each of these institutions. The aggregate funds held in one institution may exceed the FDIC insured limit from time-to-time and specific funds held by the institution may not be covered by FDIC insurance.

### NOTE 10 – ENDOWMENTS:

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The Organization's endowments consist of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 10 – ENDOWMENTS (continued):

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*Interpretation of relevant law* – The Board of Directors of the Organization has interpreted the Washington State Management of Institutional Funds Act (UPMIFA) as requiring a prudent spending policy on endowment funds absent explicit donor stipulations to the contrary.

The Organization's organizing documents set forth the power to modify any restrictions or conditions on distributions from funds if, in the Organization's judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area being served. As a result of this variance power, the Organization classifies as unrestricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

As of December 31, 2009, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ 23,461,462	\$ 625,000	\$ -	\$ 24,086,462
Board designated quasi-endowment funds	<u>10,557,485</u>	<u>-</u>	<u>-</u>	<u>10,557,485</u>
Endowment net assets	<u>\$ 34,018,947</u>	<u>\$ 625,000</u>	<u>\$ -</u>	<u>\$ 34,643,947</u>

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### NOTE 10 – ENDOWMENTS (continued):

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Changes to endowment net assets for the year ended December 31, 2009, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ 12,106,786	\$ 1,250,000	\$ -	\$ 13,356,786
Endowment investment return:				
Interest and dividends, net of fees	393,140	-	-	393,140
Realized and unrealized gains and losses	<u>2,585,954</u>	<u>-</u>	<u>-</u>	<u>2,585,954</u>
Total endowment investment return	2,979,094	-	-	2,979,094
Contributions	19,881,460	-	-	19,881,460
Net transfer from endowments	<u>(948,393)</u>	<u>(625,000)</u>	<u>-</u>	<u>(1,573,393)</u>
Endowment net assets, December 31, 2009	\$ 34,018,947	\$ 625,000	\$ -	\$ 34,643,947
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

*Funds with deficiencies* – From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the total amount of the made to the endowment by the donor. These deficiencies usually result from unfavorable market gifts fluctuations. There were no such deficiencies as of December 31, 2009.

*Return objectives and risk parameters* – The Organization 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 Organization has been instructed to 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, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk. The Organization expects its endowment funds, over time, to provide an average real rate of return of approximately 8% annually. Actual returns in any given year may vary from these amounts.

# Yakima Valley Community Foundation

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## Notes to Financial Statements

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### *NOTE 10 – ENDOWMENTS (continued):*

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*Strategies employed for achieving objectives* – To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints.

*Spending policy and how the investment objectives relate to spending policy* – The Organization has a general policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior 16 quarters preceding the quarter in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at a rate equal to inflation. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity.

## **SUPPLEMENTAL INFORMATION**

# Yakima Valley Community Foundation

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## Administration Expenses

Year Ended December 31, 2009

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*EMPLOYEE EXPENSES:*

Salaries	\$ 241,853
Related payroll expense	14,529
Employee benefits	37,442
	<hr/>
	293,824

*OTHER ADMINISTRATIVE EXPENSES:*

Administrative fees	\$ 119,131
Advertising	43,183
Bank fees	108,280
Depreciation	9,583
Maintenance	2,408
Occupancy	25,390
Other	33,535
Postage and shipping	3,391
Professional fees	38,863
Supplies	5,452
Telephone	4,231
Travel	5,863
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	399,310

Total administration expenses \$ 693,134

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