Northwest College

Financial and Compliance Report

June 30, 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northwest College
Powell, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Northwest College (the "College") as of and for the years ended June 30, 2020 and 2019, and its discretely presented component unit, the Northwest College Foundation (the "Foundation"), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2020 and 2019, and December 31, 2019 and 2018, respectively, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, and certain pension plan information and certain OPEB plan information on pages 43 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The combining schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 10, 2020

NORTHWEST COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is designed to assist readers in understanding the accompanying financial statements and provide an overview of Northwest College's financial position and activities for the fiscal year ended June 30, 2020, with selected comparative information for the year ended June 30, 2019. It has been prepared by management to be read in conjunction with the financial statements and the notes thereto, which follow this section.

This financial report focuses on Northwest College (the "College") as the primary entity, including the Northwest College Building Authority (the "Authority") as a blended component unit, but also includes financial information for the Northwest College Foundation (the "Foundation") as a discretely presented component unit. Analysis in this section will focus on the College's financials without drawing any conclusion about the Foundation's financials. It is important to note that the College operates on a July to June fiscal year, while the Foundation uses the calendar year as its fiscal year.

The College's financial statements consist of the following funds:

Unrestricted Funds	**Restricted Funds**	**Endowment Fund**	**Agency Funds**	**Plant Funds**
Operating Fund	General Restricted Fund	Northwest College Quasi Endowment Fund	Agency Fund	Plant Renewal and Replacement Fund
One Mill Fund	Federal Pell/ Supplemental Educational Opportunity Grant/ Workstudy Fund		Agency-Foundation Pass-Through Fund	Plant Construction Fund
Auxiliary Fund	Federal Funds Fund			Fixed Assets Fund
Community Education Non-Credit Fund	Restricted Scholarships Fund			Retirement of Indebtedness Fund
Continuing Education Contract Training Fund	Workforce Restricted Fund			

It is the College's duty to be accountable to the public and provide information that responds to the three primary groups of users of its financial report:

- The citizenry
- The governing board, the Wyoming Community College Commission (the "WCCC"), and oversight bodies
- Investors and creditors

Financial reports and accompanying notes provide information useful for assessing financial condition and results of operations; assisting in determining compliance with finance-related laws, rules, and regulations; and evaluating the uses of monetary resources.

FINANCIAL STATEMENTS

The College's annual financial report consists of three components, in accordance with required reporting standards: 1) this MD&A section; 2) the financial statements; and 3) the notes to the financial statements. The College's financial statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Certain inter-fund eliminations and adjustments are necessary for the preparation of these entity-wide financial statements when compared to internally generated financial statements by fund.

Statement of Net Position

The Statement of Net Position reflects the College's financial and capital resources. This statement presents the financial position of the College at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows of the College. In addition, this statement segregates the assets and liabilities into current and noncurrent components. The difference between assets, deferred outflows, liabilities, and deferred inflows represents the College's net position. The net position is displayed in four components: net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted.

- **Net investment in capital assets** represents the College's total investment at historical cost in capital assets, property, plant, equipment, and infrastructure, net of accumulated depreciation, and outstanding debt obligations related to those capital assets, including accounts payable related to the acquisition of capital assets. The College capitalizes assets that have a value above $5,000 for equipment, $25,000 for land and site improvements, and $50,000 for buildings and building improvements.
- **Restricted net position (nonexpendable)** consists of endowment and similar-type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal.
- **Restricted net position (expendable)** includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external parties and/or donors.
- **Unrestricted net position** represents all other funds available to the institution, which may be used for the operation of the College at the discretion of the Board of Trustees.

Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is actually received or paid. Assets and liabilities are generally measured using current values; one exception is capital assets, which are stated at historical cost less an allowance for depreciation.

Condensed Statements of Net Position at June 30 are presented below:

	2020	2019	2018
Assets			
Current assets	**$ 21,249,070**	$ 17,490,835	$ 19,459,640
Noncurrent assets	**44,331,261**	46,287,921	46,306,130
Total assets	**65,580,331**	63,778,756	65,765,770
Deferred Outflows of Resources			
Pension-related deferred outflows	**738,429**	2,493,357	1,021,253
Other Postemployment Benefits ("OPEB")-related deferred outflows	**2,803,617**	3,739,510	583,510
Debt defeasance	**114,305**	123,097	131,890
Total deferred outflows of resources	**3,656,351**	6,355,964	1,736,653
Liabilities			
Current liabilities	**2,717,990**	2,794,631	3,533,840
Noncurrent liabilities	**24,916,476**	29,915,756	23,199,239
Total liabilities	**27,634,466**	32,710,387	26,733,079
Deferred Inflows of Resources			
Pension-related deferred inflows	**1,416,678**	543,532	1,070,658
OPEB-related deferred inflows	**4,513,819**	2,059,748	2,091,392
Unavailable property taxes	**3,531,356**	3,477,098	3,398,149
Total deferred inflows of resources	**9,461,853**	6,080,378	6,560,199
Net Position			
Net investment in capital assets	**27,483,772**	28,270,000	27,816,462
Restricted nonexpendable	**10,801,707**	10,791,422	10,752,572
Restricted expendable - scholarships	**3,925,570**	4,076,029	3,735,401
Restricted expendable - capital projects	**1,193,338**	970,971	1,754,242
Unrestricted	**(11,264,024)**	(12,764,467)	(9,849,532)
Total net position	**$ 32,140,363**	$ 31,343,955	$ 34,209,145

Total net position increased $796,408 in fiscal year 2020 to a total of $32,140,363. Total net position decreased $2,865,190 in fiscal year 2019 to a total of $31,343,955. Unrestricted net position, ($11,264,024) in 2020, ($12,764,467) in 2019, and ($9,849,532) in 2018, was available for future operating and capital needs of the College.

Current assets include cash and cash equivalents, accounts and property tax receivables, and prepaid expenses. Unrestricted cash increased by $3,104,890 during 2020, and decreased by $144,202 and $1,489,236 during 2019 and 2018, respectively.

Park County property and mineral values increased in 2020, resulting in an increase to the property tax receivable from $3,572,109 in 2018 to $3,659,653 in 2019, to $3,755,363 in 2020. Variations are also due to the timing of property tax payments from Park County property owners. See additional discussion of the increase in assessed property values under Statement of Revenues, Expenses, and Changes in Net Position below.

Noncurrent assets, $44,331,261 and $46,287,921 for the years ended June 30, 2020 and 2019, respectively, are made up of land, buildings, improvements, construction in progress, equipment, library books, and the endowment challenge. These values, except the endowment challenge, which is valued at fair value, are stated based on original amounts less depreciation. In 2020, $1,185,917 was spent on new or in-progress capital improvements, which included electrical upgrades, upgrading the Oliver heat unit, and the renovation and regrading of the childcare center, among others. In 2019, $2,491,386 was spent on new or in-progress capital improvements, which included the completion of the renovation of the Johnson Fitness Center, the completion of the regrading project for Ashley Hall, the Orendorf Building roof-top unit replacement, completion of the renovation of the Moyer Building, and numerous other smaller projects. See Note 3 in the accompanying financial statements. The College endowment held by the Foundation decreased by $1,003,374 and $94,697 for the years ended June 30, 2020 and 2019, respectively, compared to an increase of $814,294 for the year ended June 30, 2018.

Total liabilities as of June 30, 2020 were $27,634,466, compared to $32,710,387 as of June 30, 2019. The decrease in total liabilities is due to decreases in the net pension and total OPEB liabilities, as established by Governmental Accounting Standards Board ("GASB") Statement Nos. 68 and 75, respectively. These GASB Statements are discussed below.

The long-term maturity of notes payable refers to the amount to be repaid in a time period longer than the next 12 months for a loan associated with Simpson Hall in the Authority. The balance will decrease over time as required debt payments are made. See Note 4 for the College's long-term liabilities.

Total current liabilities as of June 30, 2020 were $2,717,990, compared to $2,794,631 as of June 30, 2019. This slight decrease was primarily in payroll and related liabilities.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in fiscal year 2015. GASB Statement No. 68 requires the College to recognize its proportionate share of the total net pension liability as calculated by the Wyoming Retirement System's actuarial firm. Based on the calculations performed by the actuarial firm, the College's portion of the pension-related outflows is $738,429, inflows are $1,416,678, and net pension liability is $7,555,257; these amounts were recorded on the Statements of Net Position. This is in comparison to fiscal year 2019, with pension-related outflows of $2,493,357, inflows of $543,532, and net pension liability of $9,700,478; these amounts were recorded on the Statements of Net Position. See Note 5 in the accompanying financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented in fiscal year 2018. GASB Statement No. 75 requires the College to recognize its proportionate share of the total OPEB liability as calculated by the State of Wyoming's actuarial firm. Based on the calculation performed by the actuarial firm, the College's portion of the OPEB-related outflows is $2,803,617, inflows are $4,513,819, and total OPEB liability is $14,012,152; these amounts were recorded on the Statements of Net Position. This is in comparison to fiscal year 2019, with OPEB-related outflows of $3,739,510, inflows of $2,059,748, and total OPEB liability of $16,653,561; these amounts were recorded on the Statements of Net Position. See Note 7 in the accompanying financial statements.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's results of operations and supports the total change in net position for the year. Revenues and expenses are classified as operating or nonoperating. "Operating" is defined by the GASB as resulting from transactions involving exchanges of goods or services for payment. The College receives revenue from several sources; operating revenues are directly related to the operation of the College and include tuition and fees, Federal grants, State and local grants and contracts, and auxiliary enterprises.

"Nonoperating" is defined by the GASB as resulting from transactions not involving the exchange of goods or services for payment. Nonoperating revenues are not directly related to or derived from a College operation and include State and local appropriations and endowments from the State. The College shows a substantial "operating loss" in the Statement of Revenues, Expenses, and Changes in Net Position primarily because the GASB requires that State appropriation and district levy revenues be reported as "nonoperating."

The following shows the change in net position from revenues and expenses for the years ended June 30:

	2020	2019	2018
Operating Revenues			
Tuition and fees (net allowances)	**$ 2,979,534**	$ 2,266,062	$ 2,629,164
Federal grants and contracts	**900,405**	830,064	821,397
State and local grants and contracts	**1,198,100**	436,059	302,421
Auxiliary enterprise charges (net allowances)	**2,410,623**	2,913,236	2,997,777
Other operating revenues	**574,732**	763,894	790,126
Total operating revenues	**8,063,394**	7,209,315	7,540,885
Operating Expenses			
Instruction	**8,640,290**	9,449,014	9,381,782
Public service	**131,348**	219,805	243,253
Academic support	**2,381,342**	1,993,329	1,622,835
Student services	**3,319,699**	3,659,524	3,444,364
Institutional support	**4,846,259**	4,964,220	5,431,515
Operation and maintenance of plant	**2,296,372**	2,652,794	2,529,441
Scholarships	**417,178**	488,641	658,034
Auxiliary enterprises	**3,654,700**	5,075,137	5,053,542
Depreciation	**2,566,483**	3,011,379	2,527,050
Total operating expenses	**28,253,671**	31,513,843	30,891,816
Operating (loss)	**(20,190,277)**	(24,304,528)	(23,350,931)
Nonoperating Revenues	**20,976,400**	21,400,488	21,629,645
State Endowment Appropriation	**10,285**	38,850	25,650
Increase (decrease) in net position	**$ 796,408**	$ (2,865,190)	$ (1,695,636)

The WCCC is responsible for setting the tuition rates for all Wyoming colleges, and those rates are set based on a June 30 fiscal year. The WCCC set the in-state tuition rates at $99 per credit hour for 2020, whereas it was $94 per credit hour for 2019 and 2018. The College is responsible for setting fixed fee and course fee rates. The Board of Trustees approves the College's fixed-rate fees annually. These rates were set at $39 per credit hour for 2020, $35 per credit hour for 2019, and $32 per credit hour for 2018. These increases in tuition have been offset by fluctuations in enrollment. The College's enrollment headcount was as follows:

Year Ended	Fall Semester	Spring Semester	Combined
June 30, 2020	1,461	1,523	2,984
June 30, 2019	1,524	1,470	2,994
June 30, 2018	1,693	1,639	3,332

Based on the above enrollment history, the 2020 $496,147 increase in tuition and fees before the scholarship allowance was due to an increase in the tuition and fee rates while overall enrollment remained steady. The 2019 $537,846 decrease in tuition and fees before the scholarship allowance was due to the decrease in enrollment noted above. For 2018, there was a decrease of $158,121 compared to 2017. Reported tuition and fee revenues are offset by the amount of the scholarship allowance, which represents the discount that the College awards and must be netted against the tuition charged to the students. The scholarship allowance offsetting tuition and fee revenues was $1,508,199 in 2020, $1,725,264 in 2019, and $1,900,268 in 2018.

State appropriations make up the bulk of the College's total revenues and represent approximately 51% in 2020, 50% in 2019, and 50% in 2018 of the respective total revenue. During 2020, total State appropriations increased by $96,051 compared to 2019. During 2019, total State appropriations increased by $604,039 compared to 2018. The increase in State appropriation was primarily due to increased major maintenance funds.

Local appropriations are included in nonoperating revenues. Local appropriations include both mill-levy revenue based on Park County property tax valuation and motor vehicle registration fees. As the majority of local appropriations is property tax valuation, the following table represents the Park County assessed value for the previous five years and the current fiscal year:

Fiscal Year	County Valuation ($)	% Change Increase (Decrease)
June 30, 2020	$706,271,171	3.92%
June 30, 2019	$679,629,861	12.34%
June 30, 2018	$604,982,133	(5.49%)
June 30, 2017	$640,120,277	(26.39%)
June 30, 2016	$869,641,470	(0.24%)
June 30, 2015	$871,694,681	(0.12%)

Local appropriations revenue increased $120,130 from 2019 to 2020 and $451,917 from 2018 to 2019, and represents approximately 14% of total revenue in 2020 and 2019 and 12% of total revenue in 2018.

Auxiliary services consist primarily of housing and dining services. Income in these areas varies annually based on enrollment and rates charged by these auxiliary services. Occupancy in the residence halls and meal plans sold have declined the last couple of years. Auxiliary enterprise revenues are also reported net of the scholarship allowance. Currently, the auxiliary allowance is calculated at 35% of the institutional, Foundation, and Hathaway scholarships; auxiliary revenue decreased by $619,634 before the scholarship allowance, while expenses decreased by $1,420,437 for 2020. Revenue decreased due to a reduction in the number of meal plans sold in addition to a decline in occupancy within College-owned housing. Expenses decreased significantly due to a decrease in dining services costs along with reduced remodeling costs due to completed projects associated with Trapper West and Trapper Main Apartments. In 2019, auxiliary enterprise revenue decreased by $178,635, while expenditures increased by $21,595. Expenses increased more than revenue due to increased costs associated with the number of meal plans sold.

In 2020, the Wyoming Challenge Match Endowment cost basis increased $10,285, compared to a $38,850 increase in 2019. The College's portion of the Wyoming Challenge Match Endowment held by the Foundation had a book value of $11,297,619 and market value of $13,326,237 as of June 30, 2020.

Statement of Cash Flows

Information from the Statement of Cash Flows reflects the College's operating cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the fiscal year. Below is a summary of the Statements of Cash Flows for the years ended June 30, found on pages 17 and 18:

	2020	2019	2018
Cash Provided by (Used in):			
Operating activities	**$ (16,467,957)**	$ (20,009,213)	$ (19,201,457)
Noncapital financing activities	**21,076,168**	21,126,833	20,520,472
Capital and related financing activities	**(863,086)**	(3,489,226)	(2,917,939)
Investing activities	**(638,389)**	313,347	1,185,079
Net increase (decrease) in cash and cash equivalents	**3,106,736**	(2,058,259)	(413,845)
Cash and Cash Equivalents, beginning of year	**12,539,495**	14,597,754	15,011,599
Cash and Cash Equivalents, end of year	**$ 15,646,231**	$ 12,539,495	$ 14,597,754

In summary, the cash provided by noncapital financing activities was more than the cash used in operating, capital, and investing activities by $3,106,736. In 2019, the cash provided by noncapital financing activities was less than the cash used in operating, capital, and investing activities by $2,058,259. In 2018, the cash provided by noncapital financing activities was less than the cash used in operating, capital, and investing activities by $413,845.

OTHER CONSIDERATIONS

The College is accredited by the Higher Learning Commission. The Higher Learning Commission completed an on-site comprehensive evaluation in September 2017 in which the College was affirmed and accredited in the Open and Standard Pathways. In addition, three College departments hold national accreditations through the following subject matter accrediting bodies: National Association of Schools of Art & Design, National Association of Schools of Music, and Accreditation Commission for Education in Nursing.

The College is required by Wyoming State Statutes to update its facility master plan every five years. In the master plan that was updated in March 2014, the Nelson Performing Arts Center and the DeWitt Student Center were identified as top priorities for capital improvements. The Wyoming Legislature did not pass a budget funding these projects during its session in Spring 2020; however, the State Building Commission still supports these facilities and will request funding during future legislative sessions.

Funding received from State and local appropriations significantly decreased for fiscal years 2017 and 2018. Appropriations were steady for fiscal years 2019 and 2020. Funding is projected to decrease by 10% for 2021 and possibly an additional 10% for 2022. Decreased revenue from mineral and extraction taxes, coupled with a lack of economic diversification, could result in less revenue and could have long-term negative effects for the State of Wyoming, Park County, and ultimately the College itself. As part of reviewing all revenue sources for the Wyoming community colleges, the WCCC voted to increase in-state tuition by $6 per credit hour for fiscal year 2022 along with removing the tuition cap. Both measures were designed to help protect the Wyoming community colleges from significant swings in State and local appropriations, but declining enrollments have not provided the tuition income that was originally projected.

Beginning in March 2020, the College began monitoring the coronavirus global pandemic. The College is monitoring the pandemic daily and taking many preemptive measures to ensure the safety and health of its students, employees, and community members. The College has been working closely with the State of Wyoming during the pandemic, including following public health orders and applying for coronavirus relief funding through grants. The overall impact of the pandemic remains unknown, and as such, the College remains conservative in its spending while also monitoring student enrollment. At this time, it is unknown if or how long adverse global and economic conditions may last and if there will be any adverse financial impact to the College.

Continued assessment of local and regional economic conditions, along with robust enrollment management efforts, must be ongoing and diligent. The College is proud of the academic program development that is happening to meet the needs of its students and its communities. The College's student completion and retention rates far exceed national rates and reflect the College's commitment to its Mission Statement: "Your future, our focus." The College must remain focused on efficient resource allocation, and fiscal year 2021 marks the beginning of a new strategic vision cycle for operational mission alignment.

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION
June 30, 2020 and 2019

ASSETS	**2020**	2019
Current Assets		
Cash and cash equivalents (Note 2)	**$ 12,650,700**	$ 9,545,810
Cash and cash equivalents, restricted (Note 2)	**2,995,531**	2,993,685
Accounts receivable, net of allowance of $200,000 for 2020 and 2019	**1,700,023**	1,189,308
Property taxes receivable	**3,755,363**	3,659,653
Prepaids	**147,453**	102,379
Total current assets	**21,249,070**	17,490,835
Noncurrent Assets		
Capital assets, net of accumulated depreciation (Note 3)	**31,005,024**	31,958,310
Investments held by others (Note 2)	**13,326,237**	14,329,611
Total noncurrent assets	**44,331,261**	46,287,921
Total assets	**65,580,331**	63,778,756
DEFERRED OUTFLOWS OF RESOURCES		
Pension-Related Deferred Outflows (Note 5)	**738,429**	2,493,357
OPEB-Related Deferred Outflows (Note 7)	**2,803,617**	3,739,510
Debt Defeasance	**114,305**	123,097
Total deferred outflows of resources	**3,656,351**	6,355,964

Continued

NORTHWEST COLLEGE

STATEMENTS OF NET POSITION, *Continued*
June 30, 2020 and 2019

	2020	2019
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 961,796**	$ 973,655
Payroll and related liabilities	**699,887**	803,342
Accrued compensated absences (Note 4)	**422,177**	382,788
Accrued interest payable	**7,326**	7,796
Advance payments	**196,660**	143,590
Custodial deposits (Note 11)	**204,365**	263,317
Current maturities of note payable (Note 4)	**225,779**	220,143
Total current liabilities	**2,717,990**	2,794,631
Noncurrent Liabilities		
Accrued compensated absences (Note 4)	**140,726**	127,596
Note payable, less current maturities (Note 4)	**3,208,341**	3,434,121
Net pension liability (Note 5)	**7,555,257**	9,700,478
Total OPEB liability (Note 7)	**14,012,152**	16,653,561
Total noncurrent liabilities	**24,916,476**	29,915,756
Total liabilities	**27,634,466**	32,710,387
DEFERRED INFLOWS OF RESOURCES		
Pension-Related Deferred Inflows (Note 5)	**1,416,678**	543,532
OPEB-Related Deferred Inflows (Note 7)	**4,513,819**	2,059,748
Unavailable Property Taxes	**3,531,356**	3,477,098
Total deferred inflows of resources	**9,461,853**	6,080,378
NET POSITION		
Net Investment in Capital Assets	**27,483,772**	28,270,000
Restricted For:		
Nonexpendable	**10,801,707**	10,791,422
Expendable:		
Scholarships	**3,925,570**	4,076,029
Capital projects	**1,193,338**	970,971
Unrestricted	**(11,264,024)**	(12,764,467)
Total net position	**$ 32,140,363**	$ 31,343,955

See Notes to Financial Statements.

NORTHWEST COLLEGE

COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS	**2019**	2018
Cash and Cash Equivalents, including $24,266 and $9,517, respectively, held for Youth Clubs of Park County (Note 2)	**$ 196,092**	$ 147,680
Investments (Note 2)	**1,352,999**	1,202,266
Contributions Receivable	**614,795**	343,763
Accounts Receivable	**2,000**	735
Cash and Cash Equivalents Restricted by Donors for Long-Term Purposes (Note 2)	**961,138**	1,032,495
Investments for Long-Term Purposes, including $1,374,123 and $419,092, respectively, held for Youth Clubs of Park County (Note 2)	**42,061,261**	34,976,625
Beneficial Interest in Perpetual Trust	**892,424**	795,064
Other Assets	**670,279**	670,279
Total assets	**$ 46,750,988**	$ 39,168,907
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 23,362**	$ 2,499
Investments held for others (Note 2)	**15,547,099**	13,483,989
Assets held in trust	**1,446,546**	973,845
Liabilities associated with charitable gift annuities	**183,774**	193,247
Total liabilities	**17,200,781**	14,653,580
Net Assets		
Without donor restrictions:		
Designated	**1,000,000**	1,000,000
Undesignated	**1,658,549**	1,423,708
With donor restrictions	**26,891,658**	22,091,619
Total net assets	**29,550,207**	24,515,327
Total liabilities and net assets	**$ 46,750,988**	$ 39,168,907

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Tuition and fees, net of scholarship allowance of 2020 $1,508,199; 2019 $1,725,524	**$ 2,979,534**	$ 2,266,062
Federal grants and contracts	**900,405**	830,064
State and local grants and contracts	**1,198,100**	436,059
Auxiliary enterprise charges, net of scholarship allowance of 2020 $812,107; 2019 $929,128	**2,410,623**	2,913,236
Other operating revenues	**574,732**	763,894
Total operating revenues	**8,063,394**	7,209,315
Operating Expenses (Note 12)		
Instruction	**8,640,290**	9,449,014
Public service	**131,348**	219,805
Academic support	**2,381,342**	1,993,329
Student services	**3,319,699**	3,659,524
Institutional support	**4,846,259**	4,964,220
Operation and maintenance of plant	**2,296,372**	2,652,794
Scholarships	**417,178**	488,641
Auxiliary enterprises	**3,654,700**	5,075,137
Depreciation	**2,566,483**	3,011,379
Total operating expenses	**28,253,671**	31,513,843
Operating (loss)	**(20,190,277)**	(24,304,528)
Nonoperating Revenues (Expenses)		
Non-exchange Federal and State grants	**2,694,300**	2,361,240
State appropriations	**14,775,186**	14,679,135
Local appropriations	**4,167,899**	4,047,769
Private gifts, grants, and contracts	**64,632**	147,602
Net investment income (loss)	**(648,674)**	274,497
Interest expense	**(93,080)**	(98,586)
Gain (loss) on sale of assets	**16,137**	(11,169)
Total nonoperating revenues	**20,976,400**	21,400,488
Income (loss) before other revenues, expenses, gains, or losses	**786,123**	(2,904,040)

Continued

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION, *Continued***
Years Ended June 30, 2020 and 2019

	2020	2019
Other Revenues, Expenses, Gains, or Losses		
State endowment appropriation	**$ 10,285**	$ 38,850
Total other revenues, expenses, gains, or losses	**10,285**	38,850
Increase (decrease) in net position	**796,408**	(2,865,190)
Net Position, beginning	**31,343,955**	34,209,145
Net Position, ending	**$ 32,140,363**	$ 31,343,955

See Notes to Financial Statements.

NORTHWEST COLLEGE

COMPONENT UNIT - NORTHWEST COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues, gains, and other support:		
Contributions	**$ 19,955**	$ 22,210
Investment income (loss), net	**234,022**	(127,779)
In-kind contributions	**203,743**	181,006
Administrative fees	**393,859**	370,738
Miscellaneous	**81,265**	61,937
Net assets released from restrictions	**1,575,502**	1,701,907
Total revenues, gains, and other support	**2,508,346**	2,210,019
Expenses:		
Program services:		
College support	**1,745,745**	1,772,887
Management	**206,355**	179,823
Fundraising	**321,405**	276,855
Total expenses	**2,273,505**	2,229,565
Increase (decrease) in net assets without donor restrictions	**234,841**	(19,546)
Changes in Net Assets With Donor Restrictions		
Contributions	**1,137,444**	582,231
Investment income (loss)	**5,061,192**	(2,041,784)
Royalty	**64,568**	7,357
Changes in liabilities associated with charitable gift annuities	**9,472**	10,058
Changes in present value of beneficial interest and perpetual trusts	**97,360**	(115,209)
Miscellaneous income	**5,505**	3,295
Net assets released from restrictions	**(1,575,502)**	(1,701,907)
Increase (decrease) in net assets with donor restrictions	**4,800,039**	(3,255,959)
Increase (decrease) in net assets	**5,034,880**	(3,275,505)
Net Assets, beginning of year	**24,515,327**	27,790,832
Net Assets, end of year	**$ 29,550,207**	$ 24,515,327

See Notes to Financial Statements.

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Received from students and customers	**$ 8,190,146**	$ 7,271,394
Payments to employees and benefits	**(15,326,845)**	(17,784,807)
Payments to vendors and suppliers	**(8,855,128)**	(8,692,046)
Payments for scholarships	**(417,178)**	(488,641)
Other receipts	**(58,952)**	(315,113)
Net cash (used in) operating activities	**(16,467,957)**	(20,009,213)
Cash Flows from Noncapital Financing Activities		
Non-exchange Federal and State grants	**2,694,300**	2,361,240
State appropriations	**14,190,789**	14,578,817
Local appropriations	**4,126,447**	4,039,174
Gifts, endowments, and grants for other than capital purchase	**64,632**	147,602
Net cash provided by noncapital financing activities	**21,076,168**	21,126,833
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	**(1,572,097)**	(3,323,110)
Proceeds from sale of capital assets	**19,330**	52,879
Interest paid on note	**(93,550)**	(99,044)
Payment of note principal	**(220,143)**	(214,648)
State endowment invested in the Foundation	**1,003,374**	94,697
Net cash (used in) capital and related financing activities	**(863,086)**	(3,489,226)
Cash Flows from Investing Activities		
State endowment appropriation	**10,285**	38,850
Interest received on investment	**(648,674)**	274,497
Net cash provided by (used in) investing activities	**(638,389)**	313,347
Net increase (decrease) in cash and cash equivalents	**3,106,736**	(2,058,259)
Cash and Cash Equivalents		
Beginning of year	**12,539,495**	14,597,754
End of year	**$ 15,646,231**	$ 12,539,495

Continued

NORTHWEST COLLEGE

STATEMENTS OF CASH FLOWS, *Continued*
Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities:		
Operating (loss)	**$ (20,190,277)**	$ (24,304,528)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	**2,566,483**	3,011,379
Debt defeasance amortization	**8,792**	8,793
Changes in assets and liabilities:		
Receivables, net	**73,682**	53,771
Prepaids	**(45,074)**	44,637
Accounts payable and related liabilities	**(218,560)**	(638,393)
Advance payments	**53,070**	8,308
Accrued compensated absences	**52,519**	76,045
Net pension liability	**(2,145,221)**	2,787,779
Deferred outflows - pension	**1,754,928**	(1,472,104)
Deferred inflows - pension	**873,146**	(527,126)
Total OPEB liability	**(2,641,409)**	4,129,870
Deferred outflows - OPEB	**935,893**	(3,156,000)
Deferred inflows - OPEB	**2,454,071**	(31,644)
Total adjustments	**3,722,320**	4,295,315
Net cash (used in) operating activities	**$ (16,467,957)**	$ (20,009,213)
Supplemental Disclosures of Cash Flow Information		
Capital assets included in accounts payable	**$ 201,437**	$ 157,143

See Notes to Financial Statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Northwest College (the "College") is a public institution of higher education created in 1946. The College's main campus is located in Powell, Wyoming with outreach centers in Cody and Worland, Wyoming. It is governed by a Board of Trustees (the "Board") comprising seven elected trustees and is subject to the laws of the State of Wyoming. The College is a municipal corporation formed under and subject to the requirements of the Wyoming State Statutes.

The Northwest College Foundation (the "Foundation") is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization and supplements the resources that are available to the College. The Foundation's Board of Directors is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College. The Foundation's year-end is December 31. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

Financial statements for the Foundation can be obtained by calling the Foundation at (307) 754-6110.

The Northwest College Building Authority (the "Authority") was created on July 2, 2008 as a public benefit corporation for the purpose of financing the construction, ownership, and operation of real and personal property to be used by the College. The Authority is a separate legal entity from the College but is treated as a blended component unit of the College due to its financial dependence on the College and is reported in its financial statements.

***Northwest College*:**

Basis of accounting: For financial reporting purposes, the College is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; most private gifts and grants; State appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, State appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Jointly governed organizations (not included in the College reporting entity): Under provisions of Wyoming State Statutes Section 21-20-101 *et seq.*, the College has joined with Park County School District No. 1 to form the Park County School District No. 1 Board of Cooperative Educational Services. The purpose of this board is to provide adult, community, and continuing education. The transactions of this board are not included in these financial statements.

Cash and cash equivalents: For purposes of the Statements of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The College accounts for its investments at fair value, as determined by quoted market prices, in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application,* and GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of net investment income in the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to contracts and grants. Accounts receivable are recorded net of estimated uncollectible amounts.

Property tax receivable: Property tax receivable includes delinquent property tax receivable and property taxes assessed during the year that will be levied and billed in the subsequent year.

Fair value measurements: The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America ("U.S. GAAP"). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2020 and 2019:

- Investments held by the Foundation of $13,326,237 and $14,329,611, respectively, are valued using significant other observable inputs (Level 2 inputs).

Capital assets: The College capitalizes assets that have a donated value or cost in excess of $5,000 for equipment, $50,000 for building improvements, $25,000 for land and site improvements, and $50,000 for buildings at the date of acquisition and an expected useful life of more than one year. Library books are generally not considered to have a useful life of more than one year, unless they are part of a collection and are expensed in the year of acquisition.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The College does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to 14 years for equipment, 15 to 20 years for building improvements, 20 years for site improvements, and 40 years for buildings.

Impairments: The College evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The College will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The College will recognize an impairment loss when the College considers a capital asset impaired, and will recognize the capital asset at the lower of the carrying value or fair value.

Compensated absences: It is the College's policy to allow full-time and eligible part-time staff sick leave, personal leave, and vacation. Accrued sick leave is paid upon termination to benefited staff. Staff are entitled to accrued vacation leave upon termination. All leave pay is accrued when incurred and a liability for these amounts is reported in compliance with GASB Statement No. 16, *Accounting for Compensated Absences*. The College considers approximately 75% of this liability current and due within one year.

Bond issuance costs: Bond issuance costs are expensed when incurred.

Unavailable property taxes: Unavailable property taxes consist of property taxes assessed for the year that will be levied and recognized as revenue in the subsequent year.

Noncurrent liabilities: Noncurrent liabilities include estimated amounts for accrued compensated absences, voluntary terminations, net pension liability, notes payable, and total obligations for postemployment benefits other than pensions ("OPEB") that will not be paid within the next fiscal year.

Net position: The College's net position is classified as follows:

Net investment in capital assets: This represents the College's total investment in capital assets, net of accumulated depreciation and debt related to the purchase or construction of those assets, including accounts payable and retentions payable.

Restricted net position – nonexpendable: This includes amounts for the endowment challenge, of which the corpus is not to be spent, but earnings are used for scholarships. Accounts are held by the Foundation.

Restricted net position – expendable: This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted for capital projects: This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties for the purchase of capital assets.

Unrestricted net position: This includes resources derived from student tuition and fees, State and local appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Classification of revenues: The College classified its revenue as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances; 2) sale and services of auxiliary enterprises, net of scholarship allowances; and 3) Federal, state, and local grants and contracts considered to be exchange activities.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, such as State and local appropriations, certain Federal and State programs, and investment income.

Property taxes: Property taxes attach as an enforceable lien on property as of January 1 of the preceding levy year. Taxes are levied on or about September 1 and payable in two installments on November 1 and May 1, or the tax may be paid in full by December 31. Park County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within Park County, including Northwest College. The College's property tax revenues are recognized when levied. Property taxes receivable include property taxes assessed for the year that will be levied and billed in the subsequent year and delinquent property taxes.

Scholarship discounts and allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for the goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Federal direct loans: For the years ended June 30, 2020 and 2019, the College received and disbursed funds under the Federal Direct Loan Program in the amount of $1,333,184 and $1,380,389, respectively. The College does not recognize these transactions as revenue or expenses based on the nature of the transactions.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wyoming Retirement System ("WRS"), and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment benefits other than pensions (OPEB): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State of Wyoming Employee Group Insurance Retiree Health Plan have been determined on the same basis as they are reported by the State of Wyoming. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

***Component Unit – Northwest College Foundation*:**

Nature of activities: The Foundation is a nonprofit corporation promoting, assisting, and extending financial support to the College located in Powell, Wyoming and its various educational programs and other services, and providing students with scholarships and other financial aid. The Foundation complies with the Uniform Prudent Management of Institutional Funds Act as required under Wyoming law effective July 1, 2009.

A summary of the Foundation's significant accounting policies follows:

Basis of presentation: The Foundation has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*, as the basis of presentation of its financial statements. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories:

> *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. These also include Board of Directors-designated or appropriated amounts.
>
> *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds must be maintained in perpetuity.

It also requires the Foundation to distinguish between contributions received for each net asset category, in accordance with donor-imposed conditions.

Cash and cash equivalents: For purposes of reporting cash flows, the Foundation considers all demand deposits, money market funds, and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments: The Foundation carries investments in marketable securities and investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the changes in net assets in the accompanying Statements of Activities. Investment income and gains with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investment pool: The Foundation maintains master investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the value of each endowment to the total value of the master investment accounts, as adjusted for additions to or deductions from those accounts. These gains and losses are accounted for in the net assets with donor restrictions category that corresponds to each endowment.

Split-interest agreements: The Foundation is the beneficiary of trusts and annuities. The Foundation's interest in these split-interest agreements is reported as a contribution in the year received at its net present value based upon market values.

Real estate: The Foundation invests in real estate that is adjacent to the campus to provide for possible future expansion. Donated real estate that is not located in this manner is promptly sold when favorable market conditions occur.

Board of Directors-designated net assets: The Board of Directors for the Foundation has designated $1,000,000 to be maintained in investments and treated as unavailable for Foundation operations. This amount is currently included in net assets without donor restrictions.

Revenue recognition - contributions: The Foundation recognizes contribution income in accordance with FASB ASC Topic 958, *Not-for-Profit Entities.* Unconditional promises to give are recognized as revenue or gain in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Depending on the existence or nature of any donor restrictions, unconditional contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. The Foundation has not experienced losses from uncollectible pledges and does not expect future losses.

Donated assets: Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Gifts of land, buildings, and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Foundation's activities).

Donor restrictions: Donors can change their designations from the different net asset classifications.

Donated services and materials: To the extent that contributions of materials made to the Foundation are objectively measurable and represent program or support expenditures, they are reflected in the financial statements at their fair value. No amounts have been reflected in the statements for donated services since the services do not require specialized skills.

Pass-through contributions: Donor-restricted funds designated for immediate use of the College are receipted by the Foundation and remitted to the College shortly after receipt. Such contributions are reported as increases in net assets with donor restrictions. When the assets are remitted to the College, 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.

Revenue recognition – administrative fees: The Foundation recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Administrative fee revenues are primarily from fees derived from the management of the Foundation's various endowments as well as development services.

The Foundation charges an annual fee (transaction price) to each qualifying endowment, which is equal to 1% of the three-year average balance of the endowment at the end of each fiscal year. Satisfaction of this implicit contract between the endowment, the endowment donor and the Foundation occurs on an annual basis as the Foundation provides the various administrative tasks to maintain the endowment (performance obligation). Revenue is recognized at this time. The fee is deducted from the endowment balance.

Allocation of expenses: The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. The expenses include salaries and benefits, development activities, office, legal and accounting, and certain other expenses. Expenses are allocated based on management's estimate of the relative attention and effort exerted toward specific functional areas.

Income tax matters: The Foundation is an exempt organization for income tax purposes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. Federal, State, or local tax authorities except for the last three years' filings.

Estimates: The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits with Financial Institutions and Investments

***Northwest College*:**

The Statutes of the State of Wyoming authorize agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by a pledge of assets, including any bonds, debentures, and other securities in which the State Treasurer may by law invest or a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of 1.5:1 of the value of public funds secured by the securities. The College has restricted deposits for the agency funds, Federal funds received to be expended, departmental donations with donor restrictions, and funds restricted for the purchase of capital assets, totaling $2,995,531 and $2,993,685 as of June 30, 2020 and 2019, respectively.

Custodial credit risk: Custodial credit risk for deposits of the College is the risk that in the event of a bank failure, the College's deposits may not be returned to them. At June 30, 2020 and 2019, the carrying amount of the College's deposits was $15,643,145 and $12,441,332, respectively, and the bank balance was $16,305,090 and $13,478,373, respectively, of which all was insured or secured by pledged assets.

***Northwest College Foundation*:**

Fair value measurements: FASB ASC Topic 820-10, *Fair Value Measurements*, establishes a framework for fair value measurement and disclosure. It requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 2 valuations are based on quoted market prices for identical assets in less than active markets.

Investments in marketable securities, including agency investment held for Boys & Girls Clubs, consist of the following at December 31, 2019 and 2018:

	2019	
	Cost	**Fair Value**
Level 1:		
Mutual/index funds	**$ 4,659,507**	**$ 5,207,057**
Equity	**22,144,496**	**31,245,631**
Total Level 1	**26,804,003**	**36,452,688**
Level 2:		
U.S. Treasury securities	**2,298,957**	**2,398,090**
Other U.S. Government bonds	**125,308**	**128,016**
Corporate bonds	**515,296**	**549,399**
Investment in hedge fund	**3,459,791**	**3,385,763**
Brokered certificate of deposit	**500,000**	**500,304**
Total Level 2	**6,899,352**	**6,961,572**
Total investments held by the Northwest College Foundation	**$ 33,703,355**	**$ 43,414,260**

	2018	
	Cost	Fair Value
Level 1:		
Mutual/index funds	$ 4,925,666	$ 4,816,710
Equity	22,180,728	25,232,806
Total Level 1	27,106,394	30,049,516
Level 2:		
U.S. Treasury securities	2,227,307	2,207,156
Other U.S. Government bonds	155,524	150,207
Corporate bonds	568,460	555,022
Investment in hedge fund	3,347,345	3,216,990
Total Level 2	6,298,636	6,129,375
Total investments held by the Northwest College Foundation	$ 33,405,030	$ 36,178,891

The Foundation maintains cash balances in one financial institution located in Powell, Wyoming and with several investment service firms. The carrying amount of cash with the investment service firms totaling $781,330 and $851,919 at December 31, 2019 and 2018, respectively, is insured by the Securities Investor Protection Corporation ("SIPC") up to $250,000 per broker account.

The bank balance of cash with the financial institution was $379,798 and $341,910 at December 31, 2019 and 2018, respectively. At December 31, 2019, $250,000 was insured by the FDIC.

Concentration of credit risk: The Foundation's investment policy is as follows. The Foundation expects the Investment Managers to maintain diversified portfolios by using the following guidelines in accordance with investment policies:

Diversification: The portfolio should be diversified among cash and cash equivalents, high-quality equity, and fixed-income securities.

Equity investments: Equity investments may range from a minimum of 45% to a maximum of 75% of the value of the fund.

At the time of purchase, small-cap equities shall not represent more than 10% of fund assets.

Investments in international equities shall not represent more than 20% of the fund assets at the time of purchase.

Equity investments may include common stocks and mutual funds that invest in equity securities.

Benchmarks: The benchmark for measuring equity performance shall be the Standard & Poor's ("S&P") 500 Index.

In the event that asset allocation guidelines are violated for reasons including, but not limited to, market price fluctuations, the Investment Committee will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

Interest rate risk: The Foundation is also exposed to investment fair value loss arising from increased interest rates. The Foundation's policy for fixed-income portfolios is as follows:

Fixed-income investments may represent a minimum of 33% and a maximum of 43% of fund assets. Fixed-income obligations other than cash equivalents and high-yield securities shall have an average quality rating of "A" or better by Moody's, S&P, or another nationally recognized bond rating agency. No more than 10% of fund assets may be invested in high-yield (junk) bonds. The Investment Committee requests that Investment Managers advise it in writing prior to initiating purchases of high-yield bonds or high-yield bond funds.

Permissible fixed-income investments include U.S. Government and agency bonds, investment-grade corporate bonds, and fixed-income securities of foreign governments and corporations.

Managers may also elect to use mutual funds that invest in these securities. However, mutual funds charge fees that add to the total cost of operating the fund. Therefore, if Investment Managers choose to utilize mutual funds, they should consider whether the additional cost is warranted in order to carry out their particular strategy.

The benchmark for measuring fixed-income performance shall be the Lehman Government/Credit Intermediate Index.

At June 30, 2020 and 2019, the following tables show the fixed-income investments by type, amount, and maturity for the endowed scholarship fund that includes the endowment challenge funds:

	2020			
		Investment Maturities (in Years)		
	Fair Value	**Less than 1**	**1 to 5**	**More than 5**
Investment Type:				
U.S. Treasury	**$ 933,000**	**$ -**	**$ 380,000**	**$ 553,000**
U.S. Government obligations	**2,661,000**	**-**	**82,000**	**2,579,000**
	$ 3,594,000	**$ -**	**$ 462,000**	**$ 3,132,000**

	2019			
		Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 5	More than 5
Investment Type:				
U.S. Treasury	$ 972,000	$ 8,000	$ 154,000	$ 810,000
U.S. Government obligations	2,478,000	-	108,000	2,370,000
	$ 3,450,000	$ 8,000	$ 262,000	$ 3,180,000

The quality rating of debt securities in the Foundation's investment portfolio at fair value as of June 30, 2020 is as follows:

U.S. Government investments (S&P rating AA+)	$ 3,594,000

Investments held for others: The Foundation has received funds from the College to invest on its behalf pursuant to the requirements of the Wyoming Community College Endowment Challenge Program under Wyoming Session Laws, Chapter 117. Under the terms of this program, the Foundation has solicited contributions for its endowment fund. These contributions were reported to the State of Wyoming, which made a matching contribution to the College. The College invested these funds with the Foundation as required by Wyoming State Statutes. The Foundation is required to invest the money and use the investment earnings to fund the same endowments consistent with the original donor's intent.

As of December 31, 2019 and 2018, the Foundation held $15,547,099 and $13,483,989, respectively, of investments for the College.

Note 3. Capital Assets

A summary of changes in the capital assets for the years ended June 30, 2020 and 2019 is as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers In (Out)	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 1,464,663	$ -	$ -	$ -	$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	581,780	1,185,917	-	(1,621,109)	146,588
Total capital assets not being depreciated	$ 2,096,443	$ 1,185,917	$ -	$ (1,621,109)	$ 1,661,251
Other capital assets:					
Land improvements	$ 2,393,348	$ -	$ -	$ -	$ 2,393,348
Buildings	67,892,916	-	-	1,621,109	69,514,025
Machinery and equipment	7,124,531	430,474	(78,201)	-	7,476,804
Total other capital assets	77,410,795	430,474	(78,201)	1,621,109	79,384,177
Less accumulated depreciation for:					
Land improvements	592,907	149,658	-	-	742,565
Buildings	41,289,181	1,911,961	-	-	43,201,142
Machinery and equipment	5,666,840	504,864	(75,007)	-	6,096,697
Total accumulated depreciation	47,548,928	2,566,483	(75,007)	-	50,040,404
Other capital assets, net	$ 29,861,867	$ (2,136,009)	$ (3,194)	$ 1,621,109	$ 29,343,773
Capital assets summary:					
Capital assets not being depreciated	$ 2,096,443	$ 1,185,917	$ -	$ (1,621,109)	$ 1,661,251
Other capital assets, at cost	77,410,795	430,474	(78,201)	1,621,109	79,384,177
Total cost of capital assets	79,507,238	1,616,391	(78,201)	-	81,045,428
Less accumulated depreciation	47,548,928	2,566,483	(75,007)	-	50,040,404
Capital assets, net	$ 31,958,310	$ (950,092)	$ (3,194)	$ -	$ 31,005,024

	Balance June 30, 2018	Additions	Deletions	Transfers In (Out)	Balance June 30, 2019
Capital assets not being depreciated:					
Land	$ 1,464,663	$ -	$ -	$ -	$ 1,464,663
Art, literature, and artifacts	50,000	-	-	-	50,000
Construction in progress	1,495,167	2,491,386	(40,610)	(3,364,163)	581,780
Total capital assets not being depreciated	$ 3,009,830	$ 2,491,386	$ (40,610)	$ (3,364,163)	$ 2,096,443
Other capital assets:					
Land improvements	$ 1,842,672	$ -	$ -	$ 550,676	$ 2,393,348
Buildings	65,079,429	-	-	2,813,487	67,892,916
Machinery and equipment	6,846,488	660,529	(382,486)	-	7,124,531
Total other capital assets	73,768,589	660,529	(382,486)	3,364,163	77,410,795
Less accumulated depreciation for:					
Land improvements	475,479	117,428	-	-	592,907
Buildings	38,871,123	2,418,058	-	-	41,289,181
Machinery and equipment	5,549,995	475,893	(359,048)	-	5,666,840
Total accumulated depreciation	44,896,597	3,011,379	(359,048)	-	47,548,928
Other capital assets, net	$ 28,871,992	$ (2,350,850)	$ (23,438)	$ 3,364,163	$ 29,861,867
Capital assets summary:					
Capital assets not being depreciated	$ 3,009,830	$ 2,491,386	$ (40,610)	$ (3,364,163)	$ 2,096,443
Other capital assets, at cost	73,768,589	660,529	(382,486)	3,364,163	77,410,795
Total cost of capital assets	76,778,419	3,151,915	(423,096)	-	79,507,238
Less accumulated depreciation	44,896,597	3,011,379	(359,048)	-	47,548,928
Capital assets, net	$ 31,881,822	$ 140,536	$ (64,048)	$ -	$ 31,958,310

Note 4. Long-Term Liabilities

Voluntary termination: The College had established an arrangement for certain classes of employees. The plan was based on a predetermined formula computed with regard to length of service, attained age at termination, and salary schedule previous to the year of termination. As of December 2019, the Board voted to eliminate the voluntary termination plan. As of June 30, 2020, the College has no employees enrolled in this plan and no associated liability or future remaining commitment.

Note payable: The Authority issued a $4,480,000 lease revenue note payable Series 2015 on May 26, 2015. The note is a limited obligation of the Authority and does not constitute an obligation or guarantee of the College or of its agencies or political subdivisions. The note is unsecured and repayments will be made through lease payments by the College for the use of the assets.

Interest on the note is 2.56% and is payable semi-annually. The note requires annual principal payments through June 1, 2033.

The aggregate principal, including interest, required on the note at June 30, 2020 is as follows:

Year ending June 30:	Principal	Interest
2021	$ 225,779	$ 87,913
2022	231,559	82,134
2023	237,487	76,206
2024	243,567	70,126
2025	249,802	63,891
2026-2030	1,348,272	220,192
2031-2034	897,654	46,393
	$ 3,434,120	$ 646,855

Long-term liability activity, other than the note payable, for the years ended June 30, 2020 and 2019 was as follows:

	Balance June 30, 2019	**Additions**	**Deletions**	**Balance June 30, 2020**	**Amounts Due within One Year**
Other liabilities:					
Accrued compensated absences	**$ 510,384**	**$ 548,898**	**$ (496,379)**	**$ 562,903**	**$ 422,177**
Total other liabilities	**$ 510,384**	**$ 548,898**	**$ (496,379)**	**$ 562,903**	**$ 422,177**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due within One Year
Other liabilities:					
Liability for voluntary termination	$ 2,572	$ -	$ (2,572)	$ -	$ -
Accrued compensated absences	434,339	609,974	(533,929)	510,384	382,788
Total other liabilities	$ 436,911	$ 609,974	$ (536,501)	$ 510,384	$ 382,788

Note 5. Retirement Commitment – WRS

Plan description: Substantially all employees of the College, excluding those participating in the Teachers Insurance and Annuity Association of America (“TIAA”) defined contribution plan, are provided with pensions through the Public Employee Pension Plan, a statewide cost-sharing, multiple-employer defined benefit pension plan administered by the WRS. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. The WRS is granted the authority to administer the plan by Wyoming State Statutes 9-3-401 through 432. The WRS issues a publicly available financial report that can be obtained at http://retirement.state.wy.us/About/Reports?Label=Financial#categories.

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

> *Service Retirement Tier 1 (employees hired before September 1, 2012)*: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average salary over 15 years.
>
> *Service Retirement Tier 2 (employees hired on or after September 1, 2012)*: Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.
>
> *Disability benefits*: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.
>
> *Survivor's benefits*: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2020, member contributions were required to be 8.75% of compensation and employer contributions were required to be 8.87% of compensation. These contributions increased July 1, 2019. Previously, the member and employer contribution percentages were 8.50% and 8.62%, respectively. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the College has elected to pay 5.57% of the member contributions effective September 1, 2018, in addition to the employer contributions. Previously, the College has contributed 5.67% of the member contributions. Total contributions to the pension plan from the College were $790,163, $831,592 and $752,668 for the years ended June 30, 2020, 2019 and 2018, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2020 and 2019, the College reported a liability of $7,555,257 and $9,700,478, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The College's proportion of the net pension liability was based on the relationship of the College's total contributions to the plan for the year ended December 31, 2019 to the contributions of all participating employers for the same period. At December 31, 2019, the College's proportion was 0.3215104%, which was an increase from its December 31, 2018 proportion of 0.3185403%.

For the years ended June 30, 2020 and 2019, the College recognized pension expense of $988,862 and $1,258,818, respectively. At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	**$ -**	**$ 145,302**
Changes in assumptions	**251,185**	**-**
Net difference between projected and actual earnings on pension plan investments	**-**	**1,106,519**
Changes in proportion and differences between employer contributions and proportionate share of contributions	**243,808**	**164,857**
Contributions subsequent to the measurement date	**243,436**	**-**
	$ 738,429	**$ 1,416,678**

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 239,931
Changes in assumptions	461,434	-
Net difference between projected and actual earnings on pension plan investments	1,510,740	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	262,070	303,601
Contributions subsequent to the measurement date	259,113	-
	$ 2,493,357	$ 543,532

An amount of $243,436 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2021	$ (183,856)
2022	(232,289)
2023	(1,809)
2024	(503,731)
	$ (921,685)

Actuarial assumptions: The total pension liability in the January 1, 2019 valuation was determined using the following actuarial assumptions adopted by the WRS Board effective August 23, 2017 and applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plan's target asset allocation for fiscal year 2019. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return	Long-Term Expected Arithmetic Rate of Return
Cash	2.00%	-0.20%	-0.19%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private real assets	9.50%	4.46%	5.58%
	100.00%		

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return, and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	$ 11,414,719	$ 7,555,257	$ 4,334,181

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System office located at 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or through its website at http://retirement.state.wy.us/About/Reports?Label=Financial#categories.

Note 6. Retirement Commitments – TIAA

Eligible College employees may elect to participate in TIAA instead of the WRS. TIAA is a private defined contribution pension plan, which is portable to other institutions and states. For the years ended June 30, 2020, 2019, and 2018, the College's contributions to TIAA were $579,235, $608,280, and $618,278, respectively.

Note 7. OPEB Commitment

General Information about the OPEB Plan

Plan description: Eligible employees of the College are provided with OPEB through the State of Wyoming Employee Group Insurance Retiree Health Plan (the "Plan"), a cost-sharing, multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance ("EGI"). Any employee of a participating employer is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that:

1. The employee had coverage in effect under the Plan for at least one year just prior to retirement; and

2. The employee is eligible to receive a retirement benefit under the WRS or TIAA and either:
    a. Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan; or
    b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan.

    Retirement eligibility varies under the WRS. The Public Employees' Pension Plan, which is the plan applicable to the College, requires 25 years of service credit.

The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the Plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming's Comprehensive Annual Financial Report, which may be obtained from the State's website at http://sao.wyo.gov/publications.

Benefits provided: The Plan provides medical and prescription drug benefits for retirees and their dependents through the payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree's death provided they were covered at the time of death.

Funding policy: The State finances this program on a pay-as-you-go basis, and there are no assets held in trust for pre-funding the obligations of the Plan. The State of Wyoming Legislature has the authority to establish and amend the funding policy.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 and 2019, the College reported a liability of $14,012,152 and $16,653,561, respectively, for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2020. The College's proportion of the collective total OPEB liability was based on a projection of the College's expected payments/contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. At June 30, 2020, the College's proportion was 1.48119%, which was a decrease from its June 30, 2019 proportion of 1.63359%.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $748,555 and $942,226, respectively. At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	**$ 2,695,177**	**$ 1,931,816**
Changes of assumptions	**108,440**	**1,653,490**
Change in proportionate share of expected payments	**-**	**928,513**
	$ 2,803,617	**$ 4,513,819**

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,385,363	$ -
Changes of assumptions	-	2,059,748
Change in proportionate share of expected payments	354,147	-
	$ 3,739,510	$ 2,059,748

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense as follows:

Year ending June 30:	
2021	$ 211,504
2022	211,504
2023	211,504
2024	211,504
2025	211,504
Thereafter	652,682
	$ 1,710,202

<u>Actuarial assumptions</u>: The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2019 (based on July 1, 2019 census data)
Inflation	2.50%
Salary Increases	2.50%-6.50%
Mortality Rates	Pre-Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017
	Post-Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017
	Disabled: RP-2014 Combined, 100% male, 100% female, generational projection using MP-2017
Healthcare Cost Trend Rates	Non-Medicare: 7.20% decreasing annually until reaching the ultimate trend rate of 4.50%
	Medicare: 7.60% decreasing annually until reaching the ultimate trend rate of 4.50%
Participation Rate	65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential	Males are assumed to be three years older than females.

Cost Method	Entry age normal. Under this method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over the expected future working lifetime as defined by the GASB. The proration is determined so that the cost with respect to service accrued from the date of hire is recognized as a level percentage of pay over the year. The Normal Cost is equal to the prorated cost for the year of the valuation.
Benefits Excluded	Benefits related to retiree dental and life insurance have been excluded from this valuation.

The healthcare cost trend rate assumption was based on national average information from a variety of sources, including S&P Healthcare Economic Index, Non-Highly Compensated Employee data plan renewal data and the vendor Rx report, with adjustments based on the provisions of the benefits offered by EGI.

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. Significant assumptions varied within the various retirement plans in the WRS.

Discount rate: The discount rate used to measure the total OPEB liability was 3.51%, which represents a decrease from the discount rate of 3.87% utilized for the June 30, 2018 measurement date. As the Plan is unfunded, the Plan has no fiduciary net position from which to make future benefit payments. Therefore, the discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of the College's proportionate share of the collective total OPEB liability to changes in the discount rate: The table below presents the College's proportionate share of the collective total OPEB liability calculated using the discount rate of 3.51%, as well as what the College's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.51%) or one-percentage-point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Proportionate share of the collective total OPEB liability	$ 17,058,497	$ 14,012,152	$ 11,664,599

Sensitivity of the College's proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates: The table below presents the College's proportionate share of the collective total OPEB liability, as well as what the College's proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Non-Medicare	6.20%	7.20%	8.20%
Medicare	6.60%	7.60%	8.60%
Proportionate share of the collective total OPEB liability	$ 11,762,501	$ 14,012,152	$ 17,041,430

Note 8. Leasing Arrangements

Operating leases: The College has entered into several operating leases for office equipment. To comply with Wyoming State Statutes, all leases contain a non-appropriations clause, which allows the College to cancel the lease in the event that resources are not available for future appropriation. Rent expense for these operating leases was $16,716 for the years ended June 30, 2020 and 2019.

The College has entered into two leases for outreach locations. These include the Cody Center and Worland Center. The total rent expense was $122,836 and $108,406 for the years ended June 30, 2020 and 2019, respectively.

Future obligations consist of the following:

Year ending June 30:	
2021	$ 82,240
2022	1,393
	$ 83,633

Note 9. Commitments and Contingencies

Amounts expended under the terms of certain grants are subject to audit and possible adjustment by governmental agencies. In the opinion of College management, adjustments, if any, will not have a material effect on the accompanying financial statements.

Note 10. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2020, the College contracted with various insurance companies for property insurance (including machinery), general liability insurance, professional insurance, and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The College has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The College has had no significant reductions in insurance coverage from coverage in the prior year.

Note 11. Custodial Deposits

The College holds funds collected by various student groups. A liability for these funds is included in current liabilities in the accompanying financial statements. The following summarizes activity within the Student Activity Funds during the years ended June 30, 2020 and 2019:

	2020	2019
Beginning of year	**$ 263,317**	$ 578,430
Additions:		
Student fees	**115,920**	113,554
Interest	**12,054**	59,629
Donations	**28,622**	20,347
Other	**416,073**	399,100
Scholarships and grants	**1,579,917**	1,636,090
Total additions	**2,152,586**	2,228,720
Deductions:		
Supplies	**71,307**	31,629
Printing	**327**	1,295
Contractual	**1,000**	4,972
Scholarships and grants	**1,565,227**	1,639,394
Various	**573,677**	866,543
Total deductions	**2,211,538**	2,543,833
End of year	**$ 204,365**	$ 263,317

Note 12. Natural Classifications with Functional Classifications

The College's operating expenses by natural classification were as follows for June 30, 2020 and 2019:

	2020				
	Natural Classification				
Functional Classification	**Compensation and Benefits**	**Supplies and Services**	**Depreciation**	**Scholarships**	**Total**
Instruction	**$ 8,056,459**	**$ 583,831**	**$ -**	**$ -**	**$ 8,640,290**
Public service	**80,434**	**50,914**	**-**	**-**	**131,348**
Academic support	**1,016,935**	**1,364,407**	**-**	**-**	**2,381,342**
Student services	**2,532,527**	**787,172**	**-**	**-**	**3,319,699**
Institutional support	**3,502,854**	**1,343,405**	**-**	**-**	**4,846,259**
Operation of plant	**1,318,108**	**978,264**	**-**	**-**	**2,296,372**
Scholarships	**-**	**-**	**-**	**417,178**	**417,178**
Auxiliary enterprises	**1,742,490**	**1,912,210**	**-**	**-**	**3,654,700**
Depreciation	**-**	**-**	**2,566,483**	**-**	**2,566,483**
Total expenses	**$ 18,249,807**	**$ 7,020,203**	**$ 2,566,483**	**$ 417,178**	**$ 28,253,671**

	2019				
	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	$ 8,769,120	$ 679,894	$ -	$ -	$ 9,449,014
Public service	91,971	127,834	-	-	219,805
Academic support	1,024,372	968,957	-	-	1,993,329
Student services	2,754,197	905,327	-	-	3,659,524
Institutional support	3,695,705	1,268,515	-	-	4,964,220
Operation of plant	1,465,058	1,187,736	-	-	2,652,794
Scholarships	-	-	-	488,641	488,641
Auxiliary enterprises	1,862,169	3,212,968	-	-	5,075,137
Depreciation	-	-	3,011,379	-	3,011,379
Total expenses	$ 19,662,592	$ 8,351,231	$ 3,011,379	$ 488,641	$ 31,513,843

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employee Pension Plan

Last Seven Fiscal Years*

	College's Proportion of the Net Pension Liability	College's Proportionate Share of the Net Pension Liability	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.355973138%	$ 5,412,217	$ 6,111,538	88.56%	81.10%
2015	0.345549783%	6,097,890	6,042,994	100.91%	79.08%
2016	0.327364883%	7,625,467	5,880,121	129.68%	73.40%
2017	0.327219500%	7,910,532	5,852,723	135.16%	73.42%
2018	0.303276300%	6,912,699	5,329,146	129.71%	76.35%
2019	0.318540300%	9,700,478	5,542,349	175.02%	69.17%
2020	**0.321510400%**	**7,555,257**	**5,724,305**	**131.99%**	**76.83%**

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
Public Employee Pension Plan
Last Seven Fiscal Years*

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 440,321	$ 440,321	$ -	$ 6,184,286	7.12%
2015	452,233	452,233	-	5,934,819	7.62%
2016	487,234	487,234	-	5,821,196	8.37%
2017	469,367	469,367	-	5,607,730	8.37%
2018	442,922	442,922	-	5,291,780	8.37%
2019	503,198	503,198	-	5,865,918	8.58%
2020	**484,554**	**484,554**	**-**	**5,462,841**	**8.87%**

** This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

NORTHWEST COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
State of Wyoming Employee Group Insurance Retiree Health Plan
Last Three Fiscal Years*

	College's Proportion of the Total OPEB Liability	College's Proportionate Share of the Total OPEB Liability	College's Covered Payroll	College's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	1.58329%	$ 12,523,691	N/A	N/A	0.00%
2019	1.63359%	16,653,561	N/A	N/A	0.00%
2020	**1.48119%**	**14,012,152**	**N/A**	**N/A**	**0.00%**

** This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Retirement Commitment – WRS

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2018 measurement date and the December 31, 2019 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2018 measurement date and the December 31, 2019 measurement date.

Note 2. OPEB Commitment

Changes in benefit terms: There were no changes in benefit terms since the prior valuation.

Changes in assumptions: The valuation reflects the following assumption changes from the June 30, 2019 measurement date to the June 30, 2020 measurement date:

- Discount rate changed from 3.87% to 3.51%.
- Updated healthcare claims costs based on recent experience.
- An increase in retiree contributions between 2019 and 2020.
- Healthcare cost trend rates were changed from 7.60% to 7.20% for non-Medicare and 8.10% to 7.60% for Medicare.

SUPPLEMENTARY INFORMATION

NORTHWEST COLLEGE

COMBINING SCHEDULE OF NET POSITION
June 30, 2020

ASSETS	Northwest College	Northwest College Building Authority	Eliminations	Total
Current Assets				
Cash and cash equivalents	$ 12,638,972	$ 11,728	$ -	$ 12,650,700
Cash and cash equivalents, restricted	2,995,531	-	-	2,995,531
Accounts receivable, net	1,700,023	-	-	1,700,023
Current maturities of investment in direct financing lease	-	225,779	(225,779)	-
Interest receivable	-	74,987	(74,987)	-
Property taxes receivable	3,755,363	-	-	3,755,363
Prepaids	147,453	-	-	147,453
Total current assets	21,237,342	312,494	(300,766)	21,249,070
Noncurrent Assets				
Investment in direct financing lease, less current maturities	-	3,208,341	(3,208,341)	-
Capital assets, net of accumulated depreciation	31,005,024	-	-	31,005,024
Investments held by others	13,326,237	-	-	13,326,237
Total noncurrent assets	44,331,261	3,208,341	(3,208,341)	44,331,261
Total assets	65,568,603	3,520,835	(3,509,107)	65,580,331
DEFERRED OUTFLOWS OF RESOURCES				
Pension-Related Deferred Outflows	738,429	-	-	738,429
OPEB-Related Deferred Outflows	2,803,617	-	-	2,803,617
Debt Defeasance	-	114,305	-	114,305
Capital Lease Defeasance	97,216	-	(97,216)	-
Total deferred outflows of resources	3,639,262	114,305	(97,216)	3,656,351

Continued

COMBINING SCHEDULE OF NET POSITION, ***Continued***
June 30, 2020

	Northwest College	Northwest College Building Authority	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable	$ 961,796	$ -	$ -	$ 961,796
Payroll and related liabilities	699,887	-	-	699,887
Accrued compensated absences	422,177	-	-	422,177
Accrued interest payable	74,987	7,326	(74,987)	7,326
Advance payments	196,660	-	-	196,660
Custodial deposits	204,365	-	-	204,365
Capital lease obligation	225,779	-	(225,779)	-
Current maturities of note payable	-	225,779	-	225,779
Total current liabilities	2,785,651	233,105	(300,766)	2,717,990
Noncurrent Liabilities				
Accrued compensated absences	140,726	-	-	140,726
Capital lease obligation	3,208,341	-	(3,208,341)	-
Note payable, less current maturities	-	3,208,341	-	3,208,341
Net pension liability	7,555,257	-	-	7,555,257
Total OPEB liability	14,012,152	-	-	14,012,152
Total noncurrent liabilities	24,916,476	3,208,341	(3,208,341)	24,916,476
Total liabilities	27,702,127	3,441,446	(3,509,107)	27,634,466
DEFERRED INFLOWS OF RESOURCES				
Pension-Related Deferred Inflows	1,416,678	-	-	1,416,678
OPEB-Related Deferred Inflows	4,513,819	-	-	4,513,819
Unavailable Property Taxes	3,531,356	-	-	3,531,356
Capital Lease Defeasance	-	97,216	(97,216)	-
Total deferred inflows of resources	9,461,853	97,216	(97,216)	9,461,853
NET POSITION				
Net Investment in Capital Assets	27,369,467	-	114,305	27,483,772
Restricted For:				
Nonexpendable	10,801,707	-	-	10,801,707
Expendable:				
Scholarships	3,925,570	-	-	3,925,570
Capital projects	1,193,338	-	-	1,193,338
Unrestricted	(11,246,197)	96,478	(114,305)	(11,264,024)
Total net position	$ 32,043,885	$ 96,478	$ -	$ 32,140,363

NORTHWEST COLLEGE

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2020

	Northwest College	Northwest College Building Authority	Eliminations	Total
Operating Revenues				
Tuition and fees, net	$ 2,979,534	$ -	$ -	$ 2,979,534
Federal grants and contacts	900,405	-	-	900,405
State and local grants and contracts	1,198,100	-	-	1,198,100
Auxiliary enterprise charges, net	2,410,623	-	-	2,410,623
Other operating revenues	574,732	-	-	574,732
Total operating revenues	8,063,394	-	-	8,063,394
Operating Expenses				
Instruction	8,640,290	-	-	8,640,290
Public service	131,348	-	-	131,348
Academic support	2,381,342	-	-	2,381,342
Student services	3,319,699	-	-	3,319,699
Institutional support	4,846,259	-	-	4,846,259
Operation and maintenance of plant	2,285,580	10,792	-	2,296,372
Scholarships	417,178	-	-	417,178
Auxiliary enterprises	3,654,700	-	-	3,654,700
Depreciation	2,566,483	-	-	2,566,483
Total operating expenses	28,242,879	10,792	-	28,253,671
Operating (loss)	(20,179,485)	(10,792)	-	(20,190,277)
Nonoperating Revenues (Expenses)				
Non-exchange Federal and State grants	2,694,300	-	-	2,694,300
State appropriations	14,775,186	-	-	14,775,186
Local appropriations	4,167,899	-	-	4,167,899
Private gifts, grants, and contracts	64,632	-	-	64,632
Net investment income (loss)	(650,307)	1,633	-	(648,674)
Direct financing income	-	104,544	(104,544)	-
Interest expense	(104,544)	(93,080)	104,544	(93,080)
Gain on sale of assets	16,137	-	-	16,137
Total nonoperating revenues	20,963,303	13,097	-	20,976,400
Income before other revenues, expenses, gains, or losses	783,818	2,305	-	786,123
Other Revenues, Expenses, Gains, or Losses				
State endowment appropriation	10,285	-	-	10,285
Total other revenues, expenses, gains, or losses	10,285	-	-	10,285
Increase in net position	794,103	2,305	-	796,408
Net Position, beginning	31,249,782	94,173	-	31,343,955
Net Position, ending	$ 32,043,885	$ 96,478	$ -	$ 32,140,363

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
Student Financial Aid Cluster:			
U.S. Department of Education:			
Federal Direct Student Loans	N/A	84.268	$ 1,333,184
Federal Pell Grant Program	N/A	84.063	1,412,441
Federal Work-Study Program	N/A	84.033	49,188
Federal Supplemental Educational Opportunity Grants	N/A	84.007	33,525
Total Student Financial Aid Cluster			2,828,338
TRIO Cluster:			
U.S. Department of Education:			
TRIO Student Support Services	N/A	84.042A	268,841
Total TRIO Cluster			268,841
Other Programs:			
U.S. Department of Education:			
CARES Education Stabilization Fund:			
COVID-19: Higher Education Relief Fund	P425E202427	84.425E	10,908
COVID-19: Higher Education Emergency Relief Fund Institutional Portion	P425F200204	84.425F	366,334
			377,242
Passed through Wyoming Kids First:			
Childcare and Development Block Grant	N/A	93.575	3,800
Passed through Wyoming Department of Education:			
Career and Technical Education - Basic Grants to States	111550PPS00	84.048A	138,672
Passed through Wyoming Community College Commission:			
Adult Education Basic Grants to States	ABE13R08	84.002A	68,689
Passed through University of Wyoming:			
GEAR-UP	P3345110024-16	84.334S	266,303
Total Other Programs - U.S. Department of Education			854,706
Total U.S. Department of Education			3,951,885
Research and Development Cluster:			
U.S. Department of Health and Human Services:			
Passed through University of Wyoming:			
National Center for Research Resources	DHSNIHLC4090	93.389	82,455
Total U.S. Department of Health and Human Services			82,455
Total Research and Development Cluster			82,455

Continued

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Federal Expenditures
TANF Cluster:			
U.S. Department of Labor:			
Passed through Wyoming Department of Family Services:			
Temporary Assistance for Needy Families	N/A	93.558	$ 13,459
Passed through Wyoming Department of Workforce Services:			
Temporary Assistance for Needy Families	N/A	93.558	38,926
Passed through Park County Commissioners:			
Temporary Assistance for Needy Families	N/A	93.558	7,972
Total U.S. Department of Labor			60,357
Total TANF Cluster			60,357
Other Programs:			
U.S. Department of Agriculture:			
Passed through Wyoming Department of Education:			
Child and Adult Care Food Program	N/A	10.558	8,401
Total U.S. Department of Agriculture			8,401
U.S. Department of Treasury:			
Passed through Wyoming Community College Commission:			
COVID-19: Coronavirus Relief Fund	N/A	21.019	190,423
Total U.S. Department of Treasury			190,423
Total Other Programs - U.S. Department of Agriculture and U.S. Department of Treasury			198,824
Total expenditures of Federal awards			$ 4,293,521

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Northwest College (the "College") Schedule of Expenditures of Federal Awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College provided no Federal funds to subrecipients.

Note 2. De Minimis Indirect Cost Rate

The College did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Basis of Presentation

The Schedule includes Federal award activity of the College under programs of the Federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the College.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Northwest College
Powell, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Northwest College (the "College") as of and for the year ended June 30, 2020, and the Northwest College Foundation (the "Foundation") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 10, 2020. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 10, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Northwest College
Powell, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Northwest College's (the "College") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the College's major Federal programs for the year ended June 30, 2020. The College's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 10, 2020

NORTHWEST COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:		Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major Federal programs:

• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None Reported

Type of auditor's report issued on compliance for major Federal programs:	Unmodified

• Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?	☐ Yes	☒ No

Identification of major Federal programs:

CFDA Number	Name of Federal Program or Cluster
Cluster	Student Financial Aid
84.334	GEAR-UP

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000

Auditee qualified as low-risk auditee?	☒ Yes	☐ No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
Year Ended June 30, 2020

There were no audit findings for the year ended June 30, 2019.