



**SEATTLE  
COLLEGES**

*Central • North • South • SVI*

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2014 Financial Report

# 2014 Financial Report

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**Trustees and Administrative Officers**

**BOARD OF TRUSTEES**

Trustees and Officer list effective as of December 31, 2014

**Chair** Carmen Gayton, Trustee

**Other Board Officers** Steve Hill, Trustee  
**Trustees** Jorge Carrasco, Trustee  
Teresita Batayola, Trustee  
Courtney Gregoire, Trustee

**Chancellor /**  
**Ex-officio Secretary** Jill Wakefield

**Advisory Representatives** Derek Edwards, AAG  
Tracy Lai, AFT Seattle  
Kimberly McRae, AFT Seattle  
Ty Pethe, WFSE  
Sarah Baker, NSC Student  
Brian Pak Wing Leung, SCC Student  
Shane Brookman, SSC Student

**Recording Secretary** ..... Rebecca Hansen

**EXECUTIVE OFFICERS**

**Chancellor** Jill Wakefield

**Presidents** Warren Brown, NSC  
Paul Killpatrick, SCC  
Gary Oertli, SCC

**Vice Chancellors** Kurt Buttleman, Vice Chancellor for Finance & Technology  
Mary Ellen O’Keefe, Interim Vice Chancellor for Education & Planning  
Charles Sims, Chief Human Resources Officer

**Vice Presidents** **Seattle Central**  
Wai-Fong Lee, Administrative Services (Interim)  
Wai-Fong Lee, Instruction & Student Services (Interim)

**South Seattle**  
Frank Ashby, Administrative Services  
Peter Lortz, Instruction  
Rosie Hernandez Rimando-Chareunsap, Student Services

**North Seattle**

Orestes Monterey, Administrative Services

Kristen Jones, Instruction

Marci Myer, Student Services

**Additional Officers**

Malcolm Grothe, Associate Vice Chancellor – Workforce

Bruce Genung, Associate Vice Chancellor – Advancement

Elsa Croonquist, Interim Executive Dean – Corporate &amp; Customized Training

**ACADEMIC DEANS****NORTH SEATTLE COLLEGE**


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Braziunas, Tom	Associate Dean	eLearning
Bonney, Curtis	Dean	Basic & Transitional Studies
Learn, Judy	Dean	Business, Engineering & Info Tech
Thomas, Steven	Dean	Health & Human Services
Agnello, Alissa	Dean	Math and Science
Simes, Sharon	Associate Dean	Library Services/TLC
<b><i>Vacant</i></b>	Associate Dean	Teaching and Learning
Kirgis, Julianne	Dean	Arts, Humanities & Social Sciences
Lederer, John	Executive Dean	Career and Workforce Education

**SEATTLE CENTRAL COLLEGE**


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Kehrli, Katherine	Associate Dean	Seattle Culinary Academy
Gourd, David	Dean	Allied Health
Von Ruden, Matthew	Associate Dean	Seattle Maritime Academy
Shadair, Maureen	Interim Associate Dean	Workforce Education & SVI
Samuels, Andrea	Associate Dean	Workforce Education & SVI
Insley, Andrea	Executive Dean	International Education Programs
Sullivan, Chris	Dean	Business, Info Technology, & Creative Arts
Lane, Bradley	Dean	Humanities & Social Sciences
Lee, Wai-Fong	Executive Dean	Instructional Resource Services
Rockhill, Wendy	Dean	Science & Mathematics
Laura DiZazzo	Dean	Basic & Transitional Studies
Mitchell, Myrtle	Dean Interim	Instruction, Workforce Ed (SVI)
Delaney, Stephanie	Dean	Center for Extended Learning
Krieg, Kate	Associate Dean	Academic Transfer
Sullivan, Debra	Associate Dean	Applied Behavioral Science
Doug Goodwin	Dean	Institute of English

**SOUTH SEATTLE COLLEGE**

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Alexander, Kim	Dean	Aviation
Burgess, Duncan	Dean	Professional Technical
Moore, Holly	Executive Dean	Apprenticeship & Specialized Training
Joe Shannon	Dean	Academic Transfer
Kingston, Laura	Dean	Academic Transfer
John Bowers	Dean	Basic & Transitional Studies
Glatt, Robert	Dean	Hospitality & Service Occupations
White, Mary Jo	Dean	Education Services
Wade, Veronica	Dean	Workforce Education & New Initiatives
Ashcraft, Jake	Interim Assoc. Dean	Math & Sciences

## Management's Discussion and Analysis

### Seattle College District

The following discussion and analysis provides an overview of the financial position and activities of the Seattle College District (the District) for the fiscal year ended June 30, 2014 (FY 2014).

This overview provides readers with an objective analysis of the District's financial performance for the year. This discussion has been prepared by management and should be read in conjunction with the District's financial statements and accompanying note disclosures.

### Reporting Entity

Seattle College District is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to nearly 50,000 students. The District confers applied baccalaureate degrees, associate degrees, certificates and high school diplomas. The District was established in 1966 with the first college, Seattle Central College, and its primary purpose is to provide excellent, accessible educational opportunities to prepare our students for challenges that they will encounter in their future.

The District's main campuses are located in Seattle, Washington, a community of about 660,000 residents. The District is made up of three colleges – Seattle Central College, North Seattle College, and South Seattle College and has various other locations throughout the city. The District is governed by a five-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. By statute, the Board of Trustees has full control of the District, except as otherwise provided by law.

### Using the Financial Statements

The financial statements presented in this report encompass the District, the Colleges, and discretely presented component units. The District'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. The Statement of Net Position provides information about the District at a moment in time, at year-end. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over a period of time. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the District's financial health as a whole.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the District's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the District's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

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## Statement of Net Position

The Statement of Net Position provides information about the District's financial position, and presents the District's assets, liabilities, and net assets at year-end and includes all assets and liabilities of the District. A condensed comparison of the Statement of Net Position is as follows:

<b>Condensed Statement of Net Position</b>				
<b>June 30, 2014</b>				
<b>Assets</b>		<b>FY 2014</b>		<b>FY 2013</b>
Current Assets & LT Investments	\$	110,278,286	\$	97,311,713
Capital Assets	\$	187,114,725	\$	173,010,910
<b>Total Assets</b>	<b>\$</b>	<b>297,393,011</b>	<b>\$</b>	<b>270,322,623</b>
<b>Liabilities</b>				
Current Liabilities	\$	21,148,673	\$	20,612,268
Other Liabilities, non-current	\$	19,853,828	\$	18,941,261
<b>Total Liabilities</b>	<b>\$</b>	<b>41,002,501</b>	<b>\$</b>	<b>39,553,529</b>
<b>Total Net Position</b>	<b>\$</b>	<b>256,390,510</b>	<b>\$</b>	<b>230,769,094</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$</b>	<b>297,393,011</b>	<b>\$</b>	<b>270,322,623</b>

Current assets consist primarily of cash, investments, various accounts receivables, bonds maturing in less than a year, and inventories.

Non-current assets are primarily comprised of capital assets and increased by approximately \$27M from FY 2013 to FY 2014. The majority of the increase is the result of the construction of the new Health Sciences and Student Resources Building for North Seattle College campus, the development of the new Maritime Academy for Seattle Central and the capitalization of Library materials that had been previously expensed.

The balance of non-current assets consists of the long-term portion of certain investments and student loans receivable.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others and tuition that is paid in advance that is reported as unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements. The increase of 2.6% in current liabilities from FY 2013 to FY 2014 is caused by the timing difference between the accrual and payment of invoices.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the long-term portion of Certificates of Participation debt. The increase in non-current liabilities of 4.8% is primarily attributed to the accrual of sick and vacation benefits that were earned during the year but will be paid at a future date.

Net position represents the value of the District's assets and deferred outflows after liabilities and deferred inflows are deducted. The District is required by accounting standards to report its net position in four categories:

**Net Investment in Capital** – The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.

**Restricted:**

**Non Expendable** – The District's balance in this area is \$54,276.

**Expendable** – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The District has no applicable assets in this area.

**Unrestricted** – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees.

**Condensed Statement of Net Position**  
**June 30, 2014**

	FY 2014	FY 2013
Net Investment in Capital Assets	\$ 177,355,120	\$ 162,685,910
Restricted for:		
Nonexpendable	\$ 54,246	\$ 122,060
Expendable	\$ -	\$ -
Student Loans	\$ 398,375	\$ 714,683
Unrestricted	\$ 78,582,739	\$ 67,246,441
<b>Total Net Position</b>	<b>\$ 256,390,510</b>	<b>\$ 230,769,094</b>
<b>Total Liabilities and Net Position</b>	<b>297,393,011</b>	<b>270,322,623</b>

Please see the Notes to the Financial Statements for additional information.

### Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the District's changes in total net position during FY 2014. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the District, along with any other revenue, expenses, gains and losses of the District.

Generally, operating revenues are earned by the District in exchange for providing goods and services. Tuition and grants and contracts are included in this category. In contrast, non-operating revenues include monies the college receives from another government without directly giving equal value to that government in return. Accounting standards require that the District categorize state operating appropriations and Pell Grants as non-operating revenues.

Operating expenses are expenses incurred in the normal operation of the District, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the District shows an operating loss of \$64.7M. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed statement of revenues, expense and changes in net position is presented below.

<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
<b>For the Year Ended June 30, 2014</b>		
	<b>FY 2014</b>	<b>FY 2013</b>
Operating Revenues	109,487,803	109,607,433
Operating Expenses	174,158,738	167,935,515
<b>Operating income (loss)</b>	<b>(64,670,935)</b>	<b>(58,328,085)</b>
Non-Operating Revenues	<b>79,888,700</b>	<b>73,412,064</b>
Non-Operating Expenses	<b>6,286,051</b>	<b>5,591,816</b>
Income or (loss) before Capital Appropriations	8,931,716	9,492,165
Capital Appropriations	15,520,034	19,874,779
<b>Increase (Decrease) in Net Position</b>	<b>24,451,750</b>	<b>29,366,944</b>
<b>Net Position</b>		
<b>Net position, beginning of year</b>	230,769,094	201,402,150
<b>Prior period Adjustment</b>	1,169,666	
<b>Net position, end of year</b>	<b>256,390,510</b>	<b>230,769,094</b>

The Prior period adjustment of \$1,169,666 resulted from an un-recorded receivable from the State of Washington in fiscal year 1213.

Please see the Notes to the Financial Statements for additional information.

## **Revenues**

The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. Since 2009, the Legislature and SBCTC instituted increases in tuition rates to partially offset the reduction in state appropriations. For FY2014, the College attempted to keep other fees as stable as possible, resulting in only small changes in these revenues. Although enrollments was slightly down year over year, the District's tuition and fee revenue increased due primarily to a growing international student population. In addition, the District serves some students and offers some programs on a fee-only basis, as allowed by law.

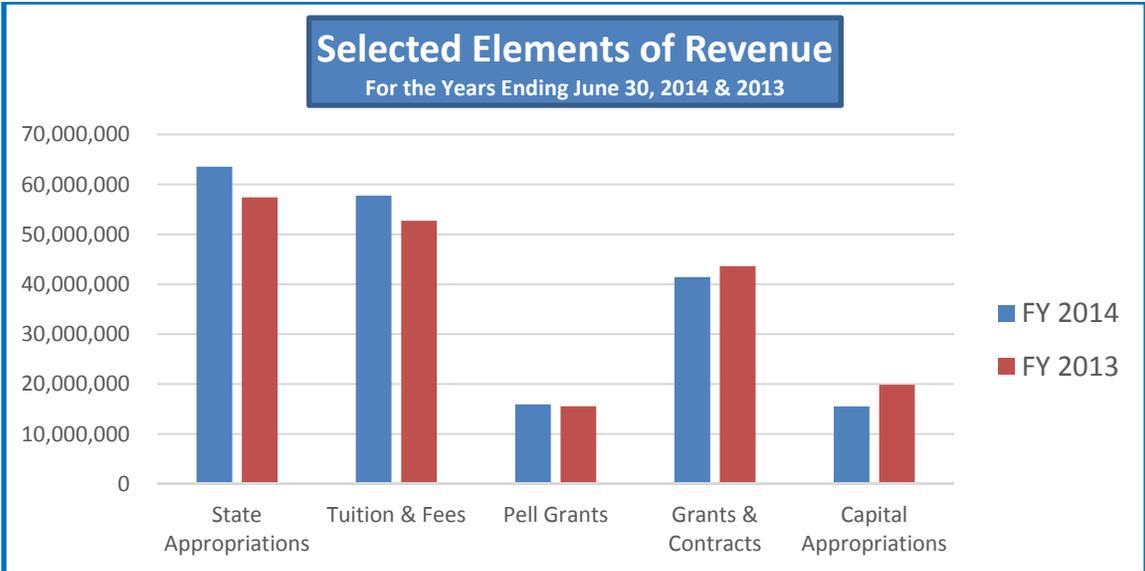
In FY 2014, Tuition & Fees increased while grant and contract annual revenues decreased when compared with FY 2013. This primary driver of these year over year changes was caused by a one-time reclassification of International Student tuition from contracts to regular tuition in the amount of \$3.5 million.

Auxiliary enterprise sales fell sharply year over year by \$2.7 million. The primary cause of the year over year decrease was a one-time sale of a boat from the Maritime program that yielded \$2.4 million in FY 2012-13.

Key grants for this FY include a focus on student success programs with key funding by the Bill and Melinda Gates Foundation, the Federal Department of Education, and others. Another key funding area is in grants from the Federal National Science Foundation for STEM (science, technology, engineering and math) programs.

The District receives capital spending authority on a biennial basis from the State and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenditures from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenditures that meet the capitalization standard are recorded as an asset on the Statement of Net Position and are allocated as depreciation expense over the expected useful lifetime of the asset.

Pell Grant Revenue increased marginally year over year from \$15.6 Million in FY 2012-13 to \$15.9 million in FY 2013-14. Investment income fell \$62K year over year as bonds purchased to replace maturing Bonds tended to have a lower interest rate than the ones that they were replacing. Capital appropriations fell by \$4.3 million as much of the initial expenditures for the new buildings at Seattle North College was during FY 2012-13. Please see the Notes to the Financial Statements for additional information.



**Expenses**

The District has continuously sought opportunities to identify savings and to implement operating efficiencies strategies in response to the lower budget allocations. Over time, the District decreased spending and services and was subject to various state spending freezes and employee salary reductions.

More recently, in FY 2013-14, salary and benefit costs increased as result of adding positions to focus specifically on student success initiatives, having to compete in the job market in order to replace retiring or exiting exempt employees, an increase in the number of Applied Bachelor’s programs resulting in more full-time faculty positions, and other similar changes.

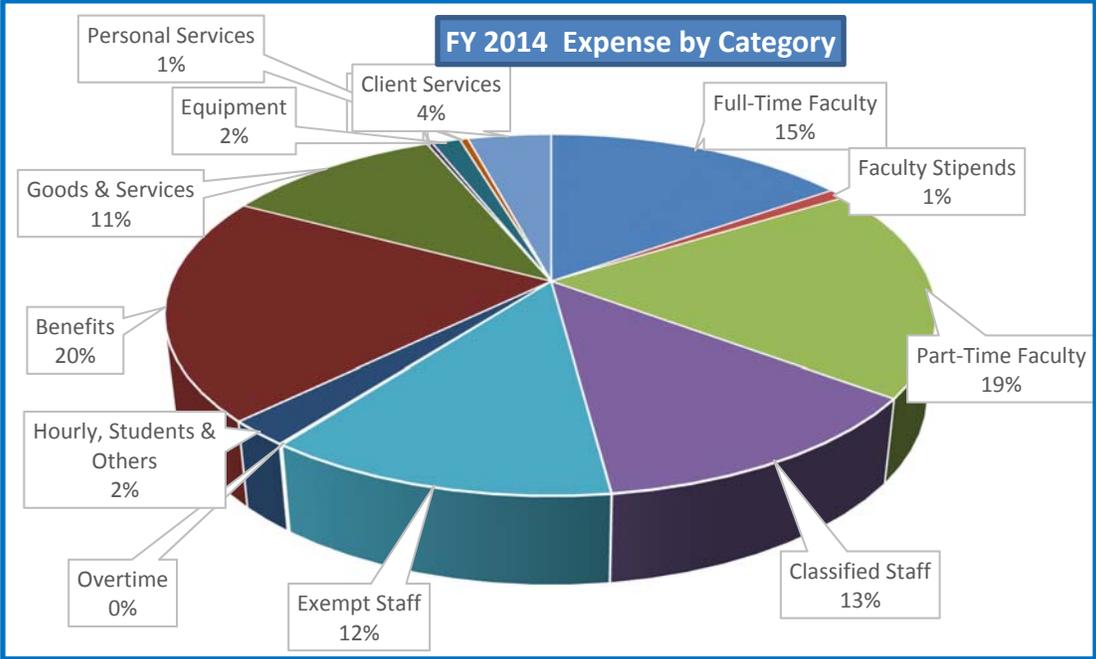
Total Operating Expenses for FY 1314 were \$174.2 million, an increase of \$6.2 million over the \$168.0 million reported in FY 1213. The primary drivers for the year over year increase in operating expenses were salaries, wages & benefits that increased \$6.5 million year over year.

Please see the Notes to the Financial Statements for additional information.

**Comparison of Selected Operating Expenses by Function**

The chart below shows the percentage of each functional area of operating expenses for FY 2013-14.

**FY 2014 Expenses by Functional Type**



## Statement of Cash Flows

The Statement of Cash Flows gives a general picture of where the District obtains and spends its cash and cash equivalents. The statement gives detailed information about cash flows related to four different types of activities within the institution.

The first section shows cash received and spent on the operations of the District. Since tuition and fees and other operating revenue alone do not normally cover the operating costs of a public higher education institution, this section can be expected to show more cash used than provided.

The second section shows cash received and spent on non-capital financing activities of the District. Here the college reports cash from state appropriations and cash related to federally-funded Pell grants. This section also includes any activity that cannot be reported in one of the other sections.

The third section shows cash received and spent on capital and related financing activities. This includes state capital appropriations for major projects, minor works and repairs. It also includes cash proceeds, loan origination costs, interest and principal payments related to Certificates of Participation. Since colleges within the District periodically use local funds to supplement these sources, it is not unusual for this section to show more cash used than provided.

The fourth section shows cash received and spent on investing activities, including the purchase and sale of investment instruments, interest earnings and realized gains or losses from investments.

Next, the statement shows how the current year's change in cash combined with the prior year's cash balance results in the ending cash and cash equivalents balance shown on the District's Statement of Net Position. Finally, the statement includes a detailed reconciliation of operating activity only, between the operating loss shown as a subtotal on the Statement of Revenues, Expenses and Changes in Net Position and the net cash used by operating activities shown on the Cash Flow Statement.

A condensed statement of cash flows is presented below.

<b>Condensed Statement of Cash Flows</b>		
<b>For the Years Ending June 30, 2014 &amp; 2013</b>		
	<b>FY 2013-14</b>	<b>FY 2012-13</b>
Operating Activities	(60,290,282)	(52,295,943)
Non-Capital Financing Activities	75,854,917	70,702,234
Capital Financing Activities	(7,439,433)	(5,610,356)
Adjustment Figures	0	(2,600)
Investing Activities	(4,630,997)	(5,599,502)
Net Change in Cash	3,494,207	7,193,832
Cash Beginning of Year	52,069,236	44,875,405
<b>Cash and Cash Equivalents at end of the year</b>	<b>\$55,563,443</b>	<b>\$52,069,236</b>

The College's cash and cash equivalents at June 30<sup>th</sup> increased by \$3,494,207 in FY 2013-14. Primary contributing factors include increases in tuition rates, along with corresponding effects on scholarship and Pell grant revenues, growth in international student programs, a state-mandated temporary reduction in amounts paid to employees, decreases in state appropriations, significant increases to capital spending as a result of a new major project for the Opportunity Center for Education and Employment Building on the North Seattle College campus. Please see the Notes to the Financial Statements for additional information.

### Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. In addition, North Seattle College has one of four community college projects that were funded through a Certificate of Participation (COP) against which system-wide building fee monies were pledged.

At June 30, 2014, the College had invested \$187,114,725 in capital assets, net of accumulated depreciation. Please see the Notes to the Financial Statements for additional information.

Asset Type	June 30, 2014	June 30, 2013
Land	\$7,508,379	\$7,508,379
Construction in Progress	\$62,214,439	\$42,976,063
Buildings Net	\$108,358,961	\$112,578,815
Other Improvements & Infrastructure (net)	\$242,435	\$5,856
Equipment (net)	\$8,052,635	\$9,344,363
Library Resources (net)	\$737,876	\$597,434
<b>Total Capital Assets</b>	<b>\$187,114,725</b>	<b>\$173,010,910</b>

The increase in net capital assets can be attributed to the construction of the Health Sciences and Student Resources Building on the North Seattle College campus.

At June 30, 2014, the College had \$9,795,000 in outstanding debt. The College carries two Certificates of Participation (COP) for the Opportunity Center for Education and Employment Building on the North Seattle College campus and the Seattle Central College building at 1515 Broadway.

	June 30, 2014
Certificates of Participation	\$9,795,000
Capital Leases	
<b>Total</b>	<b>\$9,795,000</b>

Please see the Notes to the Financial Statements for additional information.

## **Economic Factors That Will Affect the Future**

The Seattle area has seen remarkable economic growth over the past few years. One of the results of this growing economy is a changing demographic of the citizens in the community. The economy of Seattle has attracted many people from outside the area to relocate in the city limits. A significant majority of these new residents arrive to the City having already attained a college degree and even additional post graduate degrees. This strong economic growth in Seattle along with the influx of new residents has also pushed the cost of housing, both in ownership and rent, beyond the means of many of our traditional market of community college students to afford. These macro-economic factors factor along with the influx of new residents with higher education credentials already achieved is resulting in a smaller pool of students to whom a two-year community college degree is both affordable and achievable.

Another factor affecting the future of Seattle Colleges is the State Board of Community & Technical Colleges (SBCTC) has proposed a new budget model for allocating funds to each college throughout the State for fiscal year 16-17 forward. Our initial assessment of this new budget allocation model from SBCTC is that the Seattle Colleges will be receiving several million dollars less in allocated funds from the State of Washington over the next 5 years than under the current budget allocation model. We have communicated with the State Board of Community & Technical Colleges that there does not appear to be a cost adjustment component for colleges in higher cost of living areas, such as Seattle, in determining how funds are allocated to each college throughout the State. We disagree with several concepts of the new allocation model from SBCTC that does not recognize that the structural cost of operating a college in what is presently the fastest growing urban area of the United States, will be significantly higher than the cost of operating a college in the outlying suburban and rural areas of Washington State.



## **Independent Auditor's Report on Financial Statements**

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**Seattle Colleges**  
**July 1, 2012 through June 30, 2014**

Board of Trustees  
Seattle Colleges  
Seattle, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Seattle Colleges, King County, Washington, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 did not audit the financial statements of the Foundations for Seattle Community Colleges, the Seattle Central Community College Foundation, the North Seattle Community College Foundation, the North Seattle Community College Education Fund, and the South Seattle Community College Foundation, which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations for Seattle Community Colleges, the Seattle Central Community College Foundation, the North Seattle Community College Foundation, the North Seattle Community College Education Fund, and the South Seattle Community College Foundation, is based solely on the report of the other auditors. 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 Foundations for Seattle Community Colleges, the Seattle Central Community College Foundation, the North Seattle Community College Foundation, the North Seattle Community College Education Fund, and the South Seattle Community College 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.

### **Opinion**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Seattle Colleges, as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Matters of Emphasis**

As discussed in Note 1, the financial statements of the Seattle Colleges, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2014 and 2013, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 audit 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 and Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements as a whole. The individual College Campus Statement of Net Position and

Individual College Campus Statement of Revenues, Expenses, and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express and an opinion or provide any assurance on it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016 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 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 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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

June 9, 2016

## College Statement of Net Position

### Seattle Colleges Statement of Net Position June 30, 2014 and 2013

Assets		2014	2013
<b>Current Assets</b>			
Cash and cash equivalents		55,563,442	52,069,236
Short-term investments		-	8,000,000
Accounts Receivable		11,848,048	7,198,221
Interest Receivable		26,123	10,097
Inventories		54,276	122,060
	<b>Total Current Assets</b>	<b>67,491,889</b>	<b>67,399,614</b>
<b>Non-Current Assets</b>			
Long-term investments		42,388,022	29,197,415
Student Loans Receivable		398,375	714,683
Non depreciable capital assets		69,722,818	50,484,442
Capital assets, net of depreciation		117,391,907	122,526,468
	<b>Total Non-Current Assets</b>	<b>229,901,122</b>	<b>202,923,009</b>
	<b>Total Assets</b>	<b>297,393,011</b>	<b>270,322,623</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable		2,514,046	2,051,640
Accrued Liabilities		5,084,565	4,626,602
Compensated absences		2,066	2,016
Deposits Payable		591,486	601,794
Unearned Revenue		12,411,510	12,800,215
Certificates of Participation Payable		545,000	530,000
	<b>Total Current Liabilities</b>	<b>21,148,673</b>	<b>20,612,268</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences		10,603,828	9,146,261
Certificates of Participation Payable		9,250,000	9,795,000
	<b>Total Non-Current Liabilities</b>	<b>19,853,828</b>	<b>18,941,261</b>
	<b>Total Liabilities</b>	<b>41,002,501</b>	<b>39,553,529</b>
<b>Net Position</b>			
Net Investment in Capital Assets		177,355,120	162,685,910
Restricted for:			
Nonexpendable		54,276	122,060
Expendable			
Student Loans		398,375	714,683
Unrestricted		78,582,739	67,246,441
	<b>Total Net Position</b>	<b>256,390,510</b>	<b>230,769,094</b>
	<b>Total Liabilities and Net Position</b>	<b>297,393,011</b>	<b>270,322,623</b>

See the accompanying notes which are an integral part of these financial statements.

## College Statement of Revenues, Expenditures and Changes in Net Position

### Seattle Colleges Statement of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2014 and 2013

<b>Operating Revenues</b>	<b>2014</b>	<b>2013</b>
Student tuition and fees, net	57,745,382	52,709,472
Auxiliary enterprise sales	8,851,145	11,520,066
State and local grants and contracts	33,870,091	33,511,079
Federal grants and contracts	7,554,604	10,115,332
Other operating revenues	1,466,581	1,751,484
<b>Total Operating Revenue</b>	<u>109,487,803</u>	<u>109,607,433</u>
<b>Operating Expenses</b>		
Operating Expenses	11,934,141	15,476,428
Salaries and wages	95,793,942	90,258,901
Benefits	30,100,762	28,456,696
Scholarships and fellowships	14,247,488	13,270,879
Supplies and materials	9,009,480	7,772,174
Depreciation	5,538,025	5,738,262
Purchased services	4,022,686	3,492,521
Utilities	3,512,214	3,469,657
<b>Total Operating Expenses</b>	<u>174,158,738</u>	<u>167,935,518</u>
<b>Operating Income (Loss)</b>	<u>(64,670,935)</u>	<u>(58,328,085)</u>
<b>Non-Operating Revenues</b>		
State appropriations	63,562,823	57,410,802
Federal Pell grant revenue	15,948,106	15,561,562
Investment income, gains and losses	377,771	439,700
<b>Net Non-Operating Revenues</b>	<u>79,888,700</u>	<u>73,412,064</u>
<b>Non-Operating Expenses</b>		
Interest on indebtedness	389,506	402,103
Building and innovation fee	5,896,545	5,189,713
<b>Net Non-Operating Expenses</b>	<u>6,286,051</u>	<u>5,591,816</u>
Income or (loss) before capital appropriations	8,931,716	9,492,165
<b>Capital Revenues</b>		
Capital appropriations	15,520,034	19,874,779
<b>Increase (Decrease) In Net Position</b>	24,451,750	29,366,944
<b>Net Position</b>		
<b>Net position, beginning of year</b>	<b>230,769,094</b>	<b>201,402,150</b>
Prior Period Adjustment - Unrecorded Receivable from State of Washington	1,169,666	-
<b>Net position, beginning as restated</b>	<u><b>231,938,760</b></u>	<u>-</u>
<b>Net position, end of year</b>	<u><b>256,390,510</b></u>	<u><b>230,769,094</b></u>

See the accompanying notes which are an integral part of these financial statements.

## College Statement of Cash Flows

### Seattle Colleges Statement of Cash Flows For the Years Ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Cash flow from operating activities</b>		
Student tuition and fees	57,569,527	54,407,912
Grants and contracts	41,369,014	43,184,389
Payments to vendors	(24,319,814)	(27,502,795)
Payments for utilities	(3,349,107)	(3,509,500)
Payments to employees	(95,660,028)	(90,599,414)
Payments for benefits	(30,382,170)	(28,466,012)
Auxiliary enterprise sales	7,988,484	11,485,838
Payments for scholarships and fellowships	(14,247,488)	(13,270,879)
Loans issued to students and employees	316,308	-
Collection of loans to students and employees	-	559
Other receipts (payments)	424,992	1,973,959
Net cash used by operating activities	(60,290,282)	(52,295,943)
<b>Cash flow from noncapital financing activities</b>		
State appropriations	59,906,811	55,140,672
Pell grants	15,948,106	15,561,562
Net cash provided by noncapital financing activities	75,854,917	70,702,234
<b>Cash flow from capital and related financing activities</b>		
Capital appropriations	11,711,245	15,978,022
Purchases of capital assets	(18,231,172)	(20,641,149)
Principal paid on capital debt	(530,000)	(545,125)
Interest paid	(389,506)	(402,104)
Net cash used by capital and related financing activities	(7,439,433)	(5,610,356)
<b>Cash flow from investing activities</b>		
Purchase of investments	(5,008,768)	(26,268,796)
Proceeds from sales and maturities of investments	-	20,237,760
Income of investments	377,771	431,534
Net cash provided by investing activities	(4,630,997)	(5,599,502)
<b>Increase in cash and cash equivalents</b>	3,494,206	7,193,831
<b>Cash and cash equivalents at the beginning of the year</b>	52,069,236	44,875,405
<b>Cash and cash equivalents at the end of the year</b>	55,563,442	52,069,236
Reconciliation of Operating Loss to Net Cash used by Operating Activities		
<b>Operating Loss</b>	(64,670,935)	(58,328,085)
<b>Adjustments to reconcile net loss to net cash used by operating activities</b>		
Depreciation expense	5,538,025	5,738,262
<b>Changes in assets and liabilities</b>		
Receivables , net	(1,737,338)	(220,623)
Inventories	67,784	12,932
Other assets	565	426
Accounts payable	462,406	(772,850)
Accrued liabilities	457,963	(495,614)
Unearned revenue	(388,705)	1,664,863
Compensated absences	(326,046)	104,188
Deposits payable	(10,309)	-
Loans to students and employees	316,308	559
Net cash used by operating activities	(60,290,282)	(52,295,943)

See the accompanying notes which are an integral part of these financial statements.



**Foundation Statements of Financial Position &  
Statement of Activities and Changes  
in Net Position**

FOUNDATION FOR THE SEATTLE COLLEGES

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STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 346,203	\$ 395,897
Contributions receivable	113,742	5,000
Prepaid expenses and other assets	717	246
Total current assets	460,662	401,143
Investments	158,098	150,801
Investments held for endowment	537,628	438,554
Endowment contributions receivable	-	50,000
<b>TOTAL ASSETS</b>	<b><u>\$ 1,156,388</u></b>	<b><u>\$ 1,040,498</u></b>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 15,917	\$ 39,087
Total current liabilities	15,917	39,087
Net assets		
Unrestricted	496,419	498,444
Temporarily restricted	286,381	142,796
Permanently restricted	357,671	360,171
Total net assets	1,140,471	1,001,411
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,156,388</u></b>	<b><u>\$ 1,040,498</u></b>

FOUNDATION FOR THE SEATTLE COLLEGES  
 STATEMENTS OF ACTIVITIES AND NET ASSETS  
 FOR THE YEARS ENDED  
 JUNE 30, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue</b>								
Contributions	\$ 7,268	\$ 909,317	\$ -	\$ 916,585	\$ 63,122	\$ 1,229,489	\$ 52	\$ 1,292,663
Government grants	-	-	-	-	-	1,000	-	1,000
Interest	4,046	10,232	-	14,278	3,664	7,804	-	11,468
In-kind contributions	405,161	-	-	405,161	199,680	-	-	199,680
<b>Total revenue</b>	<b>416,475</b>	<b>919,549</b>	<b>-</b>	<b>1,336,024</b>	<b>266,466</b>	<b>1,238,293</b>	<b>52</b>	<b>1,504,811</b>
<b>Net Assets released from restrictions</b>	<b>843,365</b>	<b>(840,865)</b>	<b>(2,500)</b>	<b>-</b>	<b>1,257,152</b>	<b>(1,257,152)</b>	<b>-</b>	<b>-</b>
	1,259,840	78,684	(2,500)	1,336,024	1,523,618	(18,859)	52	1,504,811
<b>Expenses</b>								
Program services	1,050,631	-	-	1,050,631	1,350,126	-	-	1,350,126
Management and general	138,077	-	-	138,077	73,862	-	-	73,862
Fundraising	77,582	-	-	77,582	78,618	-	-	78,618
<b>Total Expenses</b>	<b>1,266,290</b>	<b>-</b>	<b>-</b>	<b>1,266,290</b>	<b>1,502,606</b>	<b>-</b>	<b>-</b>	<b>1,502,606</b>
<b>Change in net assets before other income</b>	<b>(6,450)</b>	<b>78,684</b>	<b>(2,500)</b>	<b>69,734</b>	<b>21,012</b>	<b>(18,859)</b>	<b>52</b>	<b>2,205</b>
<b>Other income</b>								
Reclassification	-	-	-	-	53,220	17,709	(70,929)	-
Realized gains (losses) on investment	-	17,451	-	17,451	-	10,532	-	10,532
Unrealized gains (losses) on investment	4,425	47,450	-	51,875	(4,036)	35,506	-	31,470
<b>Total change in net assets</b>	<b>(2,025)</b>	<b>143,585</b>	<b>(2,500)</b>	<b>139,060</b>	<b>70,196</b>	<b>44,888</b>	<b>(70,877)</b>	<b>44,207</b>
<b>Net Assets, beginning of year</b>	<b>498,444</b>	<b>142,796</b>	<b>360,171</b>	<b>1,001,411</b>	<b>428,248</b>	<b>97,908</b>	<b>431,048</b>	<b>957,204</b>
<b>Net Assets, end of year</b>	<b>\$ 496,419</b>	<b>\$ 286,381</b>	<b>\$ 357,671</b>	<b>\$ 1,140,471</b>	<b>\$ 498,444</b>	<b>\$ 142,796</b>	<b>\$ 360,171</b>	<b>\$ 1,001,411</b>

## SEATTLE CENTRAL COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

ASSETS	2014	2013
Cash and Cash Equivalents	\$ 887,865	\$ 566,611
Receivables	35,351	47,014
Investments	8,974,523	8,237,837
Other Assets	3,600	
<b>Total assets</b>	<b>\$ 9,901,339</b>	<b>\$ 8,851,462</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 13,783	\$ 1,470
Due to the College	510,840	528,480
<b>Total liabilities</b>	<b>524,623</b>	<b>529,950</b>
<b>Net Assets</b>		
Unrestricted	440,335	272,330
Temporarily restricted	2,415,729	1,907,105
Permanently restricted	6,520,652	6,142,077
<b>Total net assets</b>	<b>9,376,716</b>	<b>8,321,512</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,901,339</b>	<b>\$ 8,851,462</b>

## SEATTLE CENTRAL COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue</b>								
Contributions	\$ 39,118	\$ 476,958	\$ 378,575	\$ 894,651	\$ 53,296	\$ 471,465	\$ 420,244	\$ 945,005
In-kind contributions	301,557	24,824		326,381	200,642	103,112		303,754
Special events revenue (including in-kinds of \$63,208 and \$33,807 in 2014 and 2013, respectively)	291,849			291,849	249,038			249,038
Special events direct costs (including in-kinds of \$63,208 and \$33,807 in 2014 and 2013, respectively)	(114,575)			(114,575)	(69,012)			(69,012)
Investment return, net	31,668	947,202		978,870	21,979	656,919		678,898
<b>Total revenue</b>	<b>549,617</b>	<b>1,448,984</b>	<b>378,575</b>	<b>2,377,176</b>	<b>455,943</b>	<b>1,231,496</b>	<b>420,244</b>	<b>2,107,683</b>
<b>Net assets released due to satisfaction of restrictions</b>	<b>940,360</b>	<b>(940,360)</b>			<b>1,009,804</b>	<b>(1,009,804)</b>		
	1,489,977	508,624	378,575	2,377,176	1,465,747	221,692	420,244	2,107,683
<b>Expenses</b>								
Scholarships, grants, and other program expenses	1,046,073			1,046,073	1,110,956			1,110,956
Fundraising	134,276			134,276	108,782			108,782
Management and general	141,623			141,623	119,512			119,512
<b>Total expenses</b>	<b>1,321,972</b>			<b>1,321,972</b>	<b>1,339,250</b>			<b>1,339,250</b>
<b>Change in net assets</b>	<b>168,005</b>	<b>508,624</b>	<b>378,575</b>	<b>1,055,204</b>	<b>126,497</b>	<b>221,692</b>	<b>420,244</b>	<b>768,433</b>
Net assets, beginning of year	272,330	1,907,105	6,142,077	8,321,512	145,833	1,685,413	5,721,833	7,553,079
Net assets, end of year	\$ 440,335	\$ 2,415,729	\$ 6,520,652	\$ 9,376,716	\$ 272,330	\$ 1,907,105	\$ 6,142,077	\$ 8,321,512

**NORTH SEATTLE COLLEGE EDUCATION FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,609	\$ 10,333
Interest receivable	19,124	14,777
Prepaid expenses	1,263	1,198
Pledges receivable	51,661	91,731
SCD receivable	70,350	36,645
Investments, current	193,922	506,885
Total current assets	372,929	661,569
 Investments, long-term	 8,365,853	 6,887,012
	\$ 8,738,782	\$ 7,548,581
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,530	\$ 13,236
Scholarships payable	54,331	43,857
College grants payable	79,645	36,372
Total current liabilities	138,506	93,465
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	770,567	653,608
Board designated	903,790	829,949
	1,674,357	1,483,557
Temporarily restricted	3,412,699	2,518,019
Permanently restricted	3,513,220	3,453,540
Total net assets	8,600,276	7,455,116
	\$ 8,738,782	\$ 7,548,581

**NORTH SEATTLE COLLEGE EDUCATION FUND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ -	\$ 477,027	\$ 59,680	\$ 536,707
In-kind donations	106,398	-	-	106,398
Special events	-	122,749	-	122,749
Investment return	542,234	747,991	-	1,290,225
	<u>648,632</u>	<u>1,347,767</u>	<u>59,680</u>	<u>2,056,079</u>
Net assets released from restriction				
Release from purpose restriction	453,087	(453,087)	-	-
	<u>1,101,719</u>	<u>894,680</u>	<u>59,680</u>	<u>2,056,079</u>
<b>EXPENSES</b>				
Program				
Grants	551,428	-	-	551,428
Scholarships	197,264	-	-	197,264
Other	57,203	-	-	57,203
	<u>805,895</u>	<u>-</u>	<u>-</u>	<u>805,895</u>
Management and general	52,847	-	-	52,847
Fundraising	52,177	-	-	52,177
	<u>910,919</u>	<u>-</u>	<u>-</u>	<u>910,919</u>
CHANGE IN NET ASSETS	190,800	894,680	59,680	1,145,160
<b>NET ASSETS</b>				
Beginning of the year	<u>1,483,557</u>	<u>2,518,019</u>	<u>3,453,540</u>	<u>7,455,116</u>
End of the year	<u>\$1,674,357</u>	<u>\$3,412,699</u>	<u>\$3,513,220</u>	<u>\$8,600,276</u>

**NORTH SEATTLE COLLEGE EDUCATION FUND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 103,134	\$ 690,089	\$ 27,818	\$ 821,041
In-kind donations	216,200	-	-	216,200
Special events	-	133,116	-	133,116
Investment return	321,416	531,590	-	853,006
	<u>640,750</u>	<u>1,354,795</u>	<u>27,818</u>	<u>2,023,363</u>
Net assets released from restriction				
Release from purpose restriction	737,816	(737,816)	-	-
	<u>1,378,566</u>	<u>616,979</u>	<u>27,818</u>	<u>2,023,363</u>
<b>EXPENSES</b>				
Program				
Grants	644,731	-	-	644,731
Scholarships	148,272	-	-	148,272
Other	65,145	-	-	65,145
	<u>858,148</u>	<u>-</u>	<u>-</u>	<u>858,148</u>
Management and general	61,100	-	-	61,100
Fundraising	56,081	-	-	56,081
	<u>975,329</u>	<u>-</u>	<u>-</u>	<u>975,329</u>
<b>CHANGE IN NET ASSETS</b>	<u>403,237</u>	<u>616,979</u>	<u>27,818</u>	<u>1,048,034</u>
<b>NET ASSETS</b>				
Beginning of the year, unadjusted	953,602	2,027,758	3,425,722	6,407,082
Prior period adjustment	126,718	(126,718)	-	-
Beginning of the year, adjusted	<u>1,080,320</u>	<u>1,901,040</u>	<u>3,425,722</u>	<u>6,407,082</u>
End of the year	<u>\$ 1,483,557</u>	<u>\$ 2,518,019</u>	<u>\$ 3,453,540</u>	<u>\$ 7,455,116</u>

***NORTH SEATTLE COMMUNITY COLLEGE FOUNDATION******Statements of Financial Position  
June 30, 2014 and 2013***

	<u>2014</u>	<u>2013</u>
<b><i>Assets</i></b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,667,101	\$ 4,003,413
Cash held in trust accounts (Note 2)	702,664	887,643
Accounts receivable	37,404	22,229
Pledges receivable	117,089	132,531
Prepaid expenses	157,129	61,838
<b>Total Current Assets</b>	<b>2,681,387</b>	<b>5,107,654</b>
Investments (Note 4)	4,255,218	2,077,473
Fixed assets, net (Note 5)	75,696	34,626
<b>Total Assets</b>	<b>\$ 7,012,301</b>	<b>\$ 7,219,753</b>
<b><i>Liabilities and Net Assets</i></b>		
<b>Current Liabilities:</b>		
Amounts held in trust (Note 2)	\$ 702,664	\$ 887,643
Payable to trust accounts	8,203	8,519
Accounts payable	57,350	99,432
Accrued expenses	442,027	444,908
Deferred service fees payable (Note 6)		12,501
<b>Total Current Liabilities</b>	<b>1,210,244</b>	<b>1,453,003</b>
<b>Unrestricted Net Assets (Note 8)</b>	<b>5,802,057</b>	<b>5,766,750</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,012,301</b>	<b>\$ 7,219,753</b>

**NORTH SEATTLE COMMUNITY COLLEGE FOUNDATION***Statements of Activities**For the Years Ended June 30, 2014 and 2013*

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues:</b>		
Contributions	\$ 1,867,050	\$ 2,077,754
Interest income	16,776	37,143
Deferred service fees (Note 6)	12,501	50,004
Service fees	<u>1,943,135</u>	<u>2,457,244</u>
<b>Total Operating Revenues</b>	<b>3,839,462</b>	<b>4,622,145</b>
<b>Operating Expenses:</b>		
Program - credit counseling	3,322,601	3,813,987
Management and general	<u>429,406</u>	<u>446,095</u>
<b>Total Operating Expenses</b>	<b><u>3,752,007</u></b>	<b><u>4,260,082</u></b>
<b>Total Operating (Loss) Income Before Other Income, Gains, and Losses</b>	<b>87,455</b>	<b>362,063</b>
<b>Other Income, Expenses, Gains and Losses:</b>		
Program expense - grants (Note 7)	(250,000)	(250,000)
Return on investments (Note 4)	197,607	(5,932)
Gain on sale of fixed assets	<u>245</u>	<u>600</u>
<b>Total Other Income, Expenses, Gains and Losses</b>	<b><u>(52,148)</u></b>	<b><u>(255,332)</u></b>
<b>Change in Net Assets</b>	<b>35,307</b>	<b>106,731</b>
Net assets, beginning of year	<u>5,766,750</u>	<u>5,660,019</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 5,802,057</u></b>	<b><u>\$ 5,766,750</u></b>

## SOUTH SEATTLE COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

ASSETS	2014	2013
Cash and cash equivalents	\$ 1,296,779	\$ 728,131
Investments	13,729,903	13,332,124
Promises to give, net of allowance for uncollectible amounts	1,388,128	427,395
Prepaid expenses and other assets	8,904	35,228
<b>Total assets</b>	<b>\$ 16,423,714</b>	<b>\$ 14,522,878</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,901	\$ 252,430
Fundraising event prepayments	8,435	32,785
<b>Total liabilities</b>	<b>13,336</b>	<b>285,215</b>
<b>Net Assets</b>		
<b>Unrestricted</b>		
Board-designated, endowments	5,032,590	4,840,152
Board-designated, programs	1,227	1,227
Undesignated	831,352	733,274
	5,865,169	5,574,653
Temporarily restricted	4,019,509	3,695,829
Permanently restricted	6,525,700	4,967,181
<b>Total net assets</b>	<b>16,410,378</b>	<b>14,237,663</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,423,714</b>	<b>\$ 14,522,878</b>

**SOUTH SEATTLE COLLEGE FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue</b>								
Contributions	\$ 124,907	\$ 590,002	\$ 1,558,519	\$ 2,273,428	\$ 129,751	\$ 584,828	\$ 94,552	\$ 809,131
Interest and dividends	61,184	104,790		165,974	75,874	62,180		138,054
Net realized/unrealized gains on investments	253,844	284,047		537,891	875,358	1,217,610		2,092,968
Special events, net of direct expenses of \$28,247 and \$38,660 in 2014 and 2013, respectively	138,988	31,374		170,362	114,016	33,849		147,865
In-kind contributions	132,979	67,795		200,774	136,240	1,109,739		1,245,979
Other revenue	4,990			4,990	2,910			2,910
<b>Total revenue</b>	<b>716,892</b>	<b>1,078,008</b>	<b>1,558,519</b>	<b>3,353,419</b>	<b>1,334,149</b>	<b>3,008,206</b>	<b>94,552</b>	<b>4,436,907</b>
Net assets released due to satisfaction of restrictions	754,328	(754,328)			1,709,131	(1,709,131)		
	1,471,220	323,680	1,558,519	3,353,419	3,043,280	1,299,075	94,552	4,436,907
<b>Expenses</b>								
Scholarships and other program expenses	968,731			968,731	1,917,027			1,917,027
Fundraising	93,314			93,314	92,113			92,113
Management and general	118,659			118,659	74,053			74,053
<b>Total expenses</b>	<b>1,180,704</b>			<b>1,180,704</b>	<b>2,083,193</b>			<b>2,083,193</b>
<b>Change in net assets</b>	<b>290,516</b>	<b>323,680</b>	<b>1,558,519</b>	<b>2,172,715</b>	<b>960,087</b>	<b>1,299,075</b>	<b>94,552</b>	<b>2,353,714</b>
Net assets, beginning of year	5,574,653	3,695,829	4,967,181	14,237,663	4,614,566	2,396,754	4,872,629	11,883,949
Net assets, end of year	\$ 5,865,169	\$ 4,019,509	\$ 6,525,700	\$ 16,410,378	\$ 5,574,653	\$ 3,695,829	\$ 4,967,181	\$ 14,237,663

## Notes to the Financial Statements

June 30, 2014

*These notes form an integral part of these financial statements.*

### 1. Summary of Significant Accounting Policies

#### Financial Reporting Entity

Seattle Colleges is a District of three comprehensive community colleges and one technical institute offering open-door academic programs, workforce education, basic skills, and community services. The Colleges confer applied baccalaureate, associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate.

The Colleges are an agency of the State of Washington. The financial activity of the colleges is included in the State's Comprehensive Annual Financial Report.

The Foundation for the Seattle Colleges, The Seattle Central Community College Foundation, The North Seattle Community College Education Fund, The North Seattle Community College Foundation, and The South Seattle College Foundation are separate but affiliated non-profit entities, incorporated under Washington law and recognized as tax exempt 501(c) (3) charities. The Foundations' charitable purposes are to raise funds for student support. Because the majority of the Foundations' income and resources are restricted by donors and may only be used for the benefit of the colleges or the colleges' students, each Foundation is considered a discrete component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation financial statements are discretely presented in this report. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. A copy of the Foundation's complete financial statements may be obtained from the Foundations Administrative Offices at:

The Foundation for Seattle Community Colleges  
Associate Vice Chancellor for Advancement  
Executive Director  
206.934.3227

Seattle Central Community College Foundation  
Executive Director  
206.934.5490

North Seattle College Foundation  
Executive Director,  
206.934.5661

South Seattle College Foundation  
Associate Vice President of College Relations & Advancement  
206.934.5141

## **Basis of Presentation**

The college follows all GASB pronouncements. The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred inflows, liabilities, deferred outflows, net position, revenues, expenses, changes in net position and cash flows.

## **New Accounting Pronouncements**

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, which improves recognition, measurement and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. The Colleges are not a party in any non-exchange financial guarantees.

## **Basis of Accounting**

The financial statements of the Colleges have been prepared 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, regardless of the timing of the cash flows.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

During the course of operations, numerous transactions occur between funds for goods provided and services rendered. For the financial statements, inter-fund receivables and payables have generally

been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash, cash equivalent, and investments at amortized cost, which approximates fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool. The internal investment pool is comprised of cash, cash equivalents, and U.S. Government Bonds.

### **Accounts Receivable**

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff, and community members. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

### **Inventories**

Inventories, consisting primarily of merchandise for resale in the college food and beverage services, cosmetology, and greenhouse course-related supplies, are valued at cost using the FIFO method of valuation.

### **Capital Assets**

In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements because excluding them would have been misleading to the reader.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market value at the date of the gift. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, only equipment with a unit cost of \$5,000 or greater is capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets,

generally 15 to 50 years for buildings and components, 10 to 25 years for infrastructure and land improvements, 7 years for library resources and 5 to 7 years for equipment.

In accordance with GASB Statement 42, the college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2014, no assets had been written down.

## Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. The College has recorded summer quarter tuition and fees, housing deposits and advanced grant proceeds as unearned revenues.

## Tax Exemption

The College is a tax-exempt organization under the provisions of Section 115 (1) of the Internal Revenue Code and is exempt from federal income taxes on related income.

## 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 outstanding debt obligations related to those capital assets.
- *Restricted for Nonexpendable.* This consists of endowment and similar type funds for 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 either be expended or added to the principle.
- *Restricted for Loans.* The loan funds are established for the explicit purpose of providing student support as prescribed by statute or granting authority.
- *Restricted for Expendable.* These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- *Unrestricted.* These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

## Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating Revenues.* This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts.

*Non-operating Revenues.* This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations and investment income.

## 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 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 non-governmental programs are recorded as either operating or non-operating 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. Discounts and allowances for the year ending June 30, 2014 are \$28,727,821.

Central	North	South	Total
\$ 13,040,914	\$ 7,349,582	\$ 8,337,324	\$ 28,727,821

## State Appropriations

The state of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

## Operating Revenues/Expenses

Operating revenues consist of tuition and fees, grants and contracts, sales and service of educational activities and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation. All other revenue and expenses of the College are reported as non-operating revenues and expenses including state general appropriations, Federal Pell grant revenues, investment income and interest expense.

## 2. Cash and Investments

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.

As of June 30, 2014, the carrying amount of the College's cash and equivalents was \$55,563,442 as represented in the table below.

<b>Table 2: Cash and Cash Equivalents</b>	<b>June 30, 2014</b>
Petty Cash and Change Funds	\$27,445
Bank Demand and Time Deposits	\$4,983,486
Local Government Investment Pool	\$50,552,511
<b>Total Cash and Cash Equivalents</b>	<b>\$55,563,442</b>

Investments consist of investments in government bonds.

<b>Table 3: Investment Maturities</b>		<b>Fair Value</b>	<b>One Year or Less</b>	<b>1 - 4 Years</b>	<b>6 - 10 Years</b>	<b>10 or More Years</b>
Bonds		\$42,388,022	0	42,388,022		
Other						
<b>Total Investments</b>		<b>\$42,388,022</b>	<b>0</b>	<b>42,388,022</b>	<b>0</b>	<b>0</b>

### **Custodial Credit Risks—Deposits**

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with the Bank of America. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

### **Interest Rate Risk—Investments**

The College manages its exposure to fair value losses resulting from changes in interest rates by structuring the entire portfolio time horizon. Unless matched to a specific cash flow, the college generally will not directly invest in securities maturing more than five years from the date of purchase.

### **Concentration of Credit Risk—Investments**

State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

### Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2014, \$42,388,022 of the College's operating fund investments, held by Union Bank in the bank's name as agent for the College are exposed to custodial credit risk as follows.

<b>Table 4: Investments Exposed to Custodial Risk</b>	<b>Fair Value</b>
Bonds	\$ 42,388,022
	\$ -
<b>Total Investments Exposed to Custodial Risk</b>	<b>\$ 42,388,022</b>

### Investment Expenses

Under implementation of GASB 35, investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2014 were \$1,875.

### 3. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff, and community members. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements. At June 30, 2014, accounts receivable were as follows.

<b>Table 5: Accounts Receivable</b>	<b>Amount</b>
Student Tuition and Fees	\$ 819,085
Auxiliary Enterprises	\$ 1,925,044
Grants & Contracts	\$ 3,459,072
Due from State of Washington	\$ 2,749,081
Other	\$ 3,445,403
Subtotal	\$ 12,397,685
Less Allowance for Uncollectible Accounts	\$ (549,637)
<b>Accounts Receivable, net</b>	<b>\$ 11,848,048</b>

### 4. Loans Receivable

Loans receivable as of June 30, 2014 consisted primarily of student loans, as follows.

<b>Table 6: Loans Receivable</b>	<b>Amount</b>
Loans to Students	\$ 398,375
Other Loans Receivable	\$ -
Subtotal	\$ -
Less Allowance for Uncollectible Accounts	\$ -
<b>Loans Receivable, net</b>	<b>\$ 398,375</b>

## 5. Inventories

Inventories, stated at cost using the retail method, consisted of the following as of June 30, 2014. Included in consumable inventories are certain raw materials used in education programs that produce finished products that can be sold to the public.

<b>Table 7: Inventories</b>	<b>Amount</b>
Merchandise Inventories	\$ 54,276
	\$ -
<b>Inventories</b>	<b>\$ 54,276</b>

## 6. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2014 is presented as follows. The current year depreciation expense was \$5,538,025.

<b>Table 8: Capital Assets</b>	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Nondepreciable capital assets</b>				
Land	\$ 7,508,379			\$ 7,508,379
Construction in progress	42,976,063	19,238,376		62,214,439
<b>Total nondepreciable capital assets</b>	<b>50,484,442</b>	<b>19,238,376</b>		<b>69,722,818</b>
<b>Depreciable capital assets</b>				
Buildings	199,053,963	(129,295)	(397,828)	198,526,840
Other improvements and infrastructure	747,843	246,046		993,889
Equipment	30,486,200	1,345,342	(2,372,214)	29,459,328
Library resources	10,019,620	163,848		10,183,469
<b>Subtotal depreciable capital assets</b>	<b>240,307,626</b>	<b>1,625,941</b>	<b>(2,770,042)</b>	<b>239,163,526</b>
<b>Less accumulated depreciation</b>				
Buildings	86,475,147	3,946,458	(253,726)	90,167,879
Other improvements and infrastructure	741,987	9,467		751,454
Equipment	21,141,838	354,198	(89,343)	21,406,693
Library resources	9,422,186	23,406		9,445,593
<b>Total accumulated depreciation</b>	<b>117,781,158</b>	<b>4,333,529</b>	<b>(343,069)</b>	<b>121,771,619</b>
<b>Total depreciable capital assets</b>	<b>122,526,468</b>	<b>(2,707,588)</b>	<b>(2,426,973)</b>	<b>117,391,907</b>
<b>Capital assets, net of accumulated depreciation</b>	<b>\$173,010,910</b>	<b>\$ 16,530,788</b>	<b>\$ (2,426,973)</b>	<b>\$187,114,725</b>

## 7. Accounts Payable and Accrued Liabilities

At June 30, 2014, accrued liabilities are the following.

<b>Table 9: Accounts Payable and Accrued Liabilities</b>	<b>Amount</b>
Amounts Owed to Employees	\$ 2,751,336
Accounts and Short Term Loans Payable	\$ 5,985,827
<b>Total</b>	<b>\$ 8,737,163</b>

## 8. Unearned Revenue

Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria, as follows:

<b>Table 10: Unearned Revenue</b>	<b>Amount</b>
Summer Quarter Tuition & Fees	\$ 5,580,755
Auxiliary Enterprises	\$ 1,893,826
Grants and Contracts	4,936,929
<b>Total Unearned Revenue</b>	<b>\$ 12,411,510</b>

## 9. Risk Management

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2013 through June 30, 2014, were \$316,850. Cash reserves for unemployment compensation for all employees at June 30, 2014, were \$298,843.

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of \$250,000 per occurrence and the policy limit is \$500,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to third party tort, general damage and vehicle claims. Premiums paid to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to \$10,000,000 for each claim with no deductible. The college has had no claims in excess of the coverage amount within the past three years.

## 10. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire receive 25% of the value of their accumulated sick leave which they may receive as a cash payout or a credit to a Voluntary Employees' Beneficiary Association (VEBA) account. On a yearly basis employees who are eligible to retire are solicited to vote whether or not to participate in the VEBA program. The vote is conducted for each Employee Group (Faculty, Exempt, and Classified Employees). If the majority of the vote is yes and the employee officially retires then the 25% sick leave balance is credited to the VEBA account, which can be used for future medical expenses and insurance purposes. If the vote is no then a cash payment is made to the employee at the time of retirement. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled \$4,336,030 at June 30, 2014 and accrued sick leave totaled \$6,267,798 at June 30, 2014.

Accrued annual and sick leave are categorized as non-current liabilities. Compensatory time is categorized as a current liability since it must be used before other leave.

## 11. Leases Payable

The College has leases for classroom space, housing for international students, and office equipment with various vendors. These leases are classified as operating leases. As of June 30, 2014, the minimum lease payments under operating leases consist of the following.

**Table 11 : Leases Payable**

<b>Fiscal Year</b>	<b>Operating Leases</b>
2015	\$654,848
2016	\$138,662
2017	\$33,344
2018	\$13,438
2019	
2020-2024	
2025-2029	
2030-2034	
2035-2039	
2040-2044	
Total Minimum lease payments	\$840,292
Less Amount Representing Interest	
<b>Net Present Value</b>	<b>\$840,292</b>

## 12. Notes Payable

In June 2008, Seattle Central College obtained Financing in order to purchase the building at 1515 Broadway in Seattle through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of \$2,801,381. The interest rate charged is 4.129%.

In June 2010, North Seattle College obtained financing in order to build The Opportunity Center for Employment and Education, AKA Employee Resource Center Building, through certificates of participation (COP), issued by the Washington Office of State Treasurer (OST) in the amount of \$9,375,000. The interest rate charged is 4.05%.

## 13. Annual Debt Service Requirements

Future debt service requirements at June 30, 2014 are as follows.

**Table 12: Annual Debt Service Requirements**  
Certificates of Participation

Fiscal year	Principal	Interest	Total
2015	545,000	377,094	\$ 922,094
2016	560,000	360,144	\$ 920,144
2017	580,000	342,569	\$ 922,569
2018	595,000	324,049	\$ 919,049
2019	615,000	304,531	\$ 919,531
2020-2024	3,220,000	1,169,269	\$ 4,389,269
2025-2029	3,000,000	555,975	\$ 3,555,975
2030-2034	680,000	30,600	\$ 710,600
2035-2039	-		\$ -
2040-2044	-		
<b>Total</b>	<b>9,795,000</b>	<b>3,464,230</b>	<b>13,259,230</b>

## 14. Schedule of Long Term Liabilities

**Table 13: Schedule of Long Term Debt**

	Balance outstanding 6/30/13	Additions	Reductions	Balance outstanding 6/30/14	Current portion
Certificates of Participation	10,325,000		(530,000)	9,795,000	545,000
Compensated Absences	9,146,261	1,457,567		10,603,828	
<b>Total</b>	<b>\$ 19,471,261</b>	<b>\$1,457,567</b>	<b>\$ (530,000)</b>	<b>\$ 20,398,828</b>	<b>\$ 545,000</b>

## 15. Pension Plans

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined benefit pension plans administered by the State of Washington Department of Retirement Services. The State Board Retirement Plan (SBRP) is a multiple employer defined contribution plan for the faculty and exempt administrative and professional staff of the state's public community and technical colleges. The plan includes supplemental payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY2013-14, the payroll for the College's employees was \$25,071,174 for PERS, \$952,631 for TRS, and \$56,093,378 for SBRP. Total covered payroll was \$95,901,242.

### *PERS and TRS*

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The college also has 9 faculty members with pre-existing eligibility who continue to participate in TRS 1 or 2.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration>.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent.

The required contribution rates expressed as a percentage of current year covered payroll are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2014, 2013 and 2012 are as follows.

**Table 14: Retirement Contribution Rates**

**Contribution Rates at June 30**

	FY2012		FY2013		FY2014	
	Employee	College	Employee	College	Employee	College
<b>PERS</b>						
Plan 1	6.00%	7.08%	6.00%	7.21%	6.00%	9.21%
Plan 2	4.64%	7.08%	4.64%	7.21%	4.92%	9.21%
Plan 3	5 - 15%	7.08%	5 - 15%	7.21%	5 - 15%	9.21%
<b>TRS</b>						
Plan 1	6.00%	8.04%	6.00%	8.05%	6.00%	10.39%
Plan 2	4.69%	8.04%	4.69%	8.05%	4.96%	10.39%
Plan 3	5-15%	8.04%	5-15%	8.05%	5-15%	10.39%

**Table 15: Required Contributions**

**Required Contributions**

	FY2012		FY2013		FY2014	
	Employee	College	Employee	College	Employee	College
<b>PERS</b>						
Plan 1	\$85,638	\$102,563	\$56,076	\$69,208	\$53,648	\$84,115
Plan 2	\$832,957	\$1,293,029	\$839,813	\$1,305,085	\$959,995	\$1,795,783
Plan 3	\$253,046	\$276,256	\$275,212	\$299,548	\$307,396	\$433,888
<b>TRS</b>						
Plan 1	\$15,495	\$19,774	\$11,026	\$14,790	\$11,215	\$18,606
Plan 2	\$4,164	\$7,142	\$4,911	\$8,428	\$803	\$1,379
Plan 3	\$24,089	\$23,836	\$37,853	\$39,514	\$56,976	\$74,899

### *State Board Retirement Plan*

Plan Description. Faculty and exempt administrative and professional staff are eligible to participate in SBRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The Plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The SBCTC makes direct payments on behalf of the College to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with ten years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

The State Board for Community and Technical Colleges is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2014 were \$9,839,606.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2014, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of \$36,753. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2014, the College paid into this fund at a rate of 0.50% of covered salaries, totaling \$278,157. The SBCTC accounted for \$5,008,355 of fund balance as of June 30, 2014.

The unfunded actuarial accrued liability (UAAL) calculated at July 1, 2013 was \$69,213,000 under the plan's entry age normal method and is amortized over an 11 year period. The actuarial assumptions include an investment rate of return of between 4.25% and 7.25% with projected salary increases of 3.0%. The annual required contribution (ARC) is \$11,041,000. The Net Pension Obligation (NPO) is the cumulative excess of the ARC over actual benefit payments and reported as a liability by the SBCTC.

#### *Washington State Deferred Compensation Program*

The College, through the state of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years. The state of Washington administers the plan on behalf of the College's employees. The deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency and the College does not have access to the funds.

#### ***Other Post-Employment Benefits***

Health care and life insurance programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee

headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is \$40,362,768, with an annual required contribution (ARC) of \$3,943,464. The ARC represents the amortization of the liability for fiscal year 2014 plus the current expense for active employees, which is reduced by the current contributions of approximately \$741,978. The College's net OPEB obligation (NOO) at June 30, 2014 was approximately \$3,201,486. This amount is not included in the College's financial statements.

The College paid \$15,068,631 for healthcare expenses in 2014, which included its pay-as-you-go portion of the OPEB liability.

## 16. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2014.

Instruction	\$ 89,157,170
Academic Support Services	12,439,307
Student Services	16,710,865
Institutional Support	18,916,855
Operations and Maintenance of Plant	11,240,545
Scholarships and Other Student Financial Aid	27,282,602
Student Financial Aid: Allowances and Discounts	(28,727,821)
Auxiliary Enterprises	21,601,189
Depreciation	5,538,025
<b>Total operating expenses</b>	<b>\$ 174,158,738</b>

## 17. Commitments and Contingencies

Additionally, the College is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statement.

The College has commitments of \$9,522,280 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

There is a class action lawsuit, Moore v. HCA, filed against the State of Washington on behalf of former part-time and non-permanent employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. As of the end of fiscal year 2015 (or 2014), the parties have reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits. Final settlement is contingent on a) funding of the settlement by the legislature and b) final approval by the trial court if funding is provided. As such, the amount of loss cannot be reasonably estimated at this time.

## 18. Subsequent Events

On March 29th 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the Moore v. HCA lawsuit. SBCTC's portion of this obligation is \$32 million of which \$19 million is funded by the legislature and the remaining \$13 million will be allocated among 34 colleges in the system. At this time, Seattle Colleges' potential share of this lawsuit has not been determined.

## 19. Net Position Restatement

As of June 30, 2013, net position as previously reported in fiscal year 1213 was restated as follows: A receivable from the state of Washington for state funds due to the college for reimbursement of expenses was not recorded in fiscal year 1213.

	Amount
June 30, 2013 Net Position as Previously Reported	230,769,094
Addition of Receivable due from the State of Washington	1,169,666
June 30, 2013 Net Position as Restated	<u>231,938,760</u>

## 20. Building & Innovation Fee

Beginning in fiscal year 1314, the Building & Innovation fee will be reported as its own line item on the Statement of Revenues, Expenses & Changes in Net Position. Since the 1314 financial statements are presented in a comparative format with the 1213 financial statements, we have restated two items on the Statement of Revenues, Expenses and changes in Net Position for fiscal year 1213. We have separated out the \$5,189,713 for the Building & Innovation fee that was reported as a reduction of Student Tuition & Fees in 1213. The impact of this change resulted in a restatement of Beginning Net Position from \$196,212,439 to \$201,402,150 and a restatement of Building & Innovation fee from \$0 to \$5,189,713 for 1213 as reported on the 1314 statements.

## **21. Segment Information**

For financial reporting purposes, the balances in the Siegal Center assets, liabilities and fund balance (net position) were allocated to the three colleges on a percentage of total assets basis.



# Individual College Campus Statement of Net Position

**Seattle Colleges**  
**Statement of Net Position**  
**June 30, 2014**

**Assets**

<b>Current assets</b>	<b>Central/SVI</b>	<b>North</b>	<b>South</b>	<b>Total</b>
Cash and cash equivalents	27,412,353	17,889,846	10,261,243	55,563,442
Accounts Receivable	4,982,838	3,184,510	3,680,700	11,848,048
Interest Receivable	10,709	8,623	6,791	26,123
Inventories	9,998	9,047	35,231	54,276
<b>Total current assets</b>	<b>32,415,898</b>	<b>21,092,026</b>	<b>13,983,965</b>	<b>67,491,889</b>
<b>Non-Current Assets</b>				
Long-term investments	23,259,297	11,885,635	7,243,090	42,388,022
Student Loans Receivable	-	398,375	-	398,375
Capital assets, net of depreciation	72,467,722	68,641,309	46,005,694	187,114,725
<b>Total non-current assets</b>	<b>95,727,019</b>	<b>80,925,319</b>	<b>53,248,784</b>	<b>229,901,122</b>
<b>Total assets</b>	<b>128,142,918</b>	<b>102,017,345</b>	<b>67,232,748</b>	<b>297,393,011</b>

**Liabilities**

<b>Current Liabilities</b>				
Accounts Payable	740,018	470,795	1,303,233	2,514,046
Accrued Liabilities	2,048,690	1,573,834	1,462,041	5,084,565
Compensated absences	847	682	537	2,066
Deposits Payable	165,203	24,211	402,072	591,486
Unearned Revenue	6,473,581	4,032,326	1,905,603	12,411,510
Certificates of Participation Payable	150,000	395,000	-	545,000
<b>Total current liabilities</b>	<b>9,578,340</b>	<b>6,496,847</b>	<b>5,073,486</b>	<b>21,148,673</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences	4,508,989	3,441,070	2,653,769	10,603,828
Long-term liabilities	1,405,000	7,845,000	-	9,250,000
<b>Total non-current liabilities</b>	<b>5,913,989</b>	<b>11,286,070</b>	<b>2,653,769</b>	<b>19,853,828</b>
<b>Total liabilities</b>	<b>15,492,329</b>	<b>17,782,917</b>	<b>7,727,255</b>	<b>41,002,501</b>

**Net Position**

Net Investment in Capital Assets	72,681,469	51,629,367	53,044,284	177,355,120
Restricted for:				
Nonexpendable	9,998	9,047	35,231	54,276
Expendable				
Student Loans	-	398,375	-	398,375
Unrestricted	39,959,123	32,197,639	6,425,977	78,582,739
<b>Total Net Position</b>	<b>112,650,590</b>	<b>84,234,428</b>	<b>59,505,492</b>	<b>256,390,510</b>
<b>Total Liabilities and Net Position</b>	<b>128,142,919</b>	<b>102,017,345</b>	<b>67,232,747</b>	<b>297,393,011</b>

**Seattle Colleges**  
**Statement of Net Position**  
**June 30, 2013**

**Assets**

<b>Current assets</b>	<b>Central/SVI</b>	<b>North</b>	<b>South</b>	<b>Total</b>
Cash and cash equivalents	22,668,348	20,790,245	8,610,643	52,069,236
Short-term investments	3,634,527	2,176,690	2,188,782	8,000,000
Accounts Receivable	2,272,273	2,149,765	2,775,618	7,197,656
Interest Receivable	4,587	2,747	2,763	10,097
Inventories	28,941	12,238	80,880	122,060
Prepaid Expenses	257	154	155	565
<b>Total current assets</b>	<b>28,608,933</b>	<b>25,131,840</b>	<b>13,658,841</b>	<b>67,399,614</b>
<b>Non-Current Assets</b>				
Long-term investments	13,264,850	7,944,216	7,988,349	29,197,415
Student Loans Receivable	326,342	388,341	-	714,683
Capital assets, net of depreciation	75,721,991	52,740,859	44,548,060	173,010,910
<b>Total non-current assets</b>	<b>89,313,184</b>	<b>61,073,416</b>	<b>52,536,409</b>	<b>202,923,009</b>
<b>Total assets</b>	<b>117,922,117</b>	<b>86,205,256</b>	<b>66,195,250</b>	<b>270,322,623</b>

**Liabilities**

<b>Current Liabilities</b>				
Accounts Payable	837,007	396,258	818,374	2,051,640
Accrued Liabilities	1,556,120	1,905,306	1,165,176	4,626,602
Compensated absences	916	549	552	2,016
Deposits Payable	162,957	37,340	401,497	601,794
Unearned Revenue	6,465,078	4,298,184	2,036,954	12,800,216
Leases and Certificates of Participation	145,000	385,000	-	530,000
<b>Total current liabilities</b>	<b>9,167,078</b>	<b>7,022,637</b>	<b>4,422,552</b>	<b>20,612,268</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences	4,360,943	2,443,683	2,341,635	9,146,261
Long-term liabilities	1,555,000	8,240,000	-	9,795,000
<b>Total non-current liabilities</b>	<b>5,915,943</b>	<b>10,683,683</b>	<b>2,341,635</b>	<b>18,941,261</b>
<b>Total liabilities</b>	<b>15,083,021</b>	<b>17,706,321</b>	<b>6,764,187</b>	<b>39,553,529</b>
Net Investments in Capital Assets	73,936,727	44,270,179	44,479,004	162,685,910
Restricted for:	-	-	-	-
Nonexpendable	28,941	12,238	80,880	122,060
Expendable	-	-	-	-
Student Loans	326,343	388,341	-	714,683
Unrestricted	28,547,085	23,828,177	14,871,178	67,246,441
<b>Total Net Position</b>	<b>102,839,096</b>	<b>68,498,935</b>	<b>59,431,062</b>	<b>230,769,094</b>
<b>Total Liabilities and Net Position</b>	<b>117,922,117</b>	<b>86,205,256</b>	<b>66,195,250</b>	<b>270,322,623</b>



# Individual College Campus Statement of Revenues, Expenses and Changes in Net Position

**Seattle Colleges**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2014**

<b>Operating Revenues</b>	<b>Central/SVI</b>	<b>North</b>	<b>South</b>	<b>Total</b>
Student tuition and fees, net	29,899,538	17,331,172	10,514,672	57,745,382
Auxiliary enterprise sales	3,760,322	3,205,396	1,885,427	8,851,145
State and local grants and contracts	12,477,073	10,723,006	10,670,012	33,870,091
Federal grants and contracts	1,935,283	2,106,118	3,513,203	7,554,604
Other operating revenues	660,474	128,927	677,180	1,466,581
<b>Total Operating Revenue</b>	<b>48,732,689</b>	<b>33,494,619</b>	<b>27,260,495</b>	<b>109,487,803</b>
<b>Operating Expenses</b>				
Operating Expenses	5,352,086	2,763,947	3,818,107	11,934,141
Salaries and wages	40,696,593	27,545,787	27,551,562	95,793,942
Benefits	13,039,121	8,590,103	8,471,538	30,100,762
Scholarships and fellowships	6,724,034	2,382,954	5,140,500	14,247,488
Supplies and materials	3,836,401	2,398,774	2,774,305	9,009,480
Depreciation	2,206,727	1,599,265	1,732,033	5,538,025
Purchased services	1,863,570	1,341,050	818,066	4,022,686
Utilities	1,593,118	886,283	1,032,813	3,512,214
<b>Total Operating Expenses</b>	<b>75,311,650</b>	<b>47,508,165</b>	<b>51,338,924</b>	<b>174,158,738</b>
<b>Operating Income (Loss)</b>	<b>(26,578,960)</b>	<b>(14,013,546)</b>	<b>(24,078,429)</b>	<b>(64,670,935)</b>
<b>Non-Operating Revenues</b>				
State appropriations	27,958,995	16,624,266	18,979,562	63,562,823
Federal Pell grant revenue	8,847,079	3,461,344	3,639,683	15,948,106
Investment income, gains and losses	154,648	128,339	94,784	377,771
<b>Net Non-Operating Revenues</b>	<b>36,960,722</b>	<b>20,213,949</b>	<b>22,714,029</b>	<b>79,888,700</b>
<b>Non-Operating Expenses</b>				
Interest on indebtedness	65,320	324,186	-	389,506
Building and innovation fee	3,066,204	1,768,963	1,061,378	5,896,545
<b>Net Non-Operating Expenses</b>	<b>3,131,524</b>	<b>2,093,149</b>	<b>1,061,378</b>	<b>6,286,051</b>
Income or (loss) before other revenues, expenses, gains, or losses	7,250,239	4,107,255	(2,425,778)	8,931,716
<b>Capital Revenues</b>				
Capital appropriations	2,082,150	11,242,347	2,195,537	15,520,034
<b>Increase (Decrease) In Net Position</b>	<b>9,332,389</b>	<b>15,349,602</b>	<b>(230,241)</b>	<b>24,451,750</b>
<b>Net Position</b>				
<b>Net position, beginning of year</b>	<b>102,838,638</b>	<b>68,498,836</b>	<b>59,431,620</b>	<b>230,769,094</b>
Prior Period Adjustment - Unrecorded Receivable from State of Washington	479,563	385,990	304,113	1,169,666
<b>Net position, end of year</b>	<b>112,650,590</b>	<b>84,234,428</b>	<b>59,505,492</b>	<b>256,390,510</b>

**Seattle Colleges**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2013**

<b>Operating Revenues</b>	<b>Central/SVI</b>	<b>North</b>	<b>South</b>	<b>Total</b>
Student tuition and fees, net	29,774,586	16,644,517	6,290,370	52,709,472
Auxiliary enterprise sales, net	6,562,961	3,866,368	1,090,736	11,520,065
State and local grants and contracts	13,210,534	9,876,959	10,423,587	33,511,079
Federal grants and contracts	2,362,484	2,309,976	5,442,872	10,115,332
Other operating revenues	499,826	250,433	1,001,225	1,751,484
<b>Total operating revenue</b>	<b>52,410,391</b>	<b>32,948,252</b>	<b>24,248,790</b>	<b>109,607,433</b>
<b>Operating Expenses</b>				
Operating Expenses	8,605,934	2,869,759	4,000,736	15,476,428
Salaries and wages	39,135,239	25,693,229	25,430,433	90,258,901
Benefits	12,628,740	7,879,528	7,948,428	28,456,696
Scholarships and fellowships	8,775,541	3,637,767	857,571	13,270,879
Supplies and materials	2,950,358	2,249,165	2,572,651	7,772,174
Depreciation	2,056,356	1,958,045	1,723,861	5,738,262
Purchased services	1,541,341	1,583,920	367,260	3,492,521
Utilities	1,637,872	868,787	962,999	3,469,658
<b>Total operating expenses</b>	<b>77,331,381</b>	<b>46,740,200</b>	<b>43,863,938</b>	<b>167,935,519</b>
<b>Operating income (loss)</b>	<b>(24,920,990)</b>	<b>(13,791,948)</b>	<b>(19,615,148)</b>	<b>(58,328,086)</b>
<b>Non-Operating Revenues</b>				
State appropriations	25,712,778	14,522,640	17,175,384	57,410,802
Federal Pell grant revenue	8,691,243	3,520,823	3,349,496	15,561,562
Investment income, gains and losses	192,824	171,665	75,212	439,701
<b>Net non-operating revenues</b>	<b>34,596,845</b>	<b>18,215,128</b>	<b>20,600,092</b>	<b>73,412,065</b>
<b>Non-Operating Expenses</b>				
Interest on indebtedness	69,832	332,271	-	402,103
Building and innovation fee	2,491,062	1,556,914	1,141,737	5,189,713
<b>Net non-operating expenses</b>	<b>2,560,894</b>	<b>1,889,185</b>	<b>1,141,737</b>	<b>5,591,816</b>
Income or (loss) before other revenues, expen	7,114,961	2,533,996	(156,792)	9,492,165
Capital appropriations	6,185,223	10,878,144	2,811,412	19,874,779
<b>Increase (Decrease) in net position</b>	<b>13,300,184</b>	<b>13,412,140</b>	<b>2,654,620</b>	<b>29,366,944</b>
<b>Net Position</b>				
Net position, beginning of year	89,538,454	55,086,696	56,777,000	201,402,150
<b>Net position, end of year</b>	<b>102,838,638</b>	<b>68,498,836</b>	<b>59,431,620</b>	<b>230,769,094</b>





**SEATTLE  
COLLEGES**

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