

**Davis Technical
College Foundation, Inc.**

Management's Discussion and Analysis
and Financial Statements

For the years ended June 30, 2019 and 2018,
with Independent Auditors' Report Thereon

TABLE OF CONTENTS

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Audited Financial Statements:	
Statements of Net Position.....	7
Statements of Revenues, Expenses, and Changes in Net Position.....	8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10
Independent Auditors' Report on Internal Control.....	17

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Davis Technical College Foundation, Inc.
Kaysville, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Davis Technical College Foundation, Inc. (the Foundation), which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Davis Technical College Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2019, on our consideration of Davis Technical College Foundation, Inc.'s internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting.

Other Matters

The Management's Discussion and Analysis section found on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Carver Florek & James, CPAs

August 13, 2019
Layton, Utah

**Davis Technical College
Foundation, Inc.**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Introduction

Management’s discussion and analysis is intended to provide an overview of the Davis Technical College Foundation, Inc.’s (the Foundation) financial activities for the fiscal year ended June 30, 2019. This discussion and analysis is the responsibility of the Foundation’s management and should be read in conjunction with the additional financial information provided in this report.

Overview of the Financial Statements

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis – for Public Colleges and Universities*. Using the GASB 35 model, the Foundation presents its financial statements as a special-purpose government entity engaged in business-type activity.

This annual report consists of 1) management’s discussion and analysis; 2) the basic financial statements consisting of statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows; 3) notes to the basic financial statements; and 4) the independent auditors’ report on internal control.

Financial Analysis – *Statement of Net Position*

The statements of net position outline the Foundation’s financial condition at fiscal year-end. The Foundation’s fiscal year begins on July 1 and ends on June 30. The net position balance serves over time as a useful indicator of an organization’s financial strength. As of June 30, 2019, the Foundation’s assets exceeded liabilities by \$2,645,138. The net position balance increased by \$236,992 between 2018 and 2019. The increase was due to regular yearly fundraising activities

Net position is divided into two major categories: restricted and unrestricted. Net position classified as “restricted” amounts to approximately 92 percent of the total and represents funds and resources that are subject to certain restrictions on how they may be used. The remaining eight percent of the Foundation’s net position are classified as “unrestricted”. Unrestricted net position may be used to meet the Foundation’s operating obligations at the discretion of management.

**Davis Technical College
Foundation, Inc.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statement of Net Position (Continued)

As of June 30, 2019, and 2018, the Foundation reported positive balances in both categories of net position.

	<u>Condensed Statements of Net Position</u>		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Current assets	\$ 480,583	\$ 399,202	\$ 81,381
Non-current assets	<u>2,193,593</u>	<u>2,017,000</u>	<u>176,593</u>
Total assets	<u>\$ 2,674,176</u>	<u>\$ 2,416,202</u>	<u>\$ 257,974</u>
Total current liabilities	\$ 29,038	\$ 8,056	\$ 20,982
Net position:			
Restricted - nonexpendable	836,416	836,416	-
Restricted - expendable	1,586,756	1,402,140	184,616
Unrestricted	<u>221,966</u>	<u>169,590</u>	<u>52,376</u>
	<u>2,645,138</u>	<u>2,408,146</u>	<u>236,992</u>
Total liabilities and net position	<u>\$ 2,674,176</u>	<u>\$ 2,416,202</u>	<u>\$ 257,974</u>

Financial Analysis – Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statements is to present the revenues received by the Foundation, both operating and non-operating, and the expenses paid by the Foundation, operating and non-operating, and any other revenues, expenses, and gains and losses received or expended by the Foundation.

The following summarizes the significant variations in revenues and expenses as set forth in the comparative statements of revenues, expenses, and changes in net position.

- Operating revenues decreased by \$361,293. The primary reason for this overall revenue decrease was due to the ending of a capital campaign for the new Allied Health Building. The Foundation also held a 40th Anniversary Ruby Gala in 2018 which generated \$111,410 in total revenue and accounts for a large portion of the decrease in fundraising revenues for the current year.

**Davis Technical College
Foundation, Inc.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – *Statement of Revenues, Expenses, and Changes in Net Position (Continued)*

- Chevron Corporation chose the Foundation as a beneficiary for the Chevron Charity Golf Tournament which generated \$8,016 in revenue for the Foundation. This was a decrease of \$3,574 from the prior year.
- The golf tournament put on by the Foundation each year had an increase of \$9,698 in net revenues from the prior year to \$42,685.
- Scholarship revenues increased by \$37,116 from the prior year, primarily due to donations received from new donors.
- Scholarships awarded in 2019 totaled \$179,449 – an increase of \$32,796 from the prior year.
- Operating expense increased by \$59,227, primarily due to the increase of \$32,796 in scholarships awarded and pass through contributions for the Allied Health Building of \$89,978 that were offset by a decrease of \$74,694 in fundraising expenses related to the prior year's Ruby Gala.
- Non-operating revenues increased by \$29,652 due to increased interest rate returns on the Foundation's investments.

**Davis Technical College
Foundation, Inc.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis – Statement of Revenues, Expenses, and Changes in Net Position (Continued)

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**

	Year ended June 30, 2019	Year ended June 30, 2018	Change
Operating revenues			
Contributions	\$ 566,680	\$ 858,016	\$ (291,336)
Fundraising activities	70,561	140,518	(69,957)
Total revenues	<u>637,241</u>	<u>998,534</u>	<u>(361,293)</u>
Operating expenses			
Staff support	12,000	12,000	-
Fundraising activities	25,229	99,923	(74,694)
Office expense	15,215	15,739	(524)
Equipment donated	150,706	150,619	87
Scholarships awarded	179,449	146,653	32,796
Other donations	103,274	1,712	101,562
Total expenses	<u>485,873</u>	<u>426,646</u>	<u>59,227</u>
Operating income	151,368	571,888	(420,520)
Non-operating revenues	<u>85,624</u>	<u>55,972</u>	<u>29,652</u>
Increase in net position	236,992	627,860	(390,868)
Net position at beginning of year	<u>2,408,146</u>	<u>1,780,286</u>	<u>627,860</u>
Net position at end of year	<u>\$ 2,645,138</u>	<u>\$ 2,408,146</u>	<u>\$ 236,992</u>

Notes to the Financial Statements

The notes section provides additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 10 through 16 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Foundation's finances for all interested parties. Questions or requests for additional information concerning any of the information provided in this report should be directed to the business office of Davis Technical College Foundation, Inc., at 550 East 300 South, Kaysville, Utah 84037.

**Davis Technical College
Foundation, Inc.**

STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 388,523	\$ 352,778
Accounts receivable	92,060	46,424
Total current assets	480,583	399,202
Cash value of life insurance policy	55,483	58,449
Restricted cash and cash equivalents	1,301,694	1,122,135
Investment in Skyline View apartments	836,416	836,416
Total long-term assets	2,193,593	2,017,000
Total assets	\$ 2,674,176	\$ 2,416,202
Liabilities		
Current liabilities:		
Accounts payable	\$ 29,038	\$ 8,056
Total current liabilities	29,038	8,056
Net position		
Restricted for:		
Nonexpendable - Skyline View apartments	836,416	836,416
Expendable:		
Endowment	149,528	144,858
Scholarships	220,275	204,738
Board designated	13,470	35,736
Cash value life insurance	55,483	58,449
Capital projects	1,129,010	941,420
Other	18,990	16,939
Unrestricted	221,966	169,590
Total net position	2,645,138	2,408,146
Total net position and liabilities	\$ 2,674,176	\$ 2,416,202

See accompanying notes to financial statements

**Davis Technical College
Foundation, Inc.**

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
Years ended June 30, 2019 and 2018

	2019	2018
Operating revenues		
Contributions	\$ 566,680	\$ 858,016
Fundraising activities	70,561	140,518
Total operating revenues	637,241	998,534
Operating expenses		
Staff support	12,000	12,000
Fundraising activities	25,229	99,923
Office expense	15,215	15,739
Donated equipment	150,706	150,619
Scholarships awarded	179,449	146,653
Other donations	103,274	1,712
Total operating expenses	485,873	426,646
Operating income	151,368	571,888
Non-operating revenues		
Interest income and dividends	43,137	18,403
Skyline View apartments income	45,453	39,790
Change in cash surrender value of life insurance policy	(2,966)	(2,221)
Total non-operating revenues	85,624	55,972
Increase in net position	236,992	627,860
Net position at beginning of year	2,408,146	1,780,286
Net position at end of year	\$ 2,645,138	\$ 2,408,146

See accompanying notes to financial statements

**Davis Technical College
Foundation, Inc.**

STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash contributions	\$ 380,156	\$ 649,869
Cash received from fundraising activities	70,561	140,518
Cash payments to suppliers and support staff	(27,215)	(27,740)
Cash payments for fundraising activities	(14,065)	(82,007)
Cash payments for scholarships	(179,449)	(146,653)
Cash payments for donations to the college	(103,274)	(1,712)
Net cash provided by operating activities	126,714	532,275
Cash flows from investing activities:		
Interest and dividends received	43,137	18,403
Skyline View apartments income	45,453	39,790
Net cash provided by investing activities	88,590	58,193
Increase in cash and cash equivalents	215,304	590,468
Cash and cash equivalents at beginning of year	1,474,913	884,445
Cash and cash equivalents at end of year	\$ 1,690,217	\$ 1,474,913
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 151,368	\$ 571,888
Reconciling adjustments:		
Increase in accounts receivable	(45,636)	(39,301)
Increase (decrease) in accounts payable	20,982	(312)
Total adjustments	(24,654)	(39,613)
Net cash provided by operating activities	\$ 126,714	\$ 532,275
Supplemental disclosure of cash flow information		
In-kind donations:		
Davis Technical College	\$ 150,706	\$ 144,094
Golf tournament	11,164	17,916

See accompanying notes to financial statements

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Davis Technical College Foundation, Inc. (the Foundation) is a non-profit corporation whose purpose is to facilitate and encourage the donation of private funds, materials, and services in support of Davis Technical College's (the College) needs and objectives. In addition, the Foundation strives to provide support for the faculty and students of Davis Technical College in related activities for educational, scientific, and charitable improvement. The Foundation is treated as a blended component unit of the College for financial reporting purposes.

The foundation formerly known as Davis Applied Technology College Foundation, Inc underwent a name change at the beginning of fiscal year 2018, and is now the Davis Technical College Foundation, Inc.

Financial Reporting

As a component unit of the College, the Foundation has adopted Government Accounting Standards Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. As a result, the activities of the Foundation have been determined to be a single program proprietary activity.

The Foundation's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time related liabilities are incurred, regardless of when the related cash flows take place. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Foundation. Operating revenues consist of contributions for principal operations such as scholarships and other student financial assistance. Non-operating revenues and expenses relate to financing and investing type activities.

Cash and Investments

The Foundation considers its investments in the Utah State Public Treasurer's Investment Fund (PTIF) and all other unrestricted deposits with an initial maturity of three months or less to be cash equivalents.

Cash Surrender Value of Life Insurance

The Foundation is the owner of a life insurance policy on a donor who has named the Foundation as the beneficiary. The policy is valued at its cash surrender value.

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Payable

Accounts receivable at June 30, 2019 consisted primarily of contributions for the Allied Health Building and golf tournament participants. Accounts receivable are deemed to be collectible and no uncollectible amounts were estimated.

Accounts payable at June 30, 2019 and 2018 were primarily made up of payments to vendors.

Use of Estimates

The Foundation has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as necessary to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Property and Equipment

Donations of property and equipment are recorded as support at the donor-estimated fair value. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment or for the construction of fixed assets are reported as restricted net position until the terms of the restriction have been satisfied. Unless donors stipulate how long donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies restricted net position to unrestricted net position at that time.

Income Taxes

The Foundation is organized as a nonprofit organization under the laws of the State of Utah and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Net Position

The Foundation's net position is classified and displayed in the following two categories.

- a. Restricted net position - This consists of net position with constraints placed on use either by 1) an external group such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net position - This represents all other assets that do not meet the definition of restricted net position.

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is the Foundation's policy to first apply restricted resources before applying unrestricted resources when an expense is incurred for purposes by which both restricted and unrestricted net position are available. The Foundation only uses the restricted net position for their specified purposes as designated by the donors.

Subsequent Events

For the fiscal year end June 30, 2019, the Foundation has evaluated subsequent events for the potential recognition and disclosure through August 13, 2019, the date the financial statements were available for issuance. There were no events believed to have a material impact on the financial statements.

2. DEPOSITS AND INVESTMENTS

The Foundation follows the requirements of the Utah Money Management Act (the Act) (Section 51-7, Utah Code Annotated, 1953, as amended) in handling its depository and investment transactions. The Act requires the depositing of Foundation funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Components of deposits and investments (including interest-earning deposits) at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Deposits and investments:		
Petty cash and demand deposits	\$ 44,860	\$ 9,642
Deposits with the PTIF	<u>1,645,357</u>	<u>1,465,271</u>
Total cash and investments	<u>\$ 1,690,217</u>	<u>\$ 1,474,913</u>
Deposits and investments are included in the accompanying statement of net assets as follows:		
Cash and cash equivalents	\$ 388,523	\$ 352,778
Restricted cash and cash equivalents	<u>1,301,694</u>	<u>1,122,135</u>
Total cash and investments	<u>\$ 1,690,217</u>	<u>\$ 1,474,913</u>

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk – Custodial credit risk is the risk that the Foundation’s deposits may not be returned to it in the event of a bank failure. The Foundation maintains its operating cash in a financial institution located in Farmington, Utah. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, none of these cash deposits were uninsured. Excess cash is maintained in the PTIF, which is further described below.

Investments

The Act defines the types of securities authorized as appropriate investments for the Foundation and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Foundation to invest in negotiable or non-negotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the PTIF.

The Utah State Treasurer’s Office operates the PTIF. The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses – net of administration fees – of the PTIF are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair value of investments – The Foundation measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

At June 30, 2019, the Foundation had the following investments measured at fair value.

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
State of Utah Public Treasurers' Investment Fund	\$ 1,645,357	-	\$ 1,645,357	-

At June 30, 2018, the Foundation had the following investments measured at fair value.

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
State of Utah Public Treasurers' Investment Fund	\$ 1,465,271	-	\$ 1,465,271	-

Interest rate risk – Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Foundation manages its exposure to decline in fair value by investing mainly in the PTIF, and by adhering to the Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less.

Maturity – As of June 30, 2019, the Foundation had \$1,645,357 in investments that matured in less than 1 year.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation’s policy for reducing its exposure to credit risk is to comply with the Act as previously discussed.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Foundation’s policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10 percent depending upon the total dollars held in the portfolio. The Foundation’s investment in the PTIF is not considered to have a high concentration of credit risk.

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation does not have a formal policy for custodial credit risk. The Foundation’s investment in the PTIF is not considered to have a high custodial credit risk.

3. RESTRICTIONS AND DESIGNATIONS OF NET POSITION

The restrictions on net position stem from donations received which are restricted for the construction of fixed assets, staff support, and various scholarships. Restricted net position also includes certain Board designated funds.

Restricted net position is available for the following purposes:

	2019	2018
Restricted:		
Nonexpendable - Skyline View apartments	\$ 836,416	\$ 836,416
Expendable:		
Scholarships	220,275	204,738
Endowment	149,528	144,858
Board Designated	13,470	35,736
Cash value life insurance	55,483	58,449
Capital projects	1,129,010	941,420
Other	18,990	16,939
	1,586,756	1,402,140
Total restricted net position	\$ 2,423,172	\$ 2,238,556

All contributions made to the Foundation are allocated to their restricted purpose if restricted by a donor or other party, with the exception of up to ten percent of the contributions, which are board designated for administrative purposes of the Foundation. Endowment funds are invested in the PTIF and are specified for the funding of open scholarships.

4. RELATED PARTY TRANSACTIONS AND CONTRIBUTED SERVICES

The College provides certain administrative services to the Foundation, for which no value has been assigned. In addition, the Foundation uses an office provided by the College for its operations.

**Davis Technical College
Foundation, Inc.**

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2019 and 2018

5. INVESTMENT IN SKYLINE VIEW APARTMENTS

During the fiscal year ended June 30, 2002, the Foundation was gifted partnership interests in two entities (Skyline View Apartments I and Skyline View Apartments II) which held certain low-income housing, and a third entity (Skyline I, II, III) which holds related maintenance reserve funds. The gift was made with the understanding that a minimum of 25 percent of the income each year would be used for needed scholarships and to keep existing students enrolled at the College. The apartments involve government assistance and are subject to significant governmental regulation and control. These government regulations limit the control the Foundation and other investors have over the apartments. Therefore, the Foundation's investment is being accounted for by using the cost method of accounting. The following table shows the percentage of the Foundation's ownership interest in each entity.

<u>Entity</u>	<u>Ownership percentage</u>
Skyline View Apartments I	50.0%
Skyline View Apartments II	37.5%
Skyline I, II, III	35.5%

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

To the Board of Trustees
Davis Technical College Foundation, Inc.
Kaysville, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Davis Technical College Foundation, Inc. (the Foundation), a nonprofit corporation and component unit of Davis Technical College, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caver Flock & James, CPAs

August 13, 2019
Layton, UT