

**YAKIMA VALLEY COMMUNITY FOUNDATION**

Report for Agreed-Upon Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017

## Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with monitoring the scholarship program intended for residents of Yakima County, funded by the Davis Educational Fund and administered by the Foundation's Scholarship Program Administrator, Yakima Valley Rotary Trust ("YRT"). The procedures performed were derived from the annual communication from the Yakima Valley Community Foundation ("YVCF") to the YRT, the Davis Educational Fund Administrative Procedures dated June 20, 2012 and the provisions of Article 10 of the Third Restated Living Trust of Mary Monroe Davis dated January 24, 2005 ("the Gifting Document"), and its subsequent amendment dated January 10, 2007. The procedures performed relate to the activities occurring during the YRT's year ended June 30, 2017, including the annual payment from YVCF to International Scholarship & Tuition Services on behalf of the YRT that was calculated as of March 23, 2017 and paid during the fiscal year ended June 30, 2017. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of YVCF. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our report on procedures performed, results, and recommendations and observations are found on pages 2 through 6.

We were not engaged to, and did not conduct an audit of the YRT, the objective of which would be the expression of an opinion on the financial statements of the YRT. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the management and board of directors of the YVCF and is not intended to be and should not be used by anyone other than this specified party.

*Clark Nuber P S*

Certified Public Accountants  
August 16, 2018



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017**

ARTICLE	PROCEDURE PERFORMED	RESULTS	RECOMMENDATIONS AND OBSERVATIONS
<p><b><u>Article 10.B.1</u></b> Of the amounts received from YVCF annually or otherwise, the Rotary Trust may deduct 3% thereof as a charitable contribution.</p>	<p>Recalculate the 3% the YRT was paid for the year ended June 30, 2017 and determine its compliance with the Gifting Document requirement.</p>	<p>We recalculated the amounts paid to the YRT as a charitable contribution for the year ended June 30, 2017 to be \$25,718 noting this was the amount paid to the YRT in accordance with article 10.B.1.</p>	<p>None.</p>
<p><b><u>Article 10.B.1 and First Amendment to Third Restated Living Trust of Mary Monroe Davis</u></b></p> <p>The YRT may deduct an amount equal to the net amount raised by it during the preceding calendar year from a publicized fundraising event, but not to exceed 5% of the amount received from YVCF annually.</p>	<p>Recalculate the additional amount YRT was paid for the year ended June 30, 2017 as unrestricted funds available for its charitable purpose based on the underlying accounting records of YRT and verification that the associated recording of unrestricted funds did not exceed 5% of the total annual grant received from YVCF.</p>	<p>We obtained Excel spreadsheets from YRT detailing the revenue and expense from the golf event that was used for the annual matching contribution noting the proceeds were \$46,178. Additionally, we reviewed the Form 990 noting Schedule G Part II broke out the two golf events. YRT communicated to us that the second event was used as only one event may be used for the match. We noted the net income reported for the second event was \$45,516. We recalculated the 5% cap on the annual golf match to be \$42,863. We noted the amount paid to the YRT agreed to the 5% cap. The amounts were calculated consistently with Article 10.B.1 of the Gifting Document.</p> <p>We also reviewed annual marketing for the golf event noting the event is advertised as the "Annual Mollie Davis Memorial Golf Tournament."</p>	<p>We were unable to agree the amounts reported in the golf event Excel spreadsheet to YRT's QuickBooks income statement. YRT held two golf events in FY2017 and was unable to easily generate a report from QuickBooks that would report each event's results individually. Additionally, the amount reported on the YRT golf event spreadsheet was different than the information reported on the Form 990 Schedule G Part II.</p>

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017**

ARTICLE	PROCEDURE PERFORMED	RESULTS	RECOMMENDATIONS AND OBSERVATIONS
<p><b><u>Article 10.B.2</u></b> The YRT shall maintain scholarship funds in a separate account from its other funds. Such funds and the earnings are to be used to pay scholarships and the YRT's expenses in administering the scholarship program.</p>	<p>Review accounting and banking records during 2017 for compliance with the Gifting Document's requirement of maintaining separate accounts for restricted scholarship funds and the earnings from unexpended restricted funds.</p>	<p>We reviewed the general ledger activity and bank statements for the YRT's scholarship account for the year ended June 30, 2017, noting the activity related to scholarship related expenses for promotional materials and earnings on the unexpended restricted funds were maintained in an account separate from the YRT's other accounts and separate from the golf event bank account. CN noted that interest earnings on the scholarship funds remained in the Yakima Federal Savings bank account during the year ended June 30, 2017. CN also noted that the investment income from the reserves funds held at YVCF are recorded in separate general ledger accounts than the YRTs other investment earnings.</p>	<p>None.</p>
<p><b><u>Article 10.B.2</u></b> The YRT's reserve shall not exceed applicable restrictions under the IRS code and regulations.</p>	<p>Review the YRT's most recent tax return (Form 990) and workpapers confirming the proper calculation of its public support ratio for its public charity status.</p>	<p>We reviewed the YRT's tax return for the year ended June 30, 2017 (Form 990) and public support test calculation workpapers noting the YRT met the required percentage to be considered a publicly supported charitable organization.</p>	<p>We reviewed the public support test and we noted the reported public support percentage to be 94.25% and 96.15% for the years ended June 30, 2017 and 2016.</p>

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017**

---

ARTICLE	PROCEDURE PERFORMED	RESULTS	RECOMMENDATIONS AND OBSERVATIONS
<p><b><u>Article 10.B.3</u></b> The YRT shall maintain a record of all receipts, expenses, and expenditures in accordance with generally accepted accounting practices and principles utilizing a double entry bookkeeping system.</p>	<p>Review the YRT’s accounting records and bookkeeping system for the year ended June 30, 2017 related to the scholarship program and its compliance with the Gifting Document’s requirement.</p>	<p>We reviewed the YRT’s financial statements for the year ended June 30, 2017 which appeared to be in accordance with accounting principles generally accepted in the United States of America.</p>	<p>None.</p>
<p><b><u>Article 10.B.4</u></b> The YRT shall publicize the scholarship program.</p>	<p>Review the YRT’s materials to publicize the scholarship program during the year ended June 30, 2017.</p>	<p>We noted the YRT has a page within its website titled Mary Monroe Davis Scholarship. We also reviewed letters sent to principals and counselors at each local high school in English and Spanish.</p>	<p>None.</p>

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017**

ARTICLE	PROCEDURE PERFORMED	RESULTS	RECOMMENDATIONS AND OBSERVATIONS
<p><b>Article 10.C</b> Comply with criteria for awarding and disbursing scholarships.</p>	<p>Review reports provided by the YRT and its subcontractor, International Scholarship &amp; Tuition Services, on scholarship recipients during the year ended June 30, 2017 and compliance with the Gifting Document’s requirements with the criteria as outlined in Article 10.C of the Gifting Document.</p>	<p>We selected 25 scholarship recipients during the year ended June 30, 2017 for testing. 9 students were new scholarships and 16 students were renewals. For each student we verified that International Scholarship &amp; Tuition Services performed procedures to ensure the student was a resident of Yakima County WA, was accepted to a community college or university, was enrolled as a full time student, was a US citizen, met the minimum GPA of 2.75, did not receive the scholarship beyond their 4th year of college (unless they met special requirements for a 5th year), scholarship funds were used only for purposes specified in the Gifting Document, did not receive the funds directly, and signed a contract with the YRT.</p> <p>Additionally, for all scholarship recipients selected for testing who were renewed in the year ended June 30, 2017, we tested that the student still met the GPA requirement for the 2016-2017 school year application.</p> <p>All 25 students appeared to be in compliance with article 10.C.</p>	<p>None.</p>

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
For the Year Ended June 30, 2017**

---

<b>ARTICLE</b>	<b>PROCEDURE PERFORMED</b>	<b>RESULTS</b>	<b>RECOMMENDATIONS AND OBSERVATIONS</b>
<u><b>Not Applicable</b></u>	Issue a report including results of all findings from the specified procedures. The report shall include a reporting of the available funds and uses during FY17 including any remaining balances held at YVCF, ISTS or YRT.	See appendix A.	

## APPENDICES

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
Appendix A**

---

**Summary of Scholarship Activity for the Year Ended June 30, 2017:**

Sources:

Annual distribution from Davis Educational Fund at YVCF	\$	955,756
Amounts funded from the Davis Educational Fund at YVCF in excess of the distributable amount		4,819
Amount used from YRT MMD Scholarship checking account		2,457
Withdrawal from Davis Reserve Fund at YVCF		20,000
		<u>983,032</u>

Uses:

YVCF annual fee		(98,494)
Golf match		(42,863)
Charitable contribution (3%) to YRT		(25,718)
International Scholarship & Tuition Services Fee		(20,000)
Approved scholarship awards - new		(303,000)
Approved scholarship awards - renewal		(501,750)
Unclaimed scholarship awards		11,250
YRT Scholarship program expense		(2,457)
		<u>(983,032)</u>

**Scholarship Funds held Outside of the Davis Educational Fund at June 30, 2017:**

MMD Scholarship Reserve Funds at YVCF	\$	49,722
YRT MMD Scholarship Checking Account	\$	6,445

**YAKIMA VALLEY COMMUNITY FOUNDATION**

**Report for Agreed-Upon-Procedures on  
The Scholarship Program of the Yakima Valley Rotary Trust  
Appendix B**

---

**Golf Event Reconciliation to Form 990 and Comparison to Golf Match Cap**

	<u>Fiscal Year End</u>	<u>Per 990</u>	<u>Per Rotary</u>
June 2017	6/30/2017	\$ 44,516	\$ 46,178
	<u>Amount Raised</u>	<u>Amount Paid</u>	<u>Cap</u>
FYE 17 Event	\$ 46,178	\$ 42,863	\$ 42,863