Financial Statements
June 30, 2012 and 2011

College of Western Idaho

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
College of Western Idaho
Nampa, Idaho

We have audited the accompanying financial statements of the College of Western Idaho (the College) and the discretely presented component unit as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the College's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College of Western Idaho and its discretely presented component unit, as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, 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, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other post employment benefits – schedule of funding progress as listed in the table of contents 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements as a whole. The other information and the letter from the President listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other information and the letter from the President as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Eide Bailly LLP

Boise, Idaho
November 13, 2012

LETTER FROM THE PRESIDENT

November 1, 2012

Dr. Bert Glandon

On behalf of the College of Western Idaho, I am pleased to present the College's Fiscal Year 2012 Financial Report.

The College of Western Idaho breaks down the barriers to higher education. We believe in working alongside our students and our partners in the community and embracing the ever-evolving dynamics of the global marketplace. Following a trend of consistent growth, enrollment has increased in each semester since CWI's first offering of credit courses in January 2009. Today, the College educates approximately 9,000 credit students and 12,000 short-term training students. Over 800 faculty and support staff spread across the Treasure Valley in eight campus locations and more than a dozen community classrooms serve our rapidly expanding student population. Despite the unprecedented growth, we have not lost sight of CWI's primary goal: to provide the local community comprehensive, open access to affordable, quality teaching and learning opportunities.

In order to serve western Idaho's specific needs, we have worked diligently to develop new facilities and implement new technology that can provide our students with the best possible academic opportunities. Our campaign for expansion includes providing an increase in space and state-of-the-art equipment for teaching and learning, while also strategically aligning the College to reach all areas of our community.

CWI's exceptional team has made possible the successes of this past year and those that will come in the future. Our team remains steadfast in focusing on four institutional priorities:

1) Continue to Structure Student Success
2) Further Develop Systems to Support Faculty and Staff
3) Maintain Best Practices for Fiscal Stability
4) Connect the College to the Community

Fiscal Stability

As evidenced in the enclosed Financial Report, the College has made a commitment to ensuring that its financial stability holds strong. The College's administration, designated Finance Committee, and Board of Trustees diligently review monthly financial statements from all revenue-generating organizations within the College and monitor state-supported funds to ensure stable fiscal operations. The College continues to safeguard institutional resources and provide efficient accounting that

ensures the intelligent investment of income from students and the public. These funds encourage the development of a strong and skilled workforce in the region.

Accreditation
Being recognized as an official candidate for accreditation by the Northwest Commission on Colleges and Universities (NWCCU) stands as one of our greatest achievements over the last year. This important milestone provided CWI the opportunity to move forward with the implementation of systems to support our students and meet the critical needs of our College such as federal grants, financial aid, and independent systems. The College of Southern Idaho (CSI) continues to be CWI's accreditation partner.

Course Development
CWI made great strides in course development last year with the introduction of seven new credit programs. These include Baking and Pastry Arts, and six secondary education concentrations. Additionally, CWI continually creates new and customized solutions through Business Partnerships/Workforce Development to meet industry needs.

The College also made tremendous strides toward increasing the access to online delivery formats. Over the last year, we have added hundreds of classes to our online delivery format, including a conversion of our apprenticeship correspondence course to an online format. Additionally, the Northwest Commission provided approval of six online degrees that allow students to earn Associate of Arts degrees in Criminal Justice, English, Geography, History, Liberal Arts, and Political Science, solely through online instruction. We will continue developing and expanding the programming and schedules that will make this new delivery effective for students.

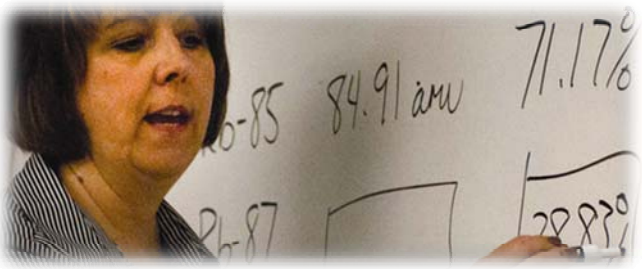
Student Support
Our Student Services team has implemented a number of resources to help students, including a joint effort with the Associated Students of the College of Western Idaho (ASCWI) Student Senate to implement a week of welcome events; revamping CWI's Orientation, Advising and Registration (OAR) Sessions, delivering 54 sessions at all campuses with day, evening, and weekend workshops; and holding College Life Career and Transfer Fairs at all campuses.

First semester programs, early engagement and risk prevention, and retention and program completion efforts have proven critical to helping CWI students succeed. Students face considerable challenges in adapting to college level classes and balancing that workload with other personal goals. The CWI team has made the commitment to helping our students succeed, which requires that we assist them in overcoming obstacles to completing their degrees.

New Facilities

With much excitement, this fall the College of Western Idaho opened the new, 176,000 square-foot Micron Center for Professional Technical Education at the Nampa Campus. The Center houses CWI's premier technical training space and student services, including One Stop, the Bookstore, Testing and Assessment, and Tutoring.

General Education courses and programs account for nearly 80 percent of our credit enrollment. Thus, we face a growing need to utilize space in the Nampa Campus Academic Building for more classrooms while expanding services for students, such as doubling the amount of square footage in our library. This summer, construction began on an additional leased building to be located adjacent to the Aspen Creek classroom and Administrative Offices. The building will be approximately 20,000 square feet and will house our library, a computer classroom, an employee and student



health clinic, the Early Child Care Development Program, and other classroom and administrative space.

Because 60 percent of our students reside in Ada County, we will be identifying additional space in Ada County to support general educational offerings for students. We are currently reviewing location and programming opportunities and anticipate having something secured by the end of this academic year.

Vendor Partnerships

In March 2012, the CWI Bookstore transitioned its operations to the Follett Corporation. This change has provided additional resources, including enhanced book ordering and purchasing or rental options, both online and in-person, that provide greater convenience for students and faculty.

Additionally, we chose Sallie Mae as our vendor for both student payment plans and refunds. Sallie Mae payment plans offer our students more options and flexibility, and their refund solution has provided more convenience for our students to access their funds.

Community Connections

With faculty encouragement and support, CWI students participate in various community and educational enrichment opportunities. Faculty has created opportunities for student internships and service learning and has implemented out-of-the-box classroom ideas to engage students in creative learning. Examples from the past year include field work outside of the classroom, such as anthropology trips to surrounding areas, the History Club's trip to Washington D.C., and the Biology Club's work with community partners to plant a native plant garden at the Nampa Campus. Other opportunities centered upon student clubs, including business programs offering tax preparation, and faculty advising to student entrepreneurship clubs.

CWI's community connections also extend to speaking engagements. Our team has arranged for members of the community to enrich our students' educational experience. Local government and industry leaders participate as guest speakers in various disciplines to provide a more personable and enlightening experience for students in pursuit of careers that meet current industry needs. Additionally, CWI's faculty and staff serve as a valuable resource for a number of media outlets and organizations seeking expertise on a variety of topics.

To meet an emerging need in our community for adult literacy guidance, our Adult Basic Education Department launched a Community Learning Center concept. The Community Learning Center encourages adults to continue their education, whether through learning to read or compute basic math, or through preparing for the General Educational Development (GED) test. At the Community Learning Center, the College welcomes all to learn about Adult Basic Education, and we treat everyone with dignity and respect.

CWI takes pride in the collaboration between our Adult Basic Education and Workforce Development teams in the creation of a bridge class concept. Last year, the programs joined efforts to deliver two Multicultural Certified Nursing Assistant (CNA) classes that were specifically targeted to Boise refugees from several countries. Business Partnerships/Workforce Development also delivered customized English-as-a-Second-

Language and computer training to support displaced workers in Nampa last fall. This new approach to bridging gaps and providing short-term education helps prepare students for rapid entry or re-entry into the workforce.

At the College of Western Idaho, we take pride in preparing our students to be the best in their fields and in playing a fundamental role in establishing economic stability in the Treasure Valley. CWI continues to partner with local business and industry to help ensure that we are producing some of the most sought-after students in the community. Whether through working to maintain the highest standards of quality in the current workforce, or developing highly-qualified employees for the workforce of the future, CWI is committed to being a catalyst for economic growth in the Treasure Valley.

This is an exciting time for CWI and our community; we look forward to helping everyone "*Achieve More*."

This section of College of Western Idaho's annual financial report presents a discussion and analysis of the financial performance of College of Western Idaho (the College or CWI) for the fiscal years 2012 and 2011 which ended June 30, 2012 and 2011. This discussion has been prepared by management along with the financial statements and related footnote disclosures. It should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting changes, and current known facts. The financial statements, footnotes and this discussion are the responsibility of management.

Accreditation Agreement

On July 1, 2008, College of Western Idaho and College of Southern Idaho (CSI) entered into an Accreditation Agreement in which College of Southern Idaho agreed to serve as the partner institution to College of Western Idaho through the Northwest Commission on Colleges and Universities' accreditation process. This Agreement provides College of Western Idaho's students the ability to earn transferrable credits.

Financial Highlights

In fiscal year 2012, there was an overall increase of almost $8.3 million to the current fund surplus. This increase was primarily due to an increase in student tuition and fee revenue resulting from increased enrollment.

During fiscal year 2012:

- Net Student Tuition and Fee revenue increased from $21.9 million to $25.9 million.
- State, Federal, and Local Grant revenue increased from $2.4 million to $2.9 million.
- Operating expenses increased from $33.7 million to $39.6 million.

During fiscal year 2011:

- CWI received a one-time appropriation for fiscal year 2011 from the State of Idaho for $5 million as a result of Senate Bill 1207.
- Net Student Tuition and Fee Revenue increased from $13.3 million to $21.9 million.
- State, Federal, and Local Grant revenue increased from $2.1 million to $2.4 million.
- Operating Expenses decreased from $36.8 million to $33.7 million.
- Private gifts decreased by $7.5 million.

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal years ended June 30, 2012 and 2011 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by most private-sector companies. These financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as of the current fiscal year-end in comparative format with the prior fiscal year-end. The purpose of the Statement of Net Assets is to present to the reader a point-in-time fiscal snapshot of the College. The Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

Current assets consist of available cash and other assets that could be converted to cash within a year. Non-current assets are those assets and property which cannot easily be converted into cash. Current liabilities are business obligations that are due to be cleared within one year. Noncurrent liabilities are obligations that are not required to be satisfied within one year.

The Statement of Net Assets is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the College. Over time, increases or decreases in net assets are indications of either improvement or erosion of the College's financial well-being when considered along with non-financial factors such as enrollment levels, the College's property tax base, and the condition of the facilities.

Net assets are divided into three major categories. The first category is Invested in Capital Assets, Net of Related Debt, which provides the College's equity in capital assets. The second category is Unrestricted Net Assets, which are net assets available to the College for any lawful purpose of the institution. The third category, Restricted Net Assets, must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Summary Statements of Net Assets
Fiscal Years Ended June 30

	2012	2011	2010
Current and other assets	$ 43,825,872	$ 35,542,935	$ 22,228,065
Capital assets	28,632,663	26,446,795	26,592,168
Total assets	$ 72,458,535	$ 61,989,730	$ 48,820,233
Current liabilities	$ 5,447,189	$ 4,962,252	$ 4,845,138
Noncurrent liabilities	2,121,700	436,023	384,075
Total liabilities	7,568,889	5,398,275	5,229,213
Net assets			
Invested in capital assets, net of related debt	26,928,042	26,446,795	26,592,168
Unrestricted	36,384,154	28,541,448	15,147,814
Restricted - expendable	1,577,450	1,603,212	1,851,038
Total net assets	64,889,646	56,591,455	43,591,020
Total liabilities and net assets	$ 72,458,535	$ 61,989,730	$ 48,820,233

The College's total assets increased during fiscal year 2012 by $10,468,805, from $61,989,730 in 2011 to $72,458,535 in 2012. Specifically contributing to the increase was revenue over budget with no mid-year budget adjustment, plus unspent money remaining from the State one-time funds appropriated during fiscal year 2011. Capital assets continued to grow as the College added a classroom building and new equipment for the Micron Center for Professional Technical Education. The College's total liabilities increased only slightly during fiscal year 2012 by $2,170,614 from $5,398,275 in 2011 to $7,568,889 in fiscal year 2012. Lease payables increased by $1.7 million for the Aspen Classroom Building.

The increase in assets is a result of senior management's continuing emphasis on sound fiscal management. This includes a "zero base budget" philosophy, where a new fiscal year budget begins at zero rather than being based upon the past year plus some percentage or additional amount. This requires managers and their staff to critically review their respective program areas and identify what is essential for operation. During the year, quarterly meetings are held between the President, Vice Presidents, and Deans/Directors, with the purpose of reviewing expenditures and projecting needs for the remainder of the fiscal year, while taking enrollment trends into account. Additionally, College senior management has focused on incurring ongoing expense only when necessary, and makes every effort to ensure that ongoing spending is well within actual revenue. This includes the need to create operating reserves for the College to be able to weather any future downturns in state funding. Additionally, disbursing financial aid directly from CWI rather than as part of CSI will require substantially more cash reserves for the Fall and Spring semesters commencing in fiscal year 2013.

The College's total assets increased during fiscal year 2011 by $13,169,497, from $48,820,233 in 2010 to $61,989,730 in 2011. Specifically contributing to the increase was the recognition of receivables due from College of Southern Idaho for student tuition and fee revenues, receivables due from the State Division of Professional Education for claim revenues and the receivable due from the State of Idaho for one-time supplemental funding. The College's total liabilities increased only slightly during fiscal year 2011 by $169,062 from $5,229,213 in 2010 to $5,398,275 in fiscal year 2011. While payables increased by $1.3 million, this was offset by the decrease in other liabilities of $1.1 million, because deposits held for the CWI Foundation were transferred during fiscal year 2011.

Statement of Revenues, Expenses, and Changes in Net Assets

Changes in total net assets as presented in the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. All changes in net assets are reported under the accrual basis of accounting, or as soon as the underlying event giving rise to the change occurs, regardless of the timing when cash is received or disbursed. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years. The purpose of the statement is to present the revenues earned and the expenses incurred during the year.

Activities are reported as either operating or nonoperating. *The College will always reflect a net operating loss in this format since state appropriations and gifts, the revenue streams that the College depends upon most significantly, are classified as nonoperating revenues.*

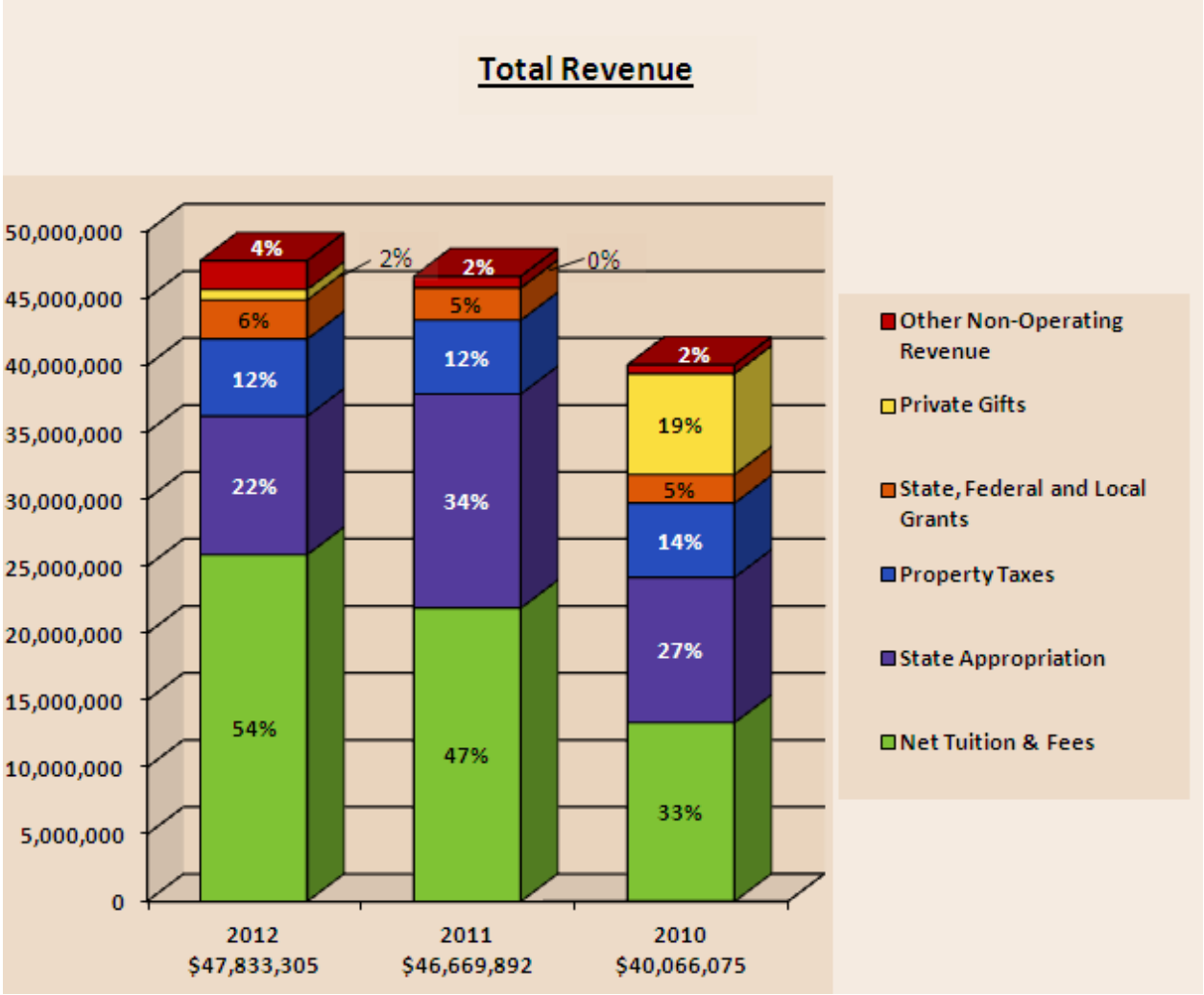
Generally, operating revenues are generated by providing services to various customers, students, and constituencies of the College, including but not limited to student tuition, fees, auxiliary enterprises, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the services provided in return for operating revenues, and to carry out the functions of the College. Nonoperating revenues are revenues received for which services are not provided. Examples of nonoperating revenues include but are not limited to: state appropriations, property tax revenue, investment income and other miscellaneous revenues.

Summary Statements of Revenues, Expenses, and Changes in Net Assets
Fiscal Years Ended June 30

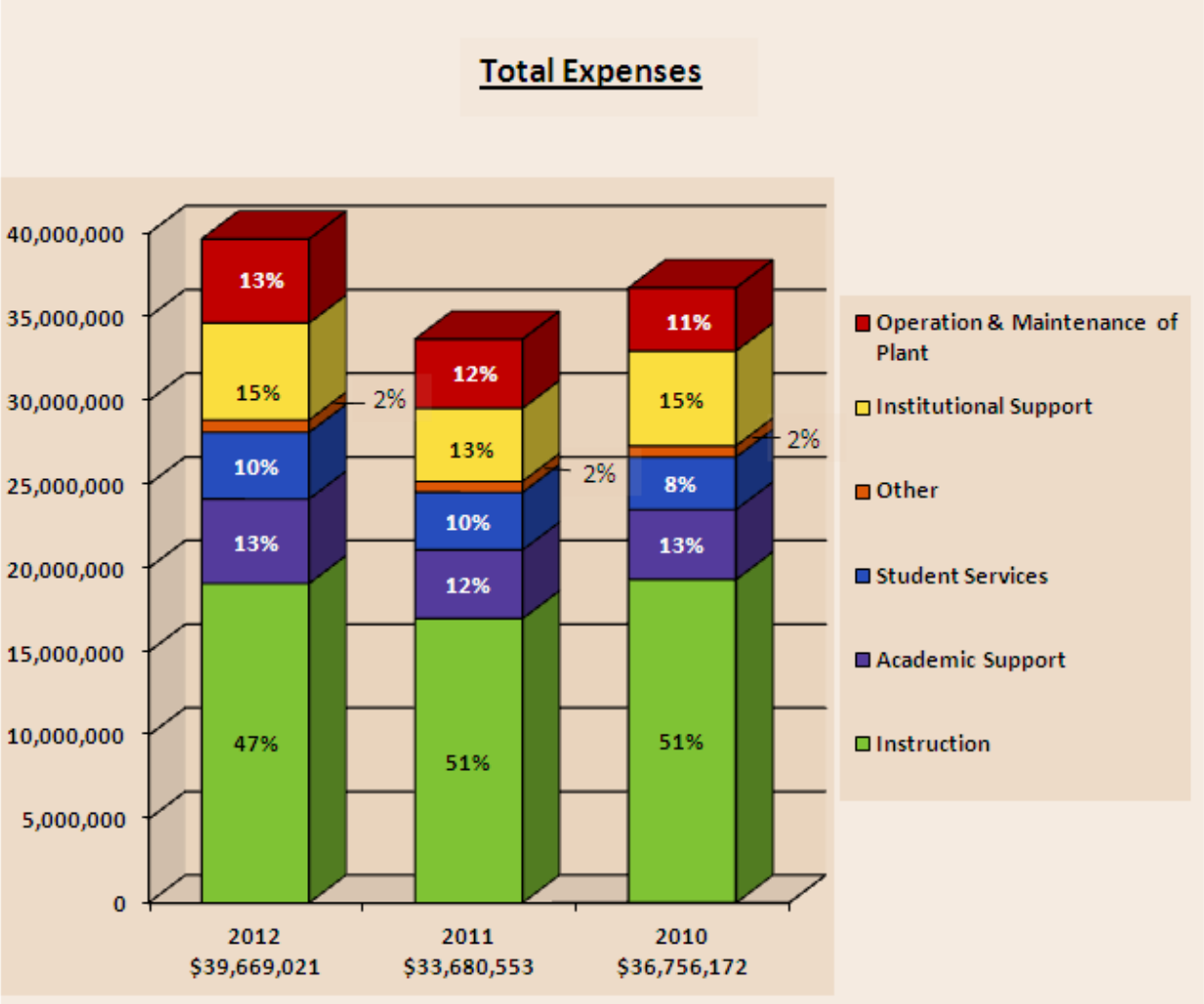
	2012	2011	2010
Operating revenues	$ 29,023,284	$ 24,475,809	$ 15,662,020
Operating expenses	39,578,990	33,680,553	36,756,172
Operating loss	(10,555,706)	(9,204,744)	(21,094,152)
Nonoperating revenues (expense)			
State appropriation	10,336,812	15,976,980	10,840,344
Private gifts	780,366	21,528	7,530,582
Local taxes	5,764,109	5,515,591	5,549,869
Other nonoperating revenue	1,928,734	679,984	483,260
Interest expense	(90,031)	-	-
Nonoperating revenues	18,719,990	22,194,083	24,404,055
Capital gifts	133,907	11,096	18,126,046
Increase in net assets	8,298,191	13,000,435	21,435,949
Net assets - beginning of year	56,591,455	43,591,020	22,155,071
Net assets - end of year	$ 64,889,646	$ 56,591,455	$ 43,591,020

The Statement of Revenues, Expenses and Changes in Net Assets reflects an overall increase in net assets during fiscal year 2012. Operating revenues increased by $4,547,475 from $24,475,809 in 2011 to $29,023,284 in 2012. This increase resulted from collecting more student tuition and fees due to increased enrollment. Operating expenses increased by $5,898,437 from $33,680,553 in 2011 to $39,578,990 in 2012. The increase in operating expenses was largely the result of one-time expenses incurred during 2012 relating to the improvements made to the Micron Center for Professional Technical Education. Additionally, there was an increase of $2.5 million in personnel costs necessary for direct student service to accommodate the continued enrollment growth, an increase of $1 million in scholarships and related expenses, and an $883 thousand increase in expenses related to facilities operation and maintenance of plant including increased personnel, lease and utility costs.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects an overall increase in net assets during fiscal year 2011. Operating revenues increased by $8,813,789 from $15,662,020 in 2010 to $24,475,809 in 2011. This increase resulted from collecting more student fees due to increased enrollment. Operating expenses decreased by $3,075,619 from $36,756,172 in 2010 to $33,680,553 in 2011. The decrease in operating expenses was largely the result of one-time non-capital expenses incurred during 2010 relating to the transfer of the Professional Technical Education (PTE) program from Boise State University. Supply and asset expenses specifically related to the transfer totaled $5.0 million in 2010. Excluding those one-time expenses in 2010 supports the fact that normal operating costs actually rose from an adjusted $31.7 million in 2010 to $33.7 million in 2011.



Note: State Revenue decreased in the percentage to the whole from fiscal year 2011 to fiscal year 2012 due to the $5 million one-time funds awarded in June 2011. The percentage of revenue realized from student tuition and fees continues to grow as enrollment grows. Student enrollment increased from a headcount of 6,277 in Fall 2010 to 8,375 in Spring 2012. Additionally, tuition and fees increased from $119 per credit in fiscal year 2010 to $129 per credit in 2011, and then to $136 per credit in fiscal year 2012.



Note: The increase in the percentage of expenses in Operations and Maintenance of Plant is a result of the new Aspen Classroom building, and costs incurred by the College for furniture, fixtures and equipment needed for the new Micron Center for Professional Technical Education. The percentage of expenses increased in Academic Support and Student Services is attributable to personnel costs associated with the transition from the College of Southern Idaho's computer system onto CWI's computer system. CWI planned for the transition to take place soon after candidate status was granted from Northwest Commission on Colleges and Universities. The transition positioned CWI to issue financial aid directly to its students.

Statement of Cash Flows

The final Statement presented by the College is the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the year.

An important factor to consider when assessing financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents information about the cash activity of the College during the year. The Statement is divided into five parts: the first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section represents the cash received and spent for nonoperating, non-investing and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used in operating activities to operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Summary Statements of Cash Flows
Fiscal Years Ended June 30

	2012	2011	2010
Cash from (used for)			
Operating activities	$ (8,462,792)	$ (6,839,783)	$ (13,829,233)
Noncapital financing activities	23,264,960	15,600,983	25,032,399
Capital and related financing activities	(1,999,144)	(1,490,097)	(856,843)
Investing activities	69,304	89,391	(964,077)
Net change in cash	12,872,328	7,360,494	9,382,246
Cash - beginning of year	22,787,778	15,427,284	6,045,038
Cash - end of year	$ 35,660,106	$ 22,787,778	$ 15,427,284
Supplementary disclosure of non-cash activities			
Property acquired with accounts payable	$ 37,214	$ 328,785	$ -
Donation of assets	$ 133,907	$ 11,096	$ 18,126,046
Fixed assets acquired from capital lease financing	$ 1,808,075	$ -	$ -

Cash increased $12,872,328 during fiscal year 2012 compared to a cash increase of $7,360,494 during fiscal year 2011. The major contributor to the increase in cash was a result of an unspent balance of the State one-time funds received July 2011. Cash used in operating activities totaled $8,462,792 in fiscal year 2012 compared to $6,839,783 in fiscal year 2011. Increases in student fees were offset by increased operating expenses driven by continued growth. Cash provided by noncapital financing activities increased to $23,264,960 in fiscal year 2012, compared to $15,600,983 in fiscal year 2011. The increase was related to State appropriations, and the increase in Pell grants received for the benefit of students. Cash used in capital and related financing activities increased to $1,999,144 in fiscal year 2012 compared to $1,490,097 in fiscal year 2011. This was due to an overall increase in fixed asset purchases in the fiscal year 2012.

Overall, cash increased by $7,360,494 during fiscal year 2011 compared to a cash increase of $9,382,246 during fiscal year 2010. Cash used in operating activities totaled $6,839,783 in fiscal year 2011 compared to $13,829,233 in fiscal year 2010. One of the largest areas of change was an increase in tuition and fee revenues, which was offset by a large increase in payments to employees. Cash provided by noncapital financing activites decreased to $15,600,983 in fiscal year 2011, compared to $25,032,399 in fiscal year 2010. This was mostly the result of the gift from the J.A. and Kathryn Albertson Foundation in 2010. Cash used in capital and related financing activities increased to $1,490,097 in fiscal year 2011 compared to $856,843 in fiscal year 2010. More capital assets were purchsed in fiscal year 2011. Cash provided by investing activity increased to $89,391 in fiscal year 2011 compared to cash used of $964,077 in fiscal year 2010. This was mostly the result of transferring cash to investments during fiscal year 2010.

Capital Assets

The College's investment in Capital Assets as of June 30, 2012 equates to $28,632,663, net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure. The increase was due primarily to the addition of a capital lease for the Aspen Classroom Building. More detailed information on the College's capital assets is presented in Note 5 to the basic financial statements.

The College's investment in Capital Assets as of June 30, 2011 equated to $26,446,795, net of accumulated depreciation. Investment in Capital Assets normally includes land, buildings, improvements, machinery and equipment, library holdings, and infrastructure.

Debt Administration

College of Western Idaho had ten operating lease obligations for instructional and administrative office space and office equipment at fiscal year end June 30, 2012. Additionally, the College had one capital lease obligation for instructional space at fiscal year end June 30, 2012. More detailed information on the College's lease obligations is presented in Note 7 to the basic financial statements.

College of Western Idaho had six operating lease obligations for instructional and administrative office space at fiscal year end June 30, 2011. The College had no outstanding debt at fiscal year end June 30, 2011.

Economic Outlook

During 2011, the State awarded the College $5 million in one-time funding. However, the ongoing base budget was reduced in 2011, and again in 2012, even though the College continued to experience record student enrollment growth. The students at CWI continue to bear an increasing cost of their education. In fiscal year 2012, student tuition and fee revenue provided 54% of the total revenue of the College. As student enrollment continues to grow at CWI, the need for expanded programs and facilities creates ongoing challenges.

The Idaho Economic Forecast of July 2012 issued by the State of Idaho Division of Financial Management, states that "the Idaho economy should continue to grow" and "…both employment and income are expected to outperform their national counterparts over the next few years." While it is not possible to predict the ultimate results of the state, national and world economies, management believes that the College's financial condition will continue to strengthen as it employs its strategic plans to meet the needs of the students and community while remaining fiscally conservative.

In fiscal year 2013, CWI will receive a dramatic increase in ongoing state support. General Education funding will increase from approximately $4.2 million to $6.7 million. This will include a 2% salary increase for eligible employees, the first pay raise for the College in three years. It also includes funding for multiple new positions to help address the needs of the increased student enrollment. The Governor recommended, and the Legislature appropriated an additional $1.0 million to pay for enrollment growth. Further, CWI will receive almost $850,000 to fund campus building occupancy costs.

The College has continued to experience significant increases in enrollment each semester, although the trend is slowing. College Trustees have advised the administration to continue to plan conservatively to achieve maximum effectiveness in teaching and learning.

Fund balances are adequate for the College to meet known obligations, including federal financial aid to CWI students, and to fund deferred maintenance. Additional reserves have been identified in the event of unforeseen major expenses and strategic reserves as the College expands. Management continues to actively plan for future funding needs.

Contacting the College's Financial Management

This financial report is designed to provide the College's citizens, taxpayers, customers, investors, and potential creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. Questions about this report, or the need for additional financial information should be directed to Cheryl Wright, Vice President of Finance and Administration, College of Western Idaho, MS 1000, P.O. Box 3010, Nampa, Idaho 83653.

College of Western Idaho

Statements of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 34,247,034	$ 21,221,438
Short-term investments	750,000	750,000
Student fees receivable (net of allowance - FY12 - $771,408, FY11 - $432,038)	381,397	413,910
Accounts receivable	3,517,763	8,077,497
Property tax receivable	2,478,568	2,469,973
Prepaid expenses and other assets	692,993	715,985
Total current assets	42,067,755	33,648,803
Noncurrent Assets		
Long-term investments	266,055	257,892
Restricted cash	1,413,072	1,566,340
Deposits	78,990	69,900
Capital assets, not depreciated	13,748,080	13,826,993
Capital assets, net	14,884,583	12,619,802
Total noncurrent assets	30,390,780	28,340,927
	$ 72,458,535	$ 61,989,730
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,053,717	$ 1,026,503
Accrued payroll and related costs	1,949,367	1,733,382
Deferred revenue	1,352,941	1,674,566
Capital lease obligation - current	127,842	-
Other liabilities	963,322	527,801
Total current liabilities	5,447,189	4,962,252
Noncurrent Liabilities		
Compensated absences	483,626	388,023
Capital lease obligation - noncurrent	1,576,779	-
Other liabilities- noncurrent	61,295	48,000
Total noncurrent liabilities	2,121,700	436,023
Total liabilities	7,568,889	5,398,275
Net Assets		
Invested in capital assets, net of related debt	26,928,042	26,446,795
Unrestricted	36,384,154	28,541,448
Restricted - expendable		
Grants	1,577,450	1,603,212
Total net assets	64,889,646	56,591,455
	$ 72,458,535	$ 61,989,730

See Notes to Financial Statements

College of Western Idaho Foundation

Component Unit
Statement of Financial Position
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 1,621,255	$ 739,441
Cash and cash equivalents- restricted	428,766	7,408,330
Investments	1,347,357	1,512,287
Pledges receivable - current, net	1,296,398	5,902,114
Other receivables	482,488	-
Total current assets	5,176,264	15,562,172
Noncurrent assets		
Nondepreciable property	13,662,841	196,663
Depreciable property, net	1,116,915	-
Pledges receivable - noncurrent, net	329,092	-
Investments - noncurrent	1,057,593	964,443
Total noncurrent assets	16,166,441	1,161,106
	$ 21,342,705	$ 16,723,278
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 310,772	$ 132,099
Total current liabilities	310,772	132,099
Total liabilities	310,772	132,099
Net Assets		
Unrestricted	14,959,654	126,008
Temporarily restricted	5,045,650	15,542,518
Permanently restricted	1,026,629	922,653
Non-Endowed		
Total net assets	21,031,933	16,591,179
	$ 21,342,705	$ 16,723,278

See Notes to Financial Statements

	2012	2011
Operating Revenues		
Tuition and fees	$ 27,230,651	$ 22,247,186
Less: Scholarship allowance	(1,339,934)	(336,806)
Net tuition and fees	25,890,717	21,910,380
Federal grants and contracts	1,782,835	1,560,284
State and local grants	1,127,707	844,294
Sales and services of educational activities	163,096	160,851
Auxilary sales and services	47,544	-
Other operating revenue	11,385	-
Total operating revenue	29,023,284	24,475,809
Expenses		
Operating Expenses		
Instruction	19,093,651	16,993,791
Academic support	5,045,222	4,101,425
Student services	3,984,204	3,442,567
Public service	320,902	411,235
Scholarships	163,319	123,945
Auxiliary expenses	254,929	109,914
Institutional support	5,793,149	4,367,131
Operations and maintenance	4,923,614	4,130,545
Total operating expenses	39,578,990	33,680,553
Operating Loss	(10,555,706)	(9,204,744)
Nonoperating Revenues (Expenses)		
State appropriations	10,336,812	15,976,980
Private gifts	780,366	21,528
Local taxes	5,764,109	5,515,591
State and federal financial aid	1,309,150	178,151
Liquor tax revenue	200,000	200,000
Other revenue	419,584	301,833
Interest expense	(90,031)	-
Total nonoperating revenue	18,719,990	22,194,083
Income before other revenues and expenses	8,164,284	12,989,339
Capital gifts	133,907	11,096
Change in Net Assets	8,298,191	13,000,435
Net Assets, Beginning of Year	56,591,455	43,591,020
Net Assets, End of Year	$ 64,889,646	$ 56,591,455

College of Western Idaho Foundation

Component Unit
Statement of Activities
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions and gifts	$ 86,413	$ 5,404,225	$ 115,229	$ 5,605,867
Contributed services	458,438	-	-	458,438
Interest and dividends	19,285	17,035	-	36,320
Net realized and unrealized loss on investments	(29,964)	(13,038)	-	(43,002)
Other revenue	14,342	-	-	14,342
Total revenues and gains	548,514	5,408,222	115,229	6,071,965
Net assets released from restriction	15,916,343	(15,905,090)	(11,253)	-
Total revenues	16,464,857	(10,496,868)	103,976	6,071,965
Expenses				
Program support to				
College of Western Idaho				
Scholarships	363,782	-	-	363,782
Department support	770,473	-	-	770,473
Support services				
General operations	494,624	-	-	494,624
Depreciation	2,332	-	-	2,332
Total expenses	1,631,211	-	-	1,631,211
Change in Net Assets	14,833,646	(10,496,868)	103,976	4,440,754
Net Assets, Beginning of Year	126,008	15,542,518	922,653	16,591,179
Net Assets, End of Year	$ 14,959,654	$ 5,045,650	$ 1,026,629	$ 21,031,933

See Notes to Financial Statements

College of Western Idaho Foundation

Component Unit
Statement of Activities
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions and gifts	$ 66,312	$ 15,828,773	$ 922,653	$ 16,817,738
Contributed services	382,705	-	-	382,705
Interest and dividends	7,965	34,178	-	42,143
Net realized and unrealized gain on investments	57,213	45,109	-	102,322
Other revenue	4,019	198	-	4,217
Total revenues and gains	518,214	15,908,258	922,653	17,349,125
Net assets released from restriction	365,740	(365,740)	-	-
Total revenues	883,954	15,542,518	922,653	17,349,125
Expenses				
Program support to				
College of Western Idaho				
Scholarships	336,222	-	-	336,222
Department support	29,517	-	-	29,517
Support services				
General operations	392,207	-	-	392,207
Total expenses	757,946	-	-	757,946
Change in Net Assets	126,008	15,542,518	922,653	16,591,179
Net Assets, Beginning of Year	-	-	-	-
Net Assets, End of Year	$ 126,008	$ 15,542,518	$ 922,653	$ 16,591,179

College of Western Idaho
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Tuition and fees	$ 25,601,605	$ 22,459,815
Grants and contracts	2,910,542	2,404,578
Payments to suppliers	(11,994,241)	(9,788,783)
Payments to employees	(25,202,723)	(22,076,244)
Sales and service education	163,096	160,851
Other revenue	58,929	-
Net Cash used for Operating Activities	(8,462,792)	(6,839,783)
Noncapital Financing Activities		
State appropriations	14,896,546	10,628,796
Gifts and grants for other than capital purposes	780,366	21,528
Local property tax	5,955,514	5,601,833
Deposits held for others	-	(1,044,971)
Other revenue/expense	1,632,534	393,797
Net Cash from Noncapital Financing Activities	23,264,960	15,600,983
Financing Activities		
Interest paid on capital lease	(90,031)	-
Payments on capital lease	(103,454)	-
Proceeds from sale of fixed assets	18,732	-
Purchases of capital assets	(1,824,391)	(1,490,097)
Net Cash used for Financing Activities	(1,999,144)	(1,490,097)
Investing Activities		
Purchase of investments	(26,896)	(7,894)
Interest on investments	96,200	97,285
Net Cash from Investing Activities	69,304	89,391
Net Change in Cash, Restricted Cash, and Cash Equivalents	12,872,328	7,360,494
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	22,787,778	15,427,284
Cash, Restricted Cash, and Cash Equivalents, End of Year	$ 35,660,106	$ 22,787,778

	2012	2011
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (10,555,706)	$ (9,204,744)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	1,572,463	1,635,470
Change in assets and liabilities		
Loss on disposal of asset	8,041	-
Accounts receivable, net	32,513	(7,889)
Prepaids and other assets	22,992	(421,653)
Accounts payable	27,214	609,112
Deferred revenue	(321,625)	557,324
Other liabilities	448,818	(137,375)
Advances and deposits	(9,090)	(55,000)
Accrued payroll and payroll costs	215,985	154,024
Compensated absences	95,603	30,948
Net Cash used for Operating Activities	$ (8,462,792)	$ (6,839,783)
Supplemental Disclosure of Noncash Activity		
Donation of capital assets	$ 133,907	$ 11,096
Property acquired with accounts payable	$ 37,214	$ 328,785
Property acquired with capital lease	$ 1,808,075	$ -
Reconciliation of Cash, Restricted Cash, and Cash Equivalents		
Cash and cash equivalents	$ 34,247,034	$ 21,221,438
Restricted cash - noncurrent portion	1,413,072	1,566,340
Total cash, restricted cash, and cash equivalents	$ 35,660,106	$ 22,787,778

College of Western Idaho Foundation

Component Unit
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 4,440,754	$ 16,591,179
Adjustments to reconcile change in net assets to net cash from operating activities		
Non-cash contributions	(75,241)	(75,008)
Contributions restricted to endowment	(115,229)	(922,653)
Net realized and unrealized gains on investments	43,002	(102,322)
Depreciation	2,332	-
Changes in operating assets and liabilities		
Pledges receivable	(1,623,376)	(5,902,114)
Other receivable	(482,488)	-
Accounts payable	178,673	132,099
Net Cash from Operating Activities	2,368,427	9,721,181
Investing Activities		
Payments on construction in progress	(8,685,425)	(196,663)
Purchase of investments	(791,811)	(2,551,463)
Proceeds from sale of investments	895,830	252,063
Net Cash used for Investing Activities	(8,581,406)	(2,496,063)
Financing Activities		
Contributions restricted from endowments	115,229	922,653
Net Cash from Financing Activities	115,229	922,653
Net Change in Cash and Cash Equivalents	(6,097,750)	8,147,771
Cash and Cash Equivalents, Beginning of Year	8,147,771	-
Cash and Cash Equivalents, End of Year	$ 2,050,021	$ 8,147,771
Non-cash Investing Activities		
Addition of land and building transferred from pledges receivable to fixed assets	$ 5,900,000	$ -

See Notes to Financial Statements

Note 1 - Significant Accounting Policies

General Statement

The College of Western Idaho (the College) was established after a supermajority of Ada and Canyon County voters passed a referendum in 2007 to establish a community college district. The College is governed by a separately elected Board of Trustees. College of Western Idaho is a public, open-access, and comprehensive community college committed to providing affordable access to quality teaching and learning opportunities to the residents of its service area in western Idaho. The College serves its students and communities through the use of a variety of innovative delivery systems and offers a dynamic array of programs, courses and services.

The College of Western Idaho delivers college credit instruction, certificates and degrees through its memorandum of understanding (MOU) with the College of Southern Idaho (CSI). CSI is accredited through The Northwest Commission on Colleges and Universities (NWCCU). The NWCCU is a regional postsecondary accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA). Credits, certificates and degrees earned at the College appear on CSI transcripts and are transferable to four year institutions, subject to the specific policies of those institutions.

On January 11, 2012, the NWCCU granted the College Candidacy for Accreditation status at the associate degree level. Candidacy is not accreditation nor does it ensure eventual accreditation. Candidate for Accreditation is a status of affiliation with the Commission which indicates that the institution has achieved initial recognition and is progressing toward accreditation. Until separate accreditation is granted, the College will continue to deliver college credit instruction, certificates and degrees through its MOU with the CSI.

The College directly disbursed Federal Financial Aid to its students beginning with Summer semester 2012.

Reporting Entity

The College's financial statements for fiscal years ended June 30, 2012 and 2011, are prepared in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB) and in accordance with accounting principles generally accepted in the United States of America (GAAP).

As defined by GAAP established under GASB, the financial reporting entity consists of the primary government, as well as its component unit the College of Western Idaho Foundation.

The College of Western Idaho Foundation (the Foundation) was established in July 2010 to provide support for the private fundraising efforts of the College and to manage privately donated funds. The Foundation is a legally separate, not-for-profit organization incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance with the State Board of Education's rules.

The Foundation financial statements for fiscal years ended June 30, 2012 and 2011 are discreetly presented because of the difference in its reporting model, as further described below.

The Foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the College. No modifications have been made to the Foundation's financial information included in the College's financial report.

Questions about the financial statements of the Foundation should be directed to Elina DiCostanzo, Executive Director, CWI Foundation, MS 1000, P.O. Box 3010, Nampa, Idaho 83653.

Basis of Accounting and Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the College have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements and interpretations issued after November 30, 1989, for business type activities, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash balances that are restricted and not expected to be expended within the subsequent year are classified as noncurrent assets. The College has some funds on deposit with the Idaho State Local Government Investment Pool (LGIP) and considers all such funds with the LGIP as cash and cash equivalents.

Investments

State statute authorizes the College to invest in obligations of the U.S. Treasury, the State of Idaho, or county, city or other taxing district of the State of Idaho, commercial paper, corporate bonds and repurchase agreements. The degree of risk depends upon the underlying portfolio.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students. Accounts receivable also includes amounts due from state and local governments or private sources, in connection with reimbursement of allowable

expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Property Tax Receivable

Property taxes that are levied for 2008 through 2011 and have not been collected as of June 30 are carried as receivables. Assessed values are established by the County Assessor in Ada and Canyon County (the District). Property tax payments are due in one-half installments in December and June. The District's property tax is levied each November on the assessed value listed as of the prior September for all property located in the District.

Prepaid Expenses

Prepaid items include payments made in the current fiscal year for expenditures attributable to future periods.

Restricted Cash

In accordance with a lease agreement with one of the facility leases, the College is obligated to separately hold cash amounts sufficient to satisfy the tenant improvements paid for by the lessor. These amounts are reduced by monthly payments on the lease.

Capital Assets

Capital Assets are stated at cost when purchased, or if acquired by gift, at the estimated fair market value at the date of the gift. The College's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations and improvements to buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 years for library books, 3 to 10 years for equipment, and 20 to 40 years for buildings.

Deferred Revenue

Deferred Revenue includes amounts received from student tuition and fees prior to the end of the fiscal year relating to Summer and Fall term. These revenues are earned in the subsequent year.

Noncurrent Liabilities

Noncurrent liabilities are other liabilities that will not be paid within the next fiscal year. These include long-term capital lease obligations, other post-employment benefit obligations, and compensated absences.

Net Assets

The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Unrestricted Net Assets – Unrestricted net assets represent resources derived from student fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

Restricted Net Assets, Expendable – This includes resources which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

Classification of Revenues

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

Operating Revenues and Expenses include activities that have the characteristics of exchange transactions that generally result from providing services and delivering goods in connection with the College's principal ongoing operations. Operating revenues include student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary enterprises, most federal, state, and local grants and contracts, and federal appropriations.

Nonoperating Revenues and Expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell Grants, property taxes, investment income, interest expense and gain or loss on the disposal of capital assets.

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 Statement of Revenues, Expenses, and Changes in Net Assets. 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 other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues. To the extent that revenues from such programs are used to satisfy student fees and related charges, the College has recorded a Scholarship Discount or Allowance.

Income Taxes

As a public institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115 (a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. Defined by the Internal

Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance of the organization of its exempt purpose or function. The College did not incur unrelated business income tax expense in the fiscal years ended June 30, 2012 and 2011.

Use of Estimates

The preparation of financial in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

Note 2 - Cash and Cash Equivalents

Operating cash is deposited locally and is carried at cost. Cash and cash equivalents are also held in the State managed Local Government Investment Pool (LGIP). Cash that is restricted in purpose and is not expected to be utilized within the next fiscal year is reported on the financial statements as restricted cash and as a noncurrent asset. Investments are held in certificates of deposit at various local banks.

At June 30, 2012, the College's cash, cash equivalents, and investments consisted of the following:

	Bank Balance	Carrying Amount
Cash and Cash Equivalents		
Bank deposit	$ 6,628,131	$ 5,435,755
Change funds	-	4,526
State Treasurer's Local Government Pool (LGIP)	2,169,338	2,169,338
Money market	26,637,415	26,637,415
Restricted Cash		
Bank Deposit	1,413,072	1,413,072

	Fair Value	Percentage
Investments		
Short-term certificate of deposit	$ 250,000	24.60%
Short-term certificate of deposit	250,000	24.60%
Short-term certificate of deposit	250,000	24.60%
Long-term certificate of deposit	266,055	26.20%

At June 30, 2011, the College's cash, cash equivalents, and investments consisted of the following:

	Bank Balance	Carrying Amount
Cash and Cash Equivalents		
Bank deposit	$ 2,971,968	$ 2,487,379
Change funds	-	4,652
State Treasurer's Local Government Pool (LGIP)	1,162,453	1,162,453
Money market	17,566,955	17,566,954
Restricted Cash		
Bank deposit	$ 1,566,340	$ 1,566,340

	Fair Value	Percentage
Investments		
Short term certificate of deposit	$ 250,000	24.80%
Short term certificate of deposit	250,000	24.80%
Short term certificate of deposit	250,000	24.80%
Long term certificate of deposit	257,892	25.60%

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. At June 30, 2012 and 2011, $357,802 and $7,892, respectively, of the College's deposits were uninsured and uncollateralized.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

Credit Risk – Investments

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The College does not have a policy addressing credit risk.

Three short-term Certificates of Deposit with maturity of one year or less were established at separate financial institutions. Each certificate is covered by FDIC for $250,000. One long-term Certificate of Deposit, with maturity of 5 years or less was established at an additional financial institution and is covered by the FDIC for $250,000. The Certificates of Deposit are not rated by rating organizations.

Interest Rate Risk

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The funds within the Idaho State Treasurer's Local Government Investment Pool have an average maturity of one year or less, thereby minimizing interest rate risk. The College does not have a policy addressing interest rate risk.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when five percent of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure.

The College's investment policy has no limitations on the amount that can be invested in any one issuer.

Note 3 - Accounts Receivable

Accounts receivable refer to the portion due to the College, as of June 30, by various customers and constituencies of the College as a result of providing services to said groups. Accounts receivable at June 30, 2012 and 2011 consisted of the following:

	2012	2011
Revenue receivable from CSI	$ 11,618	$ 1,922,653
Federal, state, and private grants	3,101,126	5,965,984
Other	405,019	188,860
Accounts receivable	$ 3,517,763	$ 8,077,497

Note 4 - Property Taxes

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of property. In addition, the counties maintain all the records and are responsible for remitting property tax amounts to the various taxing entities within their boundaries.

All real property is assigned a parcel number in accordance with State law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals.

The assessed valuation of the property and its improvements is being assessed at one percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located.

Taxes on real property are a lien on the property and attach on January 1 of the year for which the taxes are levied.

Taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20th. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a three year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation. Canyon and Ada counties collect property taxes for the College.

Note 5 - Capital Assets

The following are the changes in capital assets for the years ended June 30, 2012 and 2011:

	Balance July 1, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated					
Land	$ 13,720,000	$ -	$ -	$ -	$ 13,720,000
Construction in progress	106,993	28,080	-	(106,993)	28,080
Total capital assets not being depreciated	13,826,993	28,080	-	(106,993)	13,748,080
Other capital assets					
Land improvements	-	187,593	-	54,210	241,803
Buildings	11,160,662	175,000	-	-	11,335,662
Buildings - capital lease	-	1,808,075	-	-	1,808,075
Building improvements	98,285	8,224	-	-	106,509
Leasehold improvements	174,466	226,011	-	-	400,477
Equipment	2,262,011	545,345	(46,715)	-	2,760,641
Computer equipment	1,057,607	410,278	(21,614)	42,943	1,489,214
Books	76,422	169,160	-	-	245,582
Vehicles	392,488	116,162	-	-	508,650
Intangibles	1,560,028	92,444	-	9,840	1,662,312
Total other capital assets	16,781,969	3,738,292	(68,329)	106,993	20,558,925
Total capital assets	30,608,962	3,766,372	(68,329)	-	34,307,005
Less accumulated depreciation					
Land improvements	-	14,777	-	-	14,777
Buildings	1,124,498	567,353	-	-	1,691,851
Buildings - capital lease	-	180,807	-	-	180,807
Building improvements	2,749	5,785	-	-	8,534
Leasehold improvements	43,883	31,889	-	-	75,772
Equipment	717,894	327,748	(39,274)	-	1,006,368
Computer equipment	715,681	257,082	(21,014)	-	951,749
Books	9,835	9,052	-	-	18,887
Vehicles	135,898	67,109	-	-	203,007
Intangibles	1,411,729	110,861	-	-	1,522,590
Total accumulated depreciation	4,162,167	1,572,463	(60,288)	-	5,674,342
Capital assets, net	$ 26,446,795	$ 2,193,909	$ (8,041)	$ -	$ 28,632,663

	Balance July 1, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Capital assets not being depreciated					
Land	$ 13,720,000	$ -	$ -	$ -	$ 13,720,000
Construction in progress	36,020	110,490	-	(39,517)	106,993
Total capital assets not being depreciated	13,756,020	110,490	-	(39,517)	13,826,993
Other capital assets					
Buildings	11,160,662	-	-	-	11,160,662
Building improvements	-	98,285	-	-	98,285
Leasehold improvements	174,466	-	-	-	174,466
Equipment	1,415,780	846,231	-	-	2,262,011
Computer equipment	856,948	200,659	-	-	1,057,607
Books	66,368	10,054	-	-	76,422
Vehicles	205,700	186,788	-	-	392,488
Intangibles	1,482,921	37,590	-	39,517	1,560,028
Total other capital assets	15,362,845	1,379,607	-	39,517	16,781,969
Total capital assets	29,118,865	1,490,097	-	-	30,608,962
Less accumulated depreciation					
Buildings	562,249	562,249	-	-	1,124,498
Building improvements	-	2,749	-	-	2,749
Leasehold improvements	17,662	26,221	-	-	43,883
Equipment	331,816	386,078	-	-	717,894
Computer equipment	452,353	263,328	-	-	715,681
Books	3,114	6,721	-	-	9,835
Vehicles	60,467	75,431	-	-	135,898
Intangibles	1,099,036	312,693	-	-	1,411,729
Total accumulated depreciation	2,526,697	1,635,470	-	-	4,162,167
Capital assets, net	$ 26,592,168	$ (145,373)	$ -	$ -	$ 26,446,795

Note 6 - Deferred Revenue

Deferred revenue includes amounts recorded for student tuition and fees, and other amounts received prior to the end of the fiscal year but relate to the following accounting period. Student fees represent 50% of summer semester revenues and 100% of fall semester revenues to be recognized in the subsequent fiscal year. Deferred revenue consists of the following at June 30:

	2012	2011
Student fees	$ 1,351,691	$ 1,674,072
Other deferred revenue	1,250	494
	$ 1,352,941	$ 1,674,566

Note 7 - Lease Obligations

Operating Lease Obligations

The College is committed under various operating leases, primarily for buildings and maintenance agreements. The lease terms range from one to ten years. The expense for operating leases was $2,250,081 and $2,084,160 for fiscal years 2012 and 2011, respectively. As of June 30, 2012, future minimum operating lease commitments are as follows:

Fiscal Year	Amount
2013	$ 1,719,479
2014	1,959,697
2015	1,747,699
2016	1,790,070
2017	1,803,207
Totals	$ 9,020,152

Capital Lease Obligations

The College entered into a capital lease agreement for the Aspen Classroom Building July 1, 2011. The College pays a monthly payment of $17,137, which increases every July by 3% until June 2021. At June 30, 2012, the asset under the capital lease equaled $1,808,075 with accumulated depreciation of $180,807. Amortization of assets under capital lease is included in depreciation expense. As of June 30, 2012, future minimum capital lease commitments are as follows:

Fiscal Year	Amount
2013	$ 211,652
2014	217,938
2015	224,400
2016	231,210
2017	238,195
2018-2022	1,026,301
Total minimum obligation	2,149,696
Less interest	(445,075)
Totals	$ 1,704,621

Note 8 - Long-term Liabilities

Changes in long-term liabilities for the years ended June 30, 2012 and 2011 were:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Capital lease obligation	$ -	$ 1,808,075	$ (103,454)	$ 1,704,621	$ 127,842
Compensated absenses	456,498	675,118	(588,216)	543,400	59,774
	$ 456,498	$ 2,483,193	$ (691,670)	$ 2,248,021	$ 187,616

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Compensated absenses	$ 396,750	$ 596,536	$ (536,788)	$ 456,498	$ 68,475
	$ 396,750	$ 596,536	$ (536,788)	$ 456,498	$ 68,475

Note 9 - Retirement

Public Employee Retirement System of Idaho

The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the members and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, the benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the College of Western Idaho and its employees are established and may be amended by the PERSI Board of Trustees.

Contributions for the three years ended June 30, are as follows:

	2012	2011	2010
PERSI			
College required contribution rate	10.39%	10.39%	10.39%
Percentage of covered payroll for employees	6.23%	6.23%	6.23%
College contributions required and paid	$ 347,078	$ 290,154	$ 286,214

Optional Retirement Plan

Effective July 1, 1997, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for faculty and exempt employees. The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State of Idaho.

New faculty and exempt employees automatically enroll in the ORP and select their vendor option. Vendor options include Teachers Insurance and Annuity Associations – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC).

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 62 years of age.

Contributions for the two years ended June 30, were as follows:

	2012	2011
ORP		
College contribution rate	10.31%	7.81%
Employee contribution rate	6.97%	6.97%
College contribution	$ 1,104,079	$ 726,761

Although enrollees in the ORP no longer belong to PERSI, the College was required to contribute to PERSI 3.83% of the annual covered payroll. These annual supplemental payments are required through July 1, 2011. The College of Western Idaho contributions required and paid were $0 and $342,000, respectively for the years ended June 30, 2012 and 2011. No additional contributions will be made going forward. This amount is not included in the regular College PERSI contribution discussed previously.

Termination Benefits

Employees who qualify for retirement under PERSI or ORP are eligible to use 50% of the cash value (maximum 600 hours) of their unused sick leave to continue their medical insurance coverage through the College. The College partially funds these obligations by depositing .65% of the employees' gross payroll with PERSI who administers the plan as a cost sharing, multiple-employer plan. The total contributions for the years ended June 30, 2012 and 2011 were $91,602 and $78,780, respectively.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, Idaho 83720-0078.

Note 10 - Postemployment Benefits other than Pensions

Summary of Plans

The College participates in other postemployment benefit plans relating to health and disability administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the College to eligible retired or disabled employees. The most recent actuarial valuation is as of July 30, 2010. The College has not set aside any assets to pay future benefits; the College funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the Comprehensive Annual Report of the State of Idaho, which may be obtained as follows:

Office of the Idaho State Controller
700 W State Street, 4th Floor
Boise, ID 83702

P.O. Box 83720
Boise, ID 83720-0011
www.sco.idaho.gov

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired employee of the College who is eligible to retire under PERSI may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have 10 or more years (20,800 or more hours) of credited state administered service. An employee must have been an active employee on or before June 30, 2009, and retire directly from state administered service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. The College contributed $8 and $16.44 per active employee per month towards the retiree premium cost during 2012 and 2011, respectively.

Long-Term Disability Plan

Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 weeks of continuous total disability or exhaustion of accrued sick leave must be met.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000 whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company and the obligation for the payment of benefits has been effectively transferred. The College pays 100 percent of the cost of the premiums. The College's contribution rate for the periods were 0.318 and 0.324 percent of payroll in fiscal year 2012 and 2011, respectively. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage under the State plan. The College pays 100 percent of the College's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. The College was not required to make a contribution in fiscal year 2012. The College's contribution for fiscal year 2011 was $6.96 per active employee per month.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, a $2,000 life insurance benefit is provided for spouses, and a $1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. The College pays 100 percent of the cost of premiums; the contribution is actuarially determined based on actual claims experience.

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the Annual Required Contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year:

2012 Annual OPEB Cost and Net OPEB Obligation

		Long-term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Life Insurance
Annual OPEB Cost			
Annual required contribution	$ 66,000	$ 23,000	$ 12,000
Interest on net OPEB obligation	20,000	1,000	-
Adjustment to annual required contribution	(29,000)	(2,000)	-
Total Annual OPEB cost	57,000	22,000	12,000
Contributions Made	(54,000)	(20,000)	(14,000)
Increase (decrease) in net OPEB obligation	3,000	2,000	(2,000)
Net OPEB obligation (funding excess) - beginning of year	43,000	12,000	(7,000)
Net OPEB obligation (funding excess) - end of year	$ 46,000	$ 14,000	$ (9,000)
Percentage of AOC contributed	94.31%	91.20%	111.86%

2011 Annual OPEB Cost and Net OPEB Obligation

		Long-term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Life Insurance
Annual OPEB Cost			
Annual required contribution	$ 64,000	$ 21,000	$ 12,000
Interest on net OPEB obligation	18,000	1,000	-
Adjustment to annual required contribution	(27,000)	(1,000)	-
Total Annual OPEB cost	55,000	21,000	12,000
Contributions Made	(25,000)	(18,000)	(18,000)
Increase (decrease) in net OPEB obligation	30,000	3,000	(6,000)
Net OPEB obligation (funding excess) - beginning of year	13,000	9,000	(1,000)
Net OPEB obligation (funding excess) - end of year	$ 43,000	$ 12,000	$ (7,000)
Percentage of AOC contributed	44.63%	85.11%	148.71%

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation (funding excess) for the current and two prior years.

Annual OPEB Cost and Net OPEB Obligation Comparison

			Long-term Disability Plan	
		Retiree Healthcare Plan	Healthcare	Life Insurance
Annual OPEB Cost	2012	$ 57,000	$ 22,000	$ 12,000
	2011	55,000	21,000	12,000
	2010	34,000	20,000	8,000
Percentage of AOC contributed	2012	94.31%	91.20%	111.86%
	2011	44.63%	85.11%	148.71%
	2010	58.58%	55.65%	107.55%
Net OPEB Obligation (Funding Excess) - end of year	2012	$ 46,000	$ 14,000	$ (9,000)
	2011	43,000	12,000	(7,000)
	2010	13,000	9,000	(1,000)

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for the College:

Funded Status and Funding Progress

		Long-term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Life Insurance
Actuarial Valuation Date	7/1/2010	7/1/2010	7/1/2010
(1) Actuarial Value of Assets	$ -	$ -	$ -
(2) Accrued Liability (AAL)	415,000	148,000	155,000
(3) Unfunded AAL (UAAL) (2)-(1)	415,000	148,000	155,000
(4) Funded Ratios (1) : (2)	0.00%	0.00%	0.00%
(5) Annual Covered Payroll	$ 10,818	$ 10,818	$ 10,818
(6) UAAL as a Percentage of Covered Payroll (3) : (5)	3.84%	1.37%	1.43%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

		Long-term Disability Plan	
	Retiree Healthcare Plan	Healthcare	Life Insurance
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	11 years, Closed	30 years, Open	30 years, Open
Assumptions:			
Inflation rate	3.00%	3.00%	3.00%
Investment return	4.00%	4.00%	4.00%
OPEB increases	N/A	N/A	N/A
Projected salary increases	3.50%	3.50%	3.50%
Healthcare cost initial trend rate	10.00%	10.00%	N/A
Healthcare cost ultimate trend rate	5.00%	5.00%	N/A

Note 11 - Risk Management and Workers' Compensation

The College faces risks of loss from: (a) damage and loss to property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, and (d) environmental damage. The College participates in the Idaho Counties Risk Management Program (ICRMP). Payments are made to the risk management fund based on rates determined by factors including student population, payroll, and physical assets such as buildings and vehicles.

Commercial Insurance coverage is purchased for claims arising from worker's compensation due to employee injuries. Payments made to the State Insurance Fund are based on a quarterly gross payroll multiplied by the current rate. Premiums are billed quarterly throughout the fiscal year beginning July 1. Premiums are then adjusted as necessary within the first quarter of the subsequent fiscal year. The College billed premiums were $94,784 and $79,571 for fiscal years 2012 and 2011, respectively.

Note 12 - Related Party Transactions

The Foundation provides scholarships and various departmental and program support to the College based on the terms of the donations. For the year ended June 30, 2012, the Foundation provided scholarship support of $363,782 and departmental and program support of $770,473, of which $275,942 was a receivable from the Foundation as of the end of the year. For the year ended June 30, 2011, the Foundation provided scholarship support of $336,222 and departmental and program support of $29,518.

During the year ended June 30, 2012, the College provided various services and materials to the Foundation which totaled $458,438. During the year ended June 30, 2011, the College provided various services and materials to the Foundation which totaled $382,705.

The College entered a cancelable lease agreement with the Foundation for the Micron Center for Professional Technical Education commencing May 2012 with terms of one to five years. The lease is contingent upon approval of the annual budget allocation for the lease expense. Annual lease payments of $1,600 are due July 1 each year. The College, as tenant, shall purchase, obtain and maintain during the term of this lease a policy of commercial general liability insurance of not less than $500,000 per occurrence and $1,000,000 in the aggregate. The College, as tenant, shall purchase and maintain during the term, property insurance on the premises not less than the value of the premises. The College, as tenant, agrees to pay all taxes lawfully levied or assessed against the property.

Although the College has not yet met the requirement for independent accreditation, it has received Candidacy status. Thus, the College currently delivers college credit instruction, certificates and degrees through its memorandum of understanding with the College of Southern Idaho (CSI). CSI is accredited through Northwest Commission on Colleges and Universities. The Northwest Commission on Colleges and Universities is a regional postsecondary accrediting agency recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. Credits, certificates and degrees earned at the College appear on CSI transcripts and are transferable to four year institutions, subject to the specific policies of those institutions. As of June 30, 2012 and 2011, the College had a receivable from CSI of $11,618 and $1,922,653, respectively, and a payable to CSI of $116,573 and $193,511, respectively.

Deferred revenue due from CSI for summer semester student tuition and fees was $0 and $1,429,019 in 2012 and 2011, respectively. Deferred revenue due from CSI for fall semester student tuition and fees was $0 and $39,258 for 2012 and 2011, respectively.

Through a separate memorandum of understanding, CSI operated the College's Bookstore. CSI provided all inventories, managed the book ordering and buy-backs, established the sales and return policy, as well as the point of sale system. The College provided the facilities, and funded the Bookstore Manager and Assistant Retail Manager position. This memorandum of understanding terminated March 2012 at which time the College contracted with Follett Higher Education Group for operation of the College's Bookstore.

The College acts as the fiscal agent for seven State Division of Professional Technical Education student organizations. The College holds operating funds on their behalf in the amount of $183,610 and $181,363 for 2012 and 2011, respectively. All expenses and revenues run though the College, and are reflected on the Statement of Net Assets as Current Other Liabilities.

Note 13 - Contingencies and Legal Matters

In the normal course of business, the College has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. The College is not a defendant in litigation arising from the normal course of operations. Based on present knowledge, the College's management believes that any current commitments, contingent liabilities, or legal proceedings will not materially affect the financial position of the College.

Note 14 - Significant Commitments

At June 30, 2012, the College had several significant commitments that will be completed during fiscal year 2013. Significant commitments are listed below:

Capital Projects	
Software Services	$ 12,000
Micron Center Equipment	200,108
Non Capital Projects	
Micron Center Commitments	
Equipment, furniture & supplies	142,455
Electronic/Computer Equipment	165,221
Professional Services	24,000
Other Commitment	
CareerFocus Magazine Printing	25,340
	$ 569,124

Note 15 - Component Unit

College of Western Idaho Foundation

Foundation Operations and Significant Accounting Policies

Foundation Operations

The Foundation is discretely presented within the financial statements as a component unit. The Foundation was established in July 2010 to provide support for the private fundraising efforts of College of Western Idaho (the College) and to manage privately donated funds. The Foundation is a not-for-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules the Foundation must be independent of, and cannot be controlled by, the College. A memorandum of understanding between the Foundation and the College defines the relationship between the two entities in accordance to the State Board of Education's rules.

The Foundation's financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board (FASB). FASB standards require three classes of net assets: unrestricted, temporarily restricted, and permanently restricted instead of reporting by fund as is done under GASB standards. Other differences include criteria for recognizing in-kind donations, and the presentation of information.

Endowment

The Foundation's endowment consists of approximately 25 individual funds established for a variety of purposes. The endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditures by the Foundation in a manner that is consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund or endowment
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to maintain as a fund of perpetual duration. The corpus balance of the endowment was $1,026,629 and $922,653 as of year ended June 30, 2012 and 2011, respectively.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and scholarships supported by its endowment while seeking to maintain the fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide both a reasonably predicted income stream and principle appreciation that exceeds inflation. The Foundation expects its endowment funds, over time, to provide an average minimum rate of return equal to or greater than the Foundation's spending rate percentage and management fee.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within the prudent risk constraints.

The Foundation has a policy of appropriating for annual distribution 4.5% of its endowment fund's average fair value as determined on December 31 over each of the three proceeding years. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation. This is consistent with objectives to maintain the principal of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Investments

Investments at June 30, 2012 and 2011 consisted of the following:

	2012	2011
Investments securities		
Equities	$ 1,182,556	$ 1,311,205
Bond funds	693,546	667,965
Commodities	116,225	-
Real estate investment trusts	43,547	143,654
Index funds	119,076	103,906
Certificate of deposit	250,000	250,000
	$ 2,404,950	$ 2,476,730

Investments in marketable securities are recorded at fair value as determined by quoted market prices. Certificates of deposit are not included in the fair value footnote as they are recorded at cost plus accrued interest.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2012:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Stocks				
Large cap	$ 602,780	$ -	$ -	$ 602,780
Mid cap	180,106	-	-	180,106
International developed	259,158	-	-	259,158
International emerging	140,512	-	-	140,512
Bond Funds				
Intermediate-term fund	345,538	-	-	345,538
Inflation-protected fund	348,008	-	-	348,008
Commodities	116,225	-	-	116,225
Real estate investment trusts	43,547	-	-	43,547
Index funds	119,076	-	-	119,076
Total assets at fair value	$ 2,154,950	$ -	$ -	$ 2,154,950

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2011:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment securities				
Stocks				
Large cap	$ 641,122	$ -	$ -	$ 641,122
Mid cap	259,281	-	-	259,281
International developed	263,445	-	-	263,445
International emerging	147,357	-	-	147,357
Bond Funds				
Intermediate-term fund	328,716	-	-	328,716
Inflation-protected fund	339,249	-	-	339,249
Real estate investment trusts	143,654	-	-	143,654
Index funds	103,906	-	-	103,906
Total assets at fair value	$ 2,226,730	$ -	$ -	$ 2,226,730

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to the total net assets available for benefits. For the years ended June 30, 2012 and 2011, there were no significant transfers in or out of levels 1, 2, or 3.

Donated Materials and Services

Donated materials and services for the years ended June 30 were:

	2012	2011
Salaries and benefits	$ 364,050	$ 340,616
Materials and supplies	73,269	21,209
Office space	17,280	17,280
Other miscellaneous expenses	3,839	3,600
	$ 458,438	$ 382,705

All donated materials and services were provided by the College.

Pledges Receivables

Pledges receivable represent unconditional promises to give to the Foundation and are measured at the present value of estimated future cash flows using the discount rate ranging from .33% to .77%. An allowance for doubtful accounts for potentially uncollectible pledges of $10,025 and $0 was estimated and recorded as of June 30, 2012 and 2011, respectively.

Pledges receivable for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Pledges receivable		
Due in one year or less	$ 1,306,423	$ 5,902,114
Due in one to five years	338,105	-
Total pledges receivable	1,644,528	5,902,114
Less allowance for doubtful accounts	(10,025)	-
Future value	1,634,503	5,902,114
Less discount to present value	(9,013)	-
Net pledges receivable	$ 1,625,490	$ 5,902,114

Property and Equipment

Property and equipment at June 30, 2012 and 2011, were as follows:

	2012	2011
Land	$ 2,773,000	$ -
Construction in progress	10,889,841	196,663
Buildings	1,119,247	-
	14,782,088	196,663
Less: accumulated depreciation	(2,332)	-
	$ 14,779,756	$ 196,663

Temporarily Restricted Net Assets

Temporarily restricted net assets arise from donor imposed restrictions limiting the use of funds for scholarships and program support.

Temporarily restricted net assets consist of the following as of June 30, 2012 and 2011:

	2012	2011
Restricted for use		
Department support	$ 4,169,955	$ 14,477,461
Scholarships	826,468	1,064,211
Restricted for time		
Pledges	49,227	846
	$ 5,045,650	$ 15,542,518

Endowment Funds

The endowment fund net asset composition is as follows:

At June 30, 2012	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 30,964	$ 1,026,629	$ 1,057,593
	$ 30,964	$ 1,026,629	$ 1,057,593

At June 30, 2011	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 41,790	$ 922,653	$ 964,443
	$ 41,790	$ 922,653	$ 964,443

Changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment assets			
Beginning of year July 1, 2010	$ -	$ -	$ -
Investment return			
Investment income	3,994	-	3,994
Net realized and unrealized appreciation	47,705	-	47,705
Contributions	-	922,653	922,653
Appropriation of endowment assets for expenditures	(9,909)	-	(9,909)
Endowment assets End of year June 30, 2011	41,790	922,653	964,443
Investment return			
Investment income	15,612	-	15,612
Net realized and unrealized appreciation	(12,718)	-	(12,718)
Change in donor restriction	-	(11,253)	(11,253)
Contributions	-	115,229	115,229
Appropriation of endowment assets for expenditures	(13,720)	-	(13,720)
Endowment assets End of year June 30, 2012	$ 30,964	$ 1,026,629	$ 1,057,593

The components of endowment funds classified as temporarily restricted net assets and permanently restricted net assets as of June 30, 2012 are as follows:

	2012	2011
Temporarily restricted net assets		
The portion of perpetual endowment funds subject to a time restriction under SPMIFA With purpose restrictions	$ 30,964	$ 41,790
Permanently restricted net assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 1,026,629	$ 922,653

Commitments

The Foundation has outstanding commitments for building renovation of approximately $996,045 as of June 30, 2012.

Related Party Transactions

The Foundation conducts business with a national bank and its Divisional President is a member of the Board of Directors. The Divisional President abstains from voting on financing matters that could be considered a conflict of interest. The banking relationship includes general banking services.

Several members of the Foundation Board of Directors pledged a donation to the Foundation. For the year ended June 30, 2012, the Foundation received $90,124 in contribution revenue, of which $54,525 was outstanding as pledges receivable as of June 30, 2012. There were no such pledges during 2011.

Subsequent Events

Renovation of the Micron Center for Professional Technical Education was completed in August 2012. The facility will be the primary location for College of Western Idaho Professional Technical Education programs as well as One Stop Student Services and CWI Bookstore. The Foundation has evaluated subsequent events through November 13, 2012, the date which the financial statements were available to be issued.

Required Supplementary Information
June 30, 2012

College of Western Idaho

Funded Status and Funding Progress

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) : (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2010	$ -	$ 382,000	$ 382,000	0.0%	$ 10,818,000	3.5%
	7/1/2008	$ -	$ 47,000	$ 47,000	0.0%	$ 2,188,000	2.1%
	7/1/2006	$ -	$ -	$ -	0.0%	$ -	
Long-Term Disability Life Insurance	7/1/2010	$ -	$ 154,000	$ 154,000	0.0%	$ 10,818,000	1.4%
	7/1/2008	$ -	$ 18,000	$ 18,000	0.0%	$ 2,188,000	0.8%
	7/1/2006	$ -	$ -	$ -	0.0%	$ -	
Healthcare	7/1/2010	$ -	$ 138,000	$ 138,000	0.0%	$ 10,818,000	1.3%
	7/1/2008	$ -	$ 22,000	$ 22,000	0.0%	$ 2,188,000	1.0%
	7/1/2006	$ -	$ -	$ -	0.0%	$ -	

Effective July 1, 2009, legislative changes to the Retiree Healthcare Plan regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State administered service; the maximum benefit is $1,860 per retiree per year. Additionally, any retiree will remain eligible until they are eligible for Medicare. Beginning January 1, 2010, coverage was not available to Medicare-eligible retirees or their Medicare-eligible dependents.

Other Information
June 30, 2012 and 2011

College of Western Idaho

College of Western Idaho
Schedule of Operating Expenses
Year Ended June 30, 2012

	Instruction	Academic Support	Student Services	Public Service	Scholarships	Auxiliary Expenses	Institutional Support	Operations and Maintenance	Total
Operating Expenses									
Wages and salaries	$ 12,359,396	$ 2,224,057	$ 2,189,535	$ 172,522	$ 86,090	$ 135,660	$ 2,108,970	$ 498,995	$ 19,775,225
Taxes and benefits	2,890,722	794,926	880,418	66,225	852	41,009	824,262	240,672	5,739,086
Supplies	1,876,278	385,691	264,341	12,833	-	64,463	129,356	395,793	3,128,755
Repairs and maintenance	294,756	679,409	63,970	-	-	5,472	47,985	285,283	1,376,875
Travel	116,340	79,227	79,216	2,269	-	270	85,830	2,113	365,265
Vehicles	135,451	927	78	-	-	-	5,217	8,228	149,901
Services	206,636	335,752	265,274	12,382	-	2,417	422,638	272,819	1,517,918
Miscellaneous	182,365	343,626	295,897	46,641	-	3,592	1,596,847	49,470	2,518,438
Insurance, rent, utilities	113,390	302,708	22,497	11,524	-	2,046	191,867	2,496,472	3,140,504
Financial aid	-	-	-	-	76,377	-	-	-	76,377
Non-capital equipment	211,174	3,132	3,877	-	-	-	-	-	218,183
Depreciation	385,730	223,854	13,531	-	-	-	275,579	673,769	1,572,463
Fund transfer	321,413	(328,087)	(94,430)	(3,494)	-	-	104,598	-	-
Total operating expenses	$ 19,093,651	$ 5,045,222	$ 3,984,204	$ 320,902	$ 163,319	$ 254,929	$ 5,793,149	$4,923,614	$ 39,578,990

College of Western Idaho
Schedule of Operating Expenses
Year Ended June 30, 2011

	Instruction	Academic Support	Student Services	Public Service	Scholarships	Auxiliary Expenses	Institutional Support	Operations and Maintenance	Total
Operating Expenses									
Wages and salaries	$ 11,001,686	$ 1,990,704	$ 1,821,145	$ 212,945	$ 51,529	$ 86,383	$ 1,662,113	$ 427,072	$ 17,253,577
Taxes and benefits	2,637,517	696,233	741,642	80,175	572	33,526	611,000	206,974	5,007,639
Supplies	1,245,027	453,245	171,678	16,082	-	7,997	117,112	149,165	2,160,306
Repairs and maintenance	148,039	497,973	55,082	1,651	-	653	39,003	219,384	961,785
Travel	91,138	57,139	58,089	6,621	-	137	45,508	2,913	261,545
Vehicles	109,917	898	47	-	-	-	2,740	6,475	120,077
Services	79,995	174,268	375,246	23,655	-	499	500,638	182,774	1,337,075
Miscellaneous	148,281	300,063	222,187	61,264	-	-	976,452	40,466	1,748,713
Insurance, rent, utilities	43,264	169,802	10,817	6,289	-	-	135,303	2,357,118	2,722,593
Financial aid	-	-	-	-	71,844	-	-	-	71,844
Non-capital equipment	387,995	10,006	811	-	-	-	1,117	-	399,929
Depreciation	410,181	230,945	16,665	-	-	4,719	434,756	538,204	1,635,470
Fund transfer	690,751	(479,851)	(30,842)	2,553	-	(24,000)	(158,611)	-	-
Total operating expenses	$ 16,993,791	$ 4,101,425	$ 3,442,567	$ 411,235	$ 123,945	$ 109,914	$ 4,367,131	$4,130,545	$ 33,680,553

Single Audit Information
June 30, 2012

College of Western Idaho

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Number	Expenditures
U.S. Department of Education			
Pass Through Payments:			
Adult Basic Education-Administered Basic Grant Program			
Federal Direct Services	84.002A	F ABE DO1 10B 660	$ 456,877
Teacher Training and Program Improvement	84.002A	F ABE L01 10A 660	33,039
Federal Incarcerated	84.002A	F ABE D03 10D 660	7,760
EL Civics	84.002A	F ABE E01 10A 660	91,519
Federal Administration (5%)	84.002A	F ABE D02 10A 660	19,400
IMAS Contract	84.002A	F ABE L05 10C 660	5,000
Academy of Excellence	84.002A	F ABE L02 10D 660	4,246
ABE- GAIN	84.002A	F ABE D01 12E 660	13,750
Total Adult Basic Education - Administered Basic Grant Program			631,591
Career Technical Education-Basic Grants to States			
Student Organizations-PTSO Prof Dvlpmt Accounting Srvcs	84.048A	F CPL MPTA AD 10A 660	49,352
Joint Student Leadership	84.048A	F CPL JSL AG 11A 660	11,500
Update State Standards & Align Interactive Media Curr	84.048A	F CDP CSAI TE 12A 660	4,000
Asst with Meds Curriculum Revision & Train the Trainer	84.048A	F CDP CMAC HP 12A 660	4,400
Dental Curriculum Updated Instr Materials	84.048A	F CDP CDIM HP 12A 660	700
Nat'l Consortium for Health Science Membership	84.048A	F SPP HHCM HP 12A 660	2,500
State of Counseling Survey Project	84.048A	F SPP MGSP GU 12A 660	13,000
Early Childhood Ed Mentor Training Project	84.048A	F CDP CECE FC 12A 660	3,000
Perkins - Academic Skills Development	84.048A	PFF B01 10A 660	33,970
Perkins - Program Improvement (Equipment)	84.048A	PFF B06 10C 660	212,452
Perkins - Professional Development	84.048A	PFF B04 10B 660	37,040
Perkins - Advanced Learning Partnership Contribution	84.048A	F ALP L010 TP 10A 660	89,491
Perkins - Technical Skills Assessments	84.048A	PFF B07 10D 660	2,000
Perkins - PACE	84.048A	PFF B08 10F 660	25,713
Total Career Technical Education- Basic Grant to States			489,118
IDOC Service Agreement	84.027A	PCA05188	104,260
Direct Programs:			
Grants to States for State Student Incentives			
College Access Challenge Grant Program	84.378		82,568
Federal Pell Grant	84.063*		1,057,633
Direct Loans	84.268*		498,838
Total Student Financial Aid			1,556,471
Total U.S. Department of Education			2,864,008

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Number	Expenditures
U.S. Department of Labor			
Pass Through Payments:			
Physical Therapy C3T Grant	17.282	TC 22536 1160 A 16	15,565
Grow Green Agreement	17.275	CWIU U3U 203 CC:31330	115,648
Workplace Literacy English	17.277	CWIA-J3X 915	196,605
Total Department of Labor			327,818
U.S. Department of Corrections			
Pass Through Payments:			
IDOC Heavy Equipment Operator Training	20.205		116,813
Total Department of Corrections			116,813
U.S. Department of Health and Welfare			
Pass Through Payments:			
Money Follows the Person	93.791		30,667
Total Department of Health and Welfare			30,667
Total Federal Expenditures			$ 3,339,306

*Denotes a major program cluster

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the College under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Expenditures reported on the Schedule are reported on an accrual basis of accounting. Pass-through entity identifying numbers are presented where available.

Note 2 - Major Programs

The following programs have been identified as major programs for the year ended June 30, 2012:

Program	CFDA Number
Adult Basic Education Program	84.002
Student Financial Aid Cluster	84.063, 84.268

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
College of Western Idaho
Nampa, Idaho

We have audited the financial statements and the discretely presented component unit of the College of Western Idaho (the College), as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 13, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho
November 13, 2012

Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with *OMB Circular A-133*

To the Board of Trustees
College of Western Idaho
Nampa, Idaho

Compliance

We have audited College of Western Idaho's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College of Western Idaho, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the College, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over

compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho
November 13, 2012

SECTION I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Education Programs	
Adult Basic Education	84.002
Pell Grant	84.063
Direct Loans	84.268

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - Financial Statement Findings None

SECTION III - Federal Award Findings and Questioned Costs None