

SPOON RIVER COLLEGE FOUNDATION

FINANCIAL REPORT

June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Spoon River College Foundation
Canton, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of Spoon River College Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spoon River College Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in net assets on pages 15-17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Sterling, Illinois
September 19, 2017

FINANCIAL STATEMENTS

SPOON RIVER COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

Cash	\$577,046
Investments	2,257,597
Receivables, net	15,627
Beneficial interest in perpetual trusts	801,326
Capital assets, non-depreciable	40,000
Total assets	\$3,691,596

LIABILITIES

Accounts payable	\$18,658
Total liabilities	18,658

NET ASSETS

Unrestricted	119,215
Temporarily restricted	1,079,064
Permanently restricted	2,474,659
Total net assets	3,672,938
Total liabilities and net assets	\$3,691,596

See Notes to Financial Statements.

SPOON RIVER COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support received:				
Contributions	\$95,416	\$212,893	\$43,750	\$352,059
In-kind	76,194			76,194
Interest and dividends		41,976		41,976
Net realized gain (loss) on investments		104,716		104,716
Net unrealized gain (loss) on investments		44,306		44,306
Unrealized gain (loss) on beneficial interest in trust			32,826	32,826
Net assets reclassified	(12,052)	(17,512)	29,564	0
Net assets released from restrictions	189,500	(189,500)		0
Total revenue, gains, and other support received	349,058	196,879	106,140	652,077
Expenses:				
Program services:				
Grants, awards and scholarships				
Student Scholarships	74,862			74,862
Institutional support	99,078			99,078
Total program services	173,940	0	0	173,940
Supporting services:				
Management and general:				
In-kind - salaries, benefits, and rent	76,194			76,194
Administrative	27,544			27,544
Other	16,686			16,686
Total supporting services	120,424	0	0	120,424
Total expenses	294,364	0	0	294,364
Change in net assets	54,694	196,879	106,140	357,713
Net assets, beginning of year	64,521	882,185	2,368,519	3,315,225
Net assets, end of year	\$119,215	\$1,079,064	\$2,474,659	\$3,672,938

See Notes to Financial Statements.

SPOON RIVER COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$357,713
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Contributions restricted for long-term investment	(73,314)
Realized (gains) losses of investments	(104,716)
Unrealized (gains) losses of investments	(44,306)
Noncash contribution of land	(40,000)
(Increase) decrease in operating assets:	
Receivables	(1,216)
Beneficial interest in trusts	(32,826)
Increase (decrease) in operating liabilities:	
Accounts payable	17,522
Net cash provided by (used in) operating activities	78,857

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(892,130)
Proceeds from the sale of investment	765,744
Net cash used in investing activities	(126,386)

CASH FLOWS FROM FINANCING ACTIVITIES

Cash gifts for donor-restricted endowment	73,314
Net cash provided by financing activities	73,314

INCREASE IN CASH EQUIVALENTS	25,785
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	551,261
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$577,046
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SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Summary of Significant Accounting Policies:

Nature of Business

Spoon River College Foundation (the Foundation) was formed under the General Not For Profit Foundation Act of the State of Illinois on May 21, 1979. The Foundation has been approved by the Commissioner of Internal Revenue as an exempt organization under Section 501 of the Internal Revenue Code. Contributions to the Foundation qualify as charitable contributions for federal income tax purposes.

The Foundation was established to assist in carrying out the educational functions of Spoon River Community College. The Foundation provides funds by solicitation and receipt of grants, endowments and other funds and the allocation of these funds to the College for educational, service, capital and other institutional needs.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Financial Statement Presentation

The financial statements separately identify the net assets of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Unrestricted Net Assets – Includes net assets that are not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily Restricted Net Assets – Includes net assets that are temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Refer to Note 6 for additional information pertaining to temporarily restricted net assets.

Permanently Restricted Net Assets – Includes net assets that are permanently restricted by the donors and cannot be expended. Refer to Note 7 for additional information pertaining to permanently restricted net assets.

Contributions and Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued):

Contributions and Revenues (continued)

Contributions of assets other than cash are recorded at fair value at the date of the donation.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2017, there were promises to give to the Foundation in the amount of \$15,627.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files Forms 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Services (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for tax years before June 30, 2014.

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its general cash accounts in one financial institution. Those balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Certificates of Deposit

The Foundation holds non-brokered certificates of deposit which are carried at cost.

Investments and Investment Earnings

Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. All investments are in mutual funds with readily determinable fair values. Investments are carried at fair value as determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Investment income or loss is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

Capital Assets

The Foundation capitalizes all expenditures for capital assets at historical cost. Donated capital assets are carried at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful years. As of June 30, 2017, the Foundation's capital assets consists of land which is not depreciable.

Donated Services

Donated services are to be recognized in the financial statements. The services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in in-kind in the amount of \$76,194.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued):

Subsequent Events

The Foundation has evaluated subsequent events through September 19, 2017, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2017 have been incorporated herein. There are no other subsequent events that require disclosure.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this Update is permitted. The Foundation has not elected to early implement the amendments.

Note 2. Investments:

All investments are carried by the Foundation at fair market value. The investments at June 30, 2017 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market	\$71,553	\$71,553	\$0
Certificates of deposit	265,320	265,320	0
Mutual funds	109,232	106,760	2,472
Equities	1,215,896	931,857	284,039
Bonds and notes	595,596	589,476	6,120
	\$2,257,597	\$1,964,966	\$292,631

Note 3. Capital Assets:

At June 30, 2017, the Foundation's capital assets consisted of donated land carried at the approximate fair value at the date of the donation.

	Fair Value	Accumulated Depreciation	Net
Land	\$40,000	\$0	\$40,000

During the fiscal year, the Foundation purchased land from the College for \$10 to lease to a company that is going to build new apartments on campus. Since this is a related party transaction that is not at arm's length, the land was valued at approximated fair value instead of cost.

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 4. Endowment Funds:

The Foundation's endowment consists of approximately 61 individual funds established to be maintained permanently with earnings to be used for a variety of purposes.

The Foundation follows the laws prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose 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; and
7. The investment policies of the Foundation

Investment income generated by the Foundation's endowment funds are used to benefit each endowment's intended purpose.

The endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$690,960	\$1,673,333	\$2,364,293

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

Note 4. Endowment Funds (continued):

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets	\$0	\$526,761	\$1,600,019	\$2,345,903
Investment return:				
Interest income	0	41,976	0	48,351
Net appreciation (realized and unrealized) on investments	0	149,022	0	(38,162)
Total investment return	0	190,998	0	10,189
Contributions	0	55,200	43,750	112,206
Net assets reclassified		(19,014)	29,564	8,338
Appropriation of endowment assets for expenditure	0	(62,985)	0	(49,119)
Endowment net assets, end of year	\$0	\$690,960	\$1,673,333	\$2,364,293

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no individual donor-restricted endowment fund deficiencies at June 30, 2017.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies to maximize total return (appreciation and income) and to achieve a specified income level while minimizing credit risk and avoiding excessive market risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a specified period(s), as well as the earnings on those funds which have not yet been appropriated. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized and current yield (interest and dividends). The Foundation's policy is that its investments should consist of a high-quality portfolio of securities following "the Prudent Man rule." Management believes this strategy will help to achieve the Foundation's long-term return objectives within prudent risk constraints. While this is the long-term strategy, on a short-term basis the Foundation chose to invest in highly liquid, short-term securities.

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

Note 4. Endowment Funds (continued):

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period.

Note 5. Beneficial Interest in Perpetual Trusts:

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 20% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 20% of the trust's fair value. The recorded value was \$286,949 as of June 30, 2017. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 60% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 60% of the trust's fair value. The recorded value was \$55,759 as of June 30, 2017. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$11,253 as of June 30, 2017. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 100% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 100% of the trust's fair value. The recorded value was \$26,553 as of June 30, 2017. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$420,812 as of June 30, 2017. The change in fair value is recorded on the statement of activities.

Note 6. Pledges Receivables:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. An allowance has been set up in the amount of \$1,736 for uncollectible pledges. The breakdown of pledges receivable as of June 30, 2017 is as follows:

Due in one year or less	\$17,363
Less allowance for uncollectible pledges	(1,736)
<u>Donation receivables</u>	<u>\$15,627</u>

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

Note 7. Fair Value Measurements:

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents the Foundation's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2017:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$109,232	\$109,232		
Equities	1,215,896	1,215,896		
Bonds and notes	595,596		\$595,596	
Beneficial interest in perpetual trusts	801,326			\$801,326
Total fair value measurements	\$2,722,050	\$1,325,128	\$595,596	\$801,326

Reconciliation of assets measured using Level 3 inputs as of June 30, 2017:

Balance, beginning of year	\$768,500
Gains (Losses)	39,816
Purchases	9,556
Distributions and fees	(16,546)
Balance, end of year	\$801,326

SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 7. Fair Value Measurements (continued):

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Equities: Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Bonds and notes: Investments in debt securities that are classified as Level 2 if the fair value is determined using similar benchmark quoted securities. They are subject to restrictive provisions relating to redemptions of the investments.

Beneficial Interests in Perpetual Trusts: As described in Note 4, the Foundation is the beneficiary of four perpetual trusts established by donors and managed by banks. The fair value of the beneficial interest is estimated using the fair value of the assets held in the trust reported by the trustee as of June 30, 2017. The Foundation considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them and they cannot be sold.

Note 8. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes

<u>Student scholarships, awards and College support</u>	<u>\$1,079,064</u>
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Note 9. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to be held as investments, with a portion of earnings to be added to permanently restricted net assets and a portion of earnings to be used for scholarships and awards to students as well as College support. Earnings which are used for scholarships to students are temporarily restricted until such earnings are used for scholarships to students as specified by the donor, at which time they are reclassified as unrestricted. As of June 30, 2017 permanently restricted net assets totaled \$2,474,659.

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 10. Net Assets Released:

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, temporarily and permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, 2017 for scholarships, awards and institutional support totaled \$189,500.

The Foundation also reclassified temporarily restricted funds of \$17,512 and \$12,052 of unrestricted funds to permanently restricted due to change in donor restrictions.

Note 11. Related Parties:

The Foundation expends funds either directly to or for the indirect benefit of Spoon River College, a related party. These expenses are for scholarships and other miscellaneous expenses. During the year, \$74,862 was expended for scholarships, and \$143,489 was expended for institutional support. As of June 30, 2017, the Foundation had payables to the College in the amount of \$18,658.

The College pays the salaries and benefits of the Foundation's employees. The Foundation has implemented "Not-for-Profit Entities: Services Received from Employees of an Affiliate" that includes \$76,194 on the financial statements as donation and the related in-kind expenses for the personnel costs incurred by the College on the Foundation's behalf. In addition, the College gifted land to the Foundation \$10 during fiscal year 2017. The gifted land is consisted of donated land carried at the approximate fair value at the date of the donation.

Note 12. Commitments:

As of June 30, 2017, the Foundation is committed to paying scholarships of approximately \$58,725 awarded in 2017, but not yet payable until the students enroll and attend classes.

SPOON RIVER COLLEGE FOUNDATION
SCHEDULE OF CHANGES IN NET ASSETS
For the year ended June 30, 2017

	Balance 7/1/2016	Increases		Decreases			Balance 6/30/2017
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
General Unrestricted	\$64,521	\$95,416			\$28,670	(\$12,052)	\$119,215
Total unrestricted	64,521	95,416	\$0	\$0	28,670	(\$12,052)	119,215
Temporarily restricted							
Bell Virginia/Fulton County Youth Scholarship	250			250			0
Brown Rosie Memorial Nursing Scholarship	1,516	195		100			1,611
Canton Chamber of Commerce Scholarship	500	500					1,000
Canton Works Club Scholarship	4,605	1,040					5,645
The Educators Scholarship	1,000	1,000					2,000
Edward Jones - Rusty Melhouse Scholarship	500	500		500			500
Fornoff Clayton Memorial Scholarship	731						731
Hennk F.R. & M.O Memorial Trust Scholarship	3,500	1,000		700			3,800
Hunter Mildred Scholarship (Rushville Student)	1,204			350			854
HJA Scholarship	250						250
Jeager Katherine Scholarship	1,200	400		200			1,400
Leebach Scholarship	250	250					500
McCloud Ashley Memorial Scholarship	0	2,962					2,962
Shawver Linda Memorial Agriculture Scholarship	0	500					500
Shawver Linda Memorial Nursing Scholarship	0	500					500
Sports Information Intern Scholarship	275						275
SRC Art Department Scholarship	275						275
Swedell & Reimolds Scholarship	400			400			0
TRIO Scholarship	0	5,000		5,000			0
Wesley United Meth Church/Feltheimer Sch.	3,359	15,000		15,937			2,422
West Central FS Scholarships	5,000	5,000		4,000			6,000
General Scholarships	5,905	800					6,705
Bobell Scholarship	2,810						2,810
Miller Delano Memorial Scholarship	2,734						2,734
Ratschel Dr. Robert E. Scholarship	389						389
SRC Alumni Scholarship	0						0
SRC Community Chorus Scholarship	5,000	2,150				(7,150)	0
Ashton Vivian W. Memorial Scholarship	888		304				1,192
Bell Danny Scholarship	527		425				952
Barnard L.D. & Virginia L. Scholarship	691		423	300			814
Benson Dr. Fred Scholarship	786		301	300			787
Brott Mildred & Emory Memorial Scholarship	6,983		3,765	2,925			7,823
Bugos Edward J. (Boogie) Memorial Scholarship	929	130	302				1,361
Canton Elks Lodge #626 Scholarship	1,078		560				1,638
Canton Rotary Club/Ketric & Alice Klingman Schlsp	512		296	300			508
Canton Rotary Club Scholarship	228		285	100			413
Champlin Bob & Elizabeth Scholarship	0		279				279
Champlin Elizabeth Memorial Scholarship	0	100					100
Chicken for Charity Scholarship	0	300					300
Cox Dorothy Memorial Scholarship	2,155		1,148	700			2,603
Crawford Dean and Mildred Memorial Scholarship	1,682		465	525			1,622
Dalmasso Joseph and Maxine Memorial Scholarship	471		292	300			463
Dare Harold Memorial Scholarship	619	100	296	300			715
Davis Carol Scholarship	2,501		397	475			2,423
Davis Harley Memorial Scholarship	946	125	319	350			1,040
DeRenzy Gale E. Memorial Scholarship	500		293	150			643
English Donald E. & Helen M. Memorial Scholarship	722		494	200			1,016
Fink Rodney & Bertha Scholarship	1,600		324				1,924
Foundation Board/BOT's Scholarship	4,710	380	410	4,445			1,055
Greenwell Tom Memorial Scholarship	616		296	-			912
Hesse Shauna Memorial Scholarship	2,948		1,679	1,000			3,627
Howarter Roger Memorial Scholarship	228		286				514
Jackson Carl F. Scholarship	700		321				1,021
Kraus Club of Canton Scholarship	1,391	500	597	300			2,188
Kruschinsky Berniece Sprecher Scholarship	1,306		552	750			1,108
Kruschinsky Carl Scholarship	931		542	350			1,123
Morris Gail Memorial Scholarship Endowment	0					550	550
McPheeters Frances G. & Dorothea B. Scholarship	2,023		1,423	350			3,096
MidAmerica National Bank Schlsp.	12,754		5,377	1,925			21,046
Miller Gustav A. & Elizabeth P. Scholarship	19,042	5,000	3,603	1,600		(5,000)	21,045
O'Brien Molly K. Scholarship	31,244	5,400	1,065	-		(19,564)	18,145
Oiver Avis A. Memorial Scholarship	336		288	300			324
Ph. M. Tau/Edward R. Kaiser Scholarship	6,675	152	548	1,000			6,375
Quirk J. Marshall & Helen Scholarship	12,470		5,230	1,250			16,450

SPOON RIVER COLLEGE FOUNDATION
SCHEDULE OF CHANGES IN NET ASSETS
For the year ended June 30, 2017

	Balance 7/1/2016	Increases		Decreases			Balance 6/30/2017
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Ransom, Stanley Scholarship	500		293				793
Red Dog Cystic Fibrosis Scholarship	1,136	500	869				2,505
Reed, Sherman Memorial Scholarship	18,980	15,974		5,750			29,204
Rogers, Mr & Mrs Glen Scholarship	16,082		7,137	2,000			21,219
Saville, Marge Memorial Scholarship	774		328	300			802
Schleich Memorial Scholarship	500		293	300			493
Severinsen Memorial Scholarship	811		441	400			852
Smolich, Robert Memorial Scholarship	979		320	500			799
Spoon River Partnership for Economic Development	1,335		316				1,651
SRC Alumni Scholarship	83	50	290				423
SRC Foundni Scholarships	12,048	14,954	785	13,930			13,857
Taylor, B H & Jim Scholarship	2,095		1,226	900			2,421
Taylor, W I Memorial Scholarship	2,599		351	1,200			1,750
Watson, Bradley K Scholarship	717	250	299				1,266
Wood, Louise Trust Scholarship	978		275	300			953
Wood, Sherrie L. Memorial Nursing Scholarship	1,335		483	300			1,518
Wood, Susanna Memorial Scholarship	15,699	10,000	856	1,050		5,000	30,505
Wrestler, Gene & Eveyin Scholarship	0		279				279
Zaborac, Dee Memorial Scholarship	1,010	765	291				2,066
Zaborac, Millie and Tom Education Scholarship	1,532	520	309	300			2,061
AG Program Support	5,000	5,000					10,000
Alumni Association	100						100
Arboretum	1,725	50					1,775
Athletic Program Support	5,231	375				1,000	6,606
Big Read Program (Spoon River Reads)	(1)						(1)
Canton Area Economic Development	7,685				24,247		63,273
Canton Campus	84,539	2,981			825		490
College for Kids	50	1,265			5,543	(1,800)	10,000
Community Chorus Fund	8,516	8,827					35,000
English as a Second Language	10,000	25,000				6,552	8,338
Havana Center	396	1,390					63,230
Long, Gene & Marie Trust (Capital improvements)	48,602	14,628			6,005		60,000
Macomb Campus	50,272	15,733					1,894
Rushville Center	1,894			20,164			0
Russell, Patricia (LRC)	20,164			2,256			15,915
Retirees Leading Initiative	16,671	1,500					2,326
Truman Standard Trust Fund	2,326					(1,600)	37
Two River's Arts Council	37	1,600					320
Program Support (Weld, CDT)	320				15,560		(30,171)
Undistributed Investment fees	(14,611)						143,667
Realized Invest. Gain	38,951		104,716				292,663
Unrealized Invest. Gain	248,357		44,306				47,029
Undistributed Interest	53,679		(6,650)				1,533
Adult Educ & Family Literacy/GED	1,663	90			220		1,367
Ag Fundraising	1,217	150					4,301
Athletic Fundraising - Students	2,735	1,512			315	369	6,173
Athletics - Baseball Program	1,670	6,052			1,549		3,002
Athletics - Softball Program	4,547	9,622			15,167	4,000	0
Athletics - Golf - Men's	0						0
Athletics - Golf - Women's	0					(369)	0
Athletics - Cross Country	449				80		7,660
Friends of SRC Theatre	5,590	2,696			626		510
Funk Kitchen	510						790
Habitat for Humanity - Macomb Chapter	576	214					4,059
Habitat for Humanity - Canton Chapter	3,039	1,391			371		6,869
Land Use	6,869						6,746
Land Lab Revenue / Expense	11,419	14,950			19,623		1,840
Nursing Fundraising	1,084	1,244			488		31
PEEPS	31						245
PTK Canton	169	76					228
PTK Macomb	228				1,020		9
Relay for Life	9	1,020					500
Speech & Debate Team	0					500	755
SRC - Learning Resource Center	755						56
Student Activities	56						9,259
Tools & Equipment - Ditec	7,021	2,238					1,320
TRIO Activity Account	607	1,292				579	
Total temporarily restricted	882,185	212,893	190,998	74,862	114,638	(17,512)	1,079,064

**SPOON RIVER COLLEGE FOUNDATION
SCHEDULE OF CHANGES IN NET ASSETS**

For the year ended June 30, 2017

	Balance 7/1/2016	Increases		Decreases			Balance 6/30/2017
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Permanently restricted							
Anton J. Van Al Memorial Scholarship	10,000						10,000
Bal, Danny Endowment	14,700						14,700
Barbara L.D. & Virginia L. Endowment	14,481						14,481
Benson Dr. Fred Endowment	10,000						10,000
Brink, M. Fred & Emory Memorial Endowment	128,000						128,000
Buggs, Edward L. (Boogie) Memorial Endowment	10,000						10,000
Canton Exs. Lodge #626 Endowment	19,000						19,000
Canton Rotary Club/Ketric&Alice Klingman Endowm.	10,100						10,100
Canton Rotary Club Scholarship	10,000						10,000
Canton Works Club beneficial interest in trust	52,800		2,959				55,759
Champion Bob & Elizabeth Scholarship	10,000						10,000
Champion Elizabeth Scholarship	0	10,000					10,000
Chickler for Charity	0	13,750					13,750
Clark, Dorothy Memorial Endowment	39,000						39,000
Crawford, Dean and Mildred Memorial Endowment	15,000						15,000
Demasso, Joseph and Maxine Memorial Endowment	10,000						10,000
DeHarold Memorial Endowment	10,000						10,000
Davis, Carol Scholarship	11,735						11,735
Davis, Marey Memorial Scholarship	10,500						10,500
DeRenzy, Gale E. Memorial Endowment	10,000						10,000
English, Donald E. & Helen M. Memorial Endowment	17,000						17,000
Fink, Rodney & Bertha Endowment	10,000						10,000
Foundation Board/BOT's Endowment	10,000						10,000
Greenwell, Tom Memorial Endowment	10,000						10,000
Hesse, Shauna Memorial Endowment	57,230						57,230
Herrick, Francis & Margaret beneficial interest in trust	26,200		353				26,553
Heweter, Roger Memorial Scholarship	10,010						10,010
Jackson, Carl F. Endowment	10,800						10,800
Jaeger, Kathenne beneficial interest in trust	10,600		653				11,253
Klwan's Club of Canton Endowment	20,000						20,000
Kruschinsky, Bernice Sprecher Endowment	18,500						18,500
Kruschinsky, Carl Endowment	18,500						18,500
Long, Gene & Marie beneficial interest in trust	277,600		9,349				286,949
Morris, Gail Memorial Scholarship Endowment	0					10,000	10,000
McFreeters, Frances G. & Dorothea B. Endowment	49,000						49,000
Mid-America National Bank Endowment	180,000						180,000
Miller, Gustav A. & Elizabeth P. Endowment	110,110						110,110
O'Brien, Volvy K. Memorial Endowment	10,436					19,564	30,000
O'Brien, Avis A. Memorial Endowment	10,000						10,000
Dr. M. Tau Endowment/Edward R. Kaiser Endowment	13,000						13,000
Quinn, J. Marshall & Helen Endowment	175,000						175,000
Ransom, Stanley Scholarship	10,000						10,000
Red Dog Cystic Fibrosis Endowment	30,000	20,000					50,000
Reed, Sherman Memorial Endowment	30,500						30,500
Reed, Sherman beneficial interest in trust	401,300		19,512				420,812
Rogers, Mr. & Mrs. Glen Endowment	239,778						239,778
Saville, Marge Memorial Endowment	11,000						11,000
Schleicher Memorial Endowment	10,000						10,000
Seventyseven Memorial Endowment	15,000						15,000
Smithson, Robert Memorial Endowment	10,500						10,500
Spoon River Partnership for Economic Development	10,000						10,000
SPCA Luth. Scholarship	10,360						10,360
SPC Foundation Scholarships Endowment	17,972						17,972
Taylor, Bill & Luth Endowment	41,839						41,839
Taylor, W. Memorial Endowment	10,000						10,000
Watson, Brady K. Endowment	10,000						10,000
Wood, Louise Trust Endowment	10,000						10,000
Wood, Sherril L. Memorial Nursing Endowment	15,968						15,968
Wood, Susanna Memorial Endowment	15,000						15,000
Wuester, Gene & Evelyn Scholarship	10,000						10,000
Zabotac, Dee Memorial Endowment	10,000						10,000
Zabotac, V. and Tom Education Endowment	10,000						10,000
Total permanently restricted	2,368,519	43,750	32,826	0	0	29,564	2,474,659
Total	\$3,315,225	\$352,059	\$223,824	\$74,862	\$143,308	\$0	\$3,672,938