

# Spoon River College Foundation

Financial Statements

Year Ended June 30, 2020

SPOON RIVER COLLEGE  
Programs Scholarships Facilities  
FOUNDATION



**WIPFLI**

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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), a component unit of Spoon River College, Illinois Community College District #534, which comprise the statement of financial position as of June 30, 2020, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express 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 of America. 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, 2020, 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 17-20 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 of America. 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 14, 2020

**FINANCIAL STATEMENTS**

# Spoon River College Foundation

## Statement of Financial Position

June 30, 2020

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### ASSETS

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Cash	\$679,591
Investments	2,930,334
Receivables, net	13,569
Beneficial interest in perpetual trusts	809,954
Capital assets, non-depreciable	40,000
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Total assets	\$4,473,448
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### LIABILITIES

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Accounts payable	\$20,752
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Total liabilities	20,752
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### NET ASSETS

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Without donor restrictions	162,762
With donor restrictions	4,289,934
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Total net assets	4,452,696
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Total liabilities and net assets	\$4,473,448
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See Notes to Financial Statements.

# Spoon River College Foundation

## Statement of Activities

For the year ended June 30, 2020

	Without donor Restrictions	With donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions	\$49,120	\$369,479	\$418,599
In-kind	80,921	0	80,921
Interest and dividends	0	52,474	52,474
Net realized gain (loss) on investments	0	27,601	27,601
Net unrealized gain (loss) on investments	0	35,294	35,294
Unrealized gain (loss) on beneficial interest in trusts	0	(14,260)	(14,260)
Net assets reclassified	(5,000)	5,000	0
Net assets released from restrictions	214,363	(214,363)	0
<b>Total revenue, gains, and other support received</b>	<b>339,404</b>	<b>261,225</b>	<b>600,629</b>
Expenses:			
Program services:			
Grants, awards and scholarships			
Student Scholarships	100,939	0	100,939
Institutional support	113,424	0	113,424
<b>Total program services</b>	<b>214,363</b>	<b>0</b>	<b>214,363</b>
Supporting services:			
Management and general:			
In-kind - salaries, benefits, and rent	80,921	0	80,921
Administrative	10,698	0	10,698
Other	1,476	0	1,476
Fundraising:			
Marketing and promotion	3,031	0	3,031
Materials and supplies	6,911	0	6,911
Food	1,610	0	1,610
<b>Total supporting services</b>	<b>104,647</b>	<b>0</b>	<b>104,647</b>
<b>Total expenses</b>	<b>319,010</b>	<b>0</b>	<b>319,010</b>
<b>Change in net assets</b>	<b>20,394</b>	<b>261,225</b>	<b>281,619</b>
<b>Net assets, beginning of year</b>	<b>142,368</b>	<b>4,028,709</b>	<b>4,171,077</b>
<b>Net assets, end of year</b>	<b>\$162,762</b>	<b>\$4,289,934</b>	<b>\$4,452,696</b>

See Notes to Financial Statements.

# Spoon River College Foundation

## Statement of Cash Flows

For the year ended June 30, 2020

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$281,619
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Contributions restricted for long-term investment	(10,000)
Realized (gains) losses of investments	(27,601)
Unrealized (gains) losses of investments	(35,294)
(Increase) decrease in operating assets:	
Receivables	4,730
Beneficial interest in trusts	14,258
Increase (decrease) in operating liabilities:	
Accounts payable	14,860
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Net cash flows from operating activities	242,572
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CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,012,556)
Proceeds from the sale of investment	949,235
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Net cash flows from investing activities	(63,321)
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CASH FLOWS FROM FINANCING ACTIVITIES	
Cash gifts for donor-restricted endowment	10,000
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Net cash flows from financing activities	10,000
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INCREASE IN CASH EQUIVALENTS	189,251
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	490,340
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$679,591
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See Notes to Financial Statements.



# Spoon River College Foundation

## Notes to Financial Statements

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### **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.

#### Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions:* net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Contributions and Revenues

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

# Spoon River College Foundation

## Notes to Financial Statements

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### **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.

#### 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 filled, 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, 2016.

# Spoon River College Foundation

## Notes to Financial Statements

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### **Note 1    Summary of Significant Accounting Policies (continued):**

#### Functional Allocation of Expenses

Included on the statement of activities is expenses by function with natural classification detail. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

#### 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, which closely approximates fair value.

#### 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, 2020, the Foundation's capital assets consists of land which is not depreciable.

#### Donated Services

Donated services are to be recognized in the financial statements. Donated services funded by the College are recognized in the financial statements and included in in-kind in the amount of \$80,921. 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 also 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.

# Spoon River College Foundation

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (continued):**

#### 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.

#### Subsequent Events

The Foundation has evaluated subsequent events through September 14, 2020, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2020 have been incorporated herein. Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"), which has had a direct impact on the Foundation, resulting in cancelled fundraising events and decreased or delayed donations. The Foundation shifted focus due to the immediate needs of the students to establish the Emergency Hardship Fund to provide students with much needed and timely assistance. The long-term impact of the CV19 Crisis on the Organization cannot be reasonably estimated at this time.

#### Pending Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

#### Change in Accounting Policies

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foundation adopted this guidance as of July 1, 2019 and applied Topic 606 on a modified retrospective basis. There was no change in opening balances of net assets and no prior period results were restated.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Account Standards Codification 606 and determining whether a transaction is conditional. The contribution guidance in Subtopic 958-605 requires the Foundation to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Foundation has applied the amendments in this ASU on a modified retrospective basis. There was no change in opening balances of net assets and no prior period results were restated.

# Spoon River College Foundation

## Notes to Financial Statements

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### Note 2 Liquidity and Availability of Financial Assets:

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The Foundation maintains at least \$300,000 on hand, which covers about 15 months of expenses. Excess cash is invested in certificates of deposit at local banks or added to existing investment accounts. The following table reflects the Foundation's financial assets as of June 30, 2020, reduced by amounts not available for general expenditures:

Total financial assets	\$4,412,696
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	3,479,980
Perpetual endowments	809,954
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Financial assts available to meet cash needs for general expenditures within one year	<u>\$122,762</u>

### Note 3 Investments:

All investments are carried by the Foundation at fair market value. The investments at June 30, 2020 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market	\$137,730	\$137,730	\$0
Certificates of deposit	584,304	584,304	0
Mutual funds	110,336	107,070	3,266
Equities	1,212,243	854,349	357,894
Bonds and notes	885,721	849,839	35,882
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	<u>\$2,930,334</u>	<u>\$2,533,292</u>	<u>\$397,042</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2020:

	<b>With Donor Restrictions</b>
Interest and dividends	\$72,606
Realized gains (losses)	27,601
Unrealized gains (losses)	35,294
Investment fees	(20,132)
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Total	<u>\$115,369</u>

# Spoon River College Foundation

## Notes to Financial Statements

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### Note 4 Capital Assets:

At June 30, 2020, 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 fiscal year 2017, the Foundation purchased land from the College for \$10 to lease to a company that built 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.

### Note 5 Endowment Funds:

The Foundation's endowment consists of approximately 71 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 the net assets with donor restriction-perpetual endowments as (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 net assets with donor restrictions-perpetual endowments are classified as net assets with donor restrictions-endowments subject to spending policy and appropriation 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.

# Spoon River College Foundation

## Notes to Financial Statements

### Note 5 Endowment Funds (continued):

The endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$2,882,794	\$2,882,794

Changes in endowment net assets as of June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$0	\$2,753,850	\$2,753,850
Investment return:			
Interest income	0	60,479	60,479
Net appreciation (realized and unrealized) on investments	0	62,895	62,895
Total investment return	0	123,374	123,374
Contributions	0	97,452	97,452
Net assets reclassified	0	0	0
Appropriation of endowment assets for expenditure	0	(91,882)	(91,882)
Endowment net assets, end of year	\$0	\$2,882,794	\$2,882,794

### 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, 2020.

### 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.

# Spoon River College Foundation

## Notes to Financial Statements

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### **Note 5    Endowment Funds (continued):**

#### 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.

#### 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 6    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 \$280,342 as of June 30, 2020. 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 \$60,371 as of June 30, 2020. 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 \$11,144 as of June 30, 2020. 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 \$24,698 as of June 30, 2020. 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 \$433,399 as of June 30, 2020. The change in fair value is recorded on the statement of activities.



# Spoon River College Foundation

## Notes to Financial Statements

### Note 7 Pledges Receivables:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2020 is as follows:

Due in one year or less	\$15,076
Less allowance for uncollectible pledges	(1,507)
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Donation receivables	\$13,569
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### Note 8 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, 2020:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Money market mutual funds	\$137,730	\$137,730	\$0	\$0
Mutual funds	110,336	110,336	0	0
Equities	1,212,243	1,212,243	0	0
Bonds and notes	885,721	0	885,721	0
Beneficial interest in perpetual trusts	809,954	0	0	809,954
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Total fair value measurements	\$3,155,984	\$1,460,309	\$885,721	\$809,954
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# Spoon River College Foundation

## Notes to Financial Statements

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### Note 8 Fair Value Measurements (continued):

Reconciliation of assets measured using Level 3 inputs as of June 30, 2020:

Balance, beginning of year	\$824,212
Gains (Losses)	(7,395)
Purchases	10,382
Distributions and fees	(17,245)
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Balance, end of year	\$809,954

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 6, the Foundation is the beneficiary of five 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, 2020. 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 9 Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following as of June 30, 2020

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$1,685,647
Subject to expenditure for time restrictions:	
Perpetual endowments	1,794,333
Beneficial interest in perpetual trusts	809,954
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Net assets with donor restrictions	\$4,289,934

# Spoon River College Foundation

## Notes to Financial Statements

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### **Note 9**    **Net Assets with Donor Restrictions (continued):**

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, with donor restriction net assets are reclassified to without donor restriction 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, 2020 for scholarships, awards and institutional support totaled \$214,363.

The Foundation also reclassified \$5,000 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

### **Note 10**    **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, \$100,939 was expended for scholarships, \$52,303 was expended for institutional support, and \$61,121 was expended to purchase supplies for the athletic programs. As of June 30, 2020, the Foundation had payables to the College in the amount of \$20,752.

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 \$80,921 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.

### **Note 11**    **Commitments:**

As of June 30, 2020, the Foundation is committed to paying scholarships of approximately \$54,800 awarded in 2020, 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, 2020

	Balance 7/1/2019	Increases		Decreases			Balance 6/30/2020
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
General Without Donor Restrictions	\$142,368	\$49,120			\$23,726	(\$5,000)	\$162,762
Total without donor restrictions	142,368	49,120	\$0	\$0	23,726	(5,000)	162,762
<b>With Donor Restrictions - Purpose/Time Restrictions</b>							
Ball, Virgil/Fulton County Youth Scholarship	0						0
Brown, Rosie Memorial Nursing Scholarship	1,413			100			1,313
Canton Chamber of Commerce Scholarship	250			250			0
Canton PEO Chapter LY Scholarship	0	500		500			0
Canton Works Club Scholarship	6,864	1,267		1,125			7,006
The Educators Scholarship	2,250	1,000		750			2,500
Edward Jones - Rusty Melhouse Scholarship	0	500					500
Fornoff, Clayton Memorial Scholarship	731						731
Herink, F.R. & M.O Memorial Trust Scholarship	5,600	1,398		1,000			5,998
Hunter, Mildred Scholarship (Rushville Student)	504			504			0
IHIA Scholarship	(1,350)	800		800			(1,350)
Jeager, Katherine Scholarship	1,925	400		350			1,975
Dr. Gary King Scholarship	2,700			250			2,450
Loebach Scholarship	0						0
McCloud, Ashley Memorial Scholarship	3,655	235					3,890
Shawver, Linda Memorial Agriculture Scholarship	1,500			500			1,000
Shawver, Linda Memorial Nursing Scholarship	500			500			0
Sports Information Intern Scholarship	275						275
SRC Art Department Scholarship	275	75					350
Swalec Incentive Scholarship	5,250			1,000			4,250
Swedell & Reimolds Scholarship	0						0
Telander, Brian Memorial Scholarship	3,073			400			2,673
Trainer, Thomas O Memorial Scholarship	0						0
TRIO Scholarship	0	5,000		5,000			0
Wesley United Meth. Church/Fellheimer Sch.	742	15,000		12,660			3,082
West Central FS Scholarships	2,000	10,000		3,500			8,500
General Scholarships	1,600						1,600
Bishop, David L Memorial Scholarship	1,100	2,491				4,600	8,191
Bobell Scholarship	2,810						2,810
Dare, Cheryl Memorial Scholarship	6,505	3,545					10,050
Groves, Harold & Millicent Memorial Scholarship	4,000	2,500					6,500
Miller, Delano Memorial Scholarship	2,734						2,734
Murphy, Vicki Memorial Scholarship	0						0
Ritschel, Dr. Robert E. Scholarship	0						0
Zaborac, Edward & Shirley Scholarship	0						0
SRC Alumni Scholarship	0						0
SRC Community Chorus Scholarship	0						0
Ashton, Vivian W. Memorial Scholarship	1,141		370	150			1,361
Ball, Danny Scholarship	1,021	131	492				1,644
Barnard, L.D. & Virginia L. Scholarship	1,475		531				2,006
Benson, Dr. Fred Scholarship	459		348	300			507
Brott, Mildred & Emory Memorial Scholarship	11,718		4,646	2,500			13,864
Bugos, Edward J. (Boogie) Memorial Scholarship	1,271		375	150			1,496
Canton Elks Lodge #626 Scholarship	1,857		694	500			2,051
Canton Rotary Club/Ketric&Alice Klingman Schlsp	473		352	250			575
Canton Rotary Club Scholarship	783		359	125			1,017
Champlin, Bob & Elizabeth Scholarship	1,179		521	1,000			700
Champlin, Elizabeth Memorial Scholarship	11,325	10,000	859	1,000			21,184
Chapin, Odella B & Schreiber Family Schp Endow	10,712		921	1,000			10,633
Chicken for Charity Scholarship	999		490	175			1,314
Cleer, Ray & Emily Scholarship	0	600					600
Cox, Dorothy Memorial Scholarship	2,896		1,393	875			3,414
Crawford, Dean and Mildred Memorial Scholarship	1,791		558	200			2,149
Dalmasso, Joseph and Maxine Memorial Scholars	530		350	250			630
Dare, Anna Mae Memorial Scholarship	564		351	250			665
Dare, Harold Memorial Scholarship	643		354	400			597
Davis, Carol Scholarship	2,571	500	476	600			2,947
Davis, Harley Memorial Scholarship	1,389	175	395	175			1,784
DeRenzy, Gale E. Memorial Scholarship	565		351	300			616
English, Donald E. & Helen M. Memorial Scholars	1,308		609	400			1,517
Fink, Rodney & Bertha Scholarship	2,577	250	418				3,245
Foundation Board/BOT's Scholarship	(1,322)		289	2,550		3,872	289
Greenwell, Tom Memorial Scholarship	976		365	300			1,041
Helle, Shauna Memorial Scholarship	4,254		2,045	1,000			5,299
Howerter, Roger Memorial Scholarship	531		351	250			632
Jackson, Carl F. Scholarship	900		389	175			1,114

# Spoon River College Foundation

## Schedule of Changes in Net Assets

For the year ended June 30, 2020

	Balance 7/1/2019	Increases		Decreases		Balance 6/30/2020
		Contributions	Investment Income	Scholarships	Disbursements	
Kauzlarich, Robert G and Jennifer Bond Scholarst	264		341			605
Kiwanis Club of Canton Scholarship	2,529		749	500		2,778
Krulac, Cody Memorial Scholarship	10,514	5,075	682	500		15,771
Kruschinsky, Berniece Sprecher Scholarship	1,035		650	700		985
Kruschinsky, Carl Scholarship	1,339		660	200		1,799
Love, Linda Cameron Memorial Scholarship	264		341			605
Mathis, Gail Memorial Scholarship Endowment	767	250	358	250		1,125
McPheeters, Frances G. & Dorothea B. Scholarsh	3,913		1,759	750		4,922
MidAmerica National Bank Schlsp.	21,171		6,689	2,500		25,360
Miller, Gustav A. & Elizabeth P. Scholarship	30,370	5,000	4,671	2,500		37,541
Murphy, Vicki Memorial Scholarship	1,611	1,795	386			3,792
O'Brien, Molly K. Scholarship	26,708	5,265	1,886	3,000		30,859
Oliver, Avis A. Memorial Scholarship	537		350	250		637
Phi Mu Tau/Edward R. Kaiser Scholarship	7,587	822	685	1,100		7,994
Quick, J. Marshall & Helen Scholarship	20,914		6,515	2,250		25,179
Ransom, Stanley Scholarship	417		346	300		463
Reading Disability Scholarship	500	2,000	349			2,849
Red Dog Cystic Fibrosis Scholarship	3,195		1,769	1,250		3,714
Reed, Sherman Memorial Scholarship	49,219	16,848		12,025		54,042
Rogers, Mr. & Mrs. Glen Scholarship	29,140		8,942	2,500		35,582
Saville, Marge Memorial Scholarship	782		392			1,174
Schleich Memorial Scholarship	586		352	300		638
Severinsen Memorial Scholarship	831		526	650		707
Smolich, Robert Memorial Scholarship	1,054		384	300		1,138
Spoon River Partnership for Economic Developme	2,231		407			2,638
SRC Alumni Scholarship	660		366	300		726
SRC Foundation Scholarships	13,526	12,902	1,047	18,450	(3,872)	5,153
Taylor, B.H. & Jim Scholarship	3,111		1,495	1,000		3,606
Taylor, W.I. Memorial Scholarship	1,597		386	400		1,583
Watson, Bradley K Scholarship	1,781		392			2,173
Williams, Jackson Bette Scholarship	0		333			333
Wood, Louise Trust Scholarship	1,191					1,191
Wood, Sherrie L. Memorial Nursing Scholarship	1,275		573	600		1,248
Wood, Susanna Memorial Scholarship	47,955	10,000	2,260	2,500		57,715
Wrestler, Gene & Eveyln Scholarship	3,140	5,000	437	300		8,277
Zaborac, Dee Memorial Scholarship	3,476	840	448	500		4,264
Zaborac, Ed & Shirley Memorial Scholarship	5,264	10,000	508	500		15,272
Zaborac, Millie and Tom Education Scholarship	1,997		399	500		1,896
AG Program Support	13,218	10,500			3,625	20,093
Alumni Association	66					66
Arboretum	1,875					1,875
Athletic Campaign	47,824	122,520			54,758	115,586
Athletic Program Support	4,352	200				4,552
Big Read Program (Spoon River Reads)	0					0
Canton Area Economic Development	7,685					7,685
Canton Campus	33,575	544			2,738	31,381
College for Kids	2,540					2,540
Community Chorus Fund	12,639	7,008			3,721	(4,600)
Emergency Hardship Fund	0	10,917			500	10,417
English as a Second Language	52,000	6,000				58,000
Havana Center	8,966	148				9,114
Long, Gene & Marie Trust (Capital Improvements)	31,998	14,140				46,138
Macomb Campus	68,675	352			100	68,927
Rushville Center	1,919	250				2,169
Russell, Patricia (LRC)	0					0
Retirees Leading Initiative	15,506	988			753	15,741
Truman Standard Trust Fund	2,326					2,326
Two River's Arts Council	37					37
Program Support (Weld, CDT)	320					320
Undistributed Investment fees	(64,587)				20,132	(84,719)
Realized Invest. Gain	214,932		27,601			242,533
Unrealized Invest. Gain	361,414		35,294			396,708
Undistributed Interest	90,719		(8,003)			82,716
Adult Educ. & Family Literacy/GED	10,689	4,185			340	14,534
Ag Fundraising	1,217				450	767
Athletic Fundraising- Students	5,528	9,731			4,065	799
Athletics - Baseball Program	11,024	13,118			10,968	(146)
Athletics - Softball Program	3,057	14,264			12,946	4,179
Athletics - Basketball - Men's	(200)	1,175				975
Athletics - Basketball - Women's	0					0

**Spoon River College Foundation**  
**Schedule of Changes in Net Assets**  
For the year ended June 30, 2020

	Balance 7/1/2019	Increases		Decreases		Balance 6/30/2020
		Contributions	Investment Income	Scholarships	Disbursements	
Athletics - Cross Country	0					0
Athletics - Volleyball	4,073	1,289			943	4,419
Friends of SRC Theatre	10,574	2,385			141	12,818
Food Insecurity	740	1,268			632	1,376
Funk Kitchen	510					510
Habitat for Humanity - Macomb Chapter	1,047					1,047
Habitat for Humanity - Canton Chapter	3,127				1,127	2,000
Land Use	0	1,000				1,000
Land Lab Revenue / Expense	6,869					6,869
HEAL Association	16,438	378			738	16,078
Nursing Fundraising	1,605	1,225			150	2,680
PEEPS	31					31
PTK Canton	264	113				377
PTK Macomb	(32)	536				504
Relay for Life	9					9
Speech & Debate Team	500					500
SRC - Learning Resource Center	755	125				880
Student Activities	265					433
Tools & Equipment - Ditec	8,744	555			555	8,744
TRIO Activity Account	1,386	2,401			2,050	1,737
Total with donor restrictions - temporarily restricted	1,420,162	359,479	123,377	100,939	121,432	1,685,647
<b>With Donor Restrictions - Perpetual in Nature</b>						
Ashton, Vivian W. Memorial Scholarship	10,000					10,000
Ball, Danny Endowment	14,700					14,700
Barnard, L.D. & Virginia L. Endowment	14,481					14,481
Benson, Dr. Fred Endowment	10,000					10,000
Brott, Mildred & Emory Memorial Endowment	128,000					128,000
Bugos, Edward J. (Boogie) Memorial Endowment	10,000					10,000
Canton Elks Lodge #626 Endowment	19,000					19,000
Canton Rotary Club/Ketric&Alice Klingman Endow	10,100					10,100
Canton Rotary Club Scholarship	10,000					10,000
Canton Works Club beneficial interest in trust	59,863		508			60,371
Champlin, Bob & Elizabeth Scholarship	14,500					14,500
Champlin, Elizabeth Scholarship	14,500					14,500
Chapin, Odella B & Schreiber Family Schp Endow	17,000					17,000
Chicken for Charity	13,750					13,750
Cleer, Ray & Emily Scholarship Endowment	0	10,000				10,000
Cox, Dorothy Memorial Endowment	39,000					39,000
Crawford, Dean and Mildred Memorial Endowmen	15,000					15,000
Dalmasso, Joseph and Maxine Memorial Endowm	10,000					10,000
Dare, Anna Mae Memorial Scholarship	10,000					10,000
Dare, Harold Memorial Endowment	10,000					10,000
Davis, Carol Scholarship	11,735					11,735
Davis, Harley Memorial Scholarship	10,500					10,500
DeRenzy, Gale E. Memorial Endowment	10,000					10,000
English, Donald E. & Helen M. Memorial Endowm	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
Helle, Shauna Memorial Endowment	57,230					57,230
Herink, Francis & Margaret beneficial interest in tru	25,773		(1,075)			24,698
Howerter, Roger Memorial Scholarship	10,010					10,010
Jackson, Carl F. Endowment	10,800					10,800
Jaeger, Katherine beneficial interest in trust	11,368		(224)			11,144
Kauzlarich, Robert G and Jennifer Bond Scholarsf	10,000					10,000
Kiwanis Club of Canton Endowment	20,000					20,000
Krulac, Cody Memorial Scholarship	10,000					10,000
Kruschinsky, Berneice Sprecher Endowment	18,500					18,500
Kruschinsky, Carl Endowment	18,500					18,500
Long, Gene & Marie beneficial interest in trust	281,686		(1,345)			280,341
Love, Linda Cameron Memorial Scholarship	10,000					10,000
Mathis, Gail Memorial Scholarship Endowment	10,000					10,000
McPheeters, Frances G. & Dorothea B. Endowme	49,000					49,000
MidAmerica National Bank Endowment	180,000					180,000
Miller, Gustav A. & Elizabeth P. Endowment	110,110					110,110
Murphy, Vicki Memorial Endowment	10,000					10,000
O'Brien, Molly K. Memorial Endowment	30,000					30,000
Oliver, Avis A. Memorial Endowment	10,000					10,000
Phi Mu Tau Endowment/Edward R. Kaiser Endow	13,000					13,000

**Spoon River College Foundation**  
**Schedule of Changes in Net Assets**  
For the year ended June 30, 2020

	Balance 7/1/2019	Increases		Decreases			Balance 6/30/2020
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Quick, J. Marshall & Helen Endowment	175,000						175,000
Ransom, Stanley Scholarship	10,000						10,000
Reading Disability Scholarship	10,000						10,000
Red Dog Cystic Fibrosis Endowment	50,000						50,000
Reed, Sherman Memorial Endowment	30,500						30,500
Reed, Sherman beneficial interest in trust	445,524				12,124		433,400
Rogers, Mr. & Mrs. Glen Endowment	239,778						239,778
Saville, Marge Memorial Endowment	11,000						11,000
Schleich Memorial Endowment	10,000						10,000
Severinsen Memorial Endowment	15,000						15,000
Smolich, Robert Memorial Endowment	10,500						10,500
Spoon River Partnership for Economic Developme	10,000						10,000
SRC Alumni Scholarship	10,360						10,360
SRC Foundation Scholarships Endowment	17,972						17,972
Taylor, B.H. & Jim Endowment	41,839						41,839
Taylor, W.I. Memorial Endowment	10,000						10,000
Watson, Bradley K Endowment	10,000						10,000
Williams, Jackson Bette Endowment	10,000						10,000
Wood, Louise Trust Endowment	10,000						10,000
Wood, Sherrie L. Memorial Nursing Endowment	15,968						15,968
Wood, Susanna Memorial Endowment	20,000						20,000
Wrestler, Gene & Evelyn Scholarship	10,000						10,000
Zaborac, Dee Memorial Endowment	10,000						10,000
Zaborac, Edward & Shirley Scholarship	10,000						10,000
Zaborac, Millie and Tom Education Endowment	10,000						10,000
Total with donor restrictions - permanently restricted	2,608,547	10,000	(2,136)	0	12,124	0	2,604,287
Totals	\$4,171,077	\$418,599	\$121,241	\$100,939	\$157,282	\$0	\$4,452,696