

**SPOON RIVER COLLEGE FOUNDATION**

**FINANCIAL REPORT**

**June 30, 2019**



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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, 2019, 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, 2019, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities-Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

## 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. 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 11, 2019

## **FINANCIAL STATEMENTS**

**SPOON RIVER COLLEGE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2019

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**A S S E T S**

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Cash	\$490,340
Investments	2,804,118
Receivables, net	18,299
Beneficial interest in perpetual trusts	824,212
Capital assets, non-depreciable	40,000
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Total assets	\$4,176,969

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**LIABILITIES**

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Accounts payable	\$5,892
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Total liabilities	5,892

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**NET ASSETS**

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Without donor restrictions	142,368
With donor restrictions	4,028,709
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Total net assets	4,171,077
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Total liabilities and net assets	\$4,176,969

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See Notes to Financial Statements.

**SPOON RIVER COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019

	Without donor Restrictions	With donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions	\$45,884	\$284,025	\$329,909
In-kind	78,170	0	78,170
Interest and dividends	0	68,515	68,515
Net realized gain (loss) on investments	0	21,267	21,267
Net unrealized gain (loss) on investments	0	40,969	40,969
Unrealized gain (loss) on beneficial interest in trusts	0	15,713	15,713
Net assets reclassified	(5,000)	5,000	0
Net assets released from restrictions	167,179	(167,179)	0
Total revenue, gains, and other support received	286,233	268,310	554,543
Expenses:			
Program services:			
Grants, awards and scholarships			
Student Scholarships	96,329	0	96,329
Institutional support	70,850	0	70,850
Total program services	167,179	0	167,179
Supporting services:			
Management and general:			
In-kind - salaries, benefits, and rent	78,170	0	78,170
Administrative	14,479	0	14,479
Other	1,486	0	1,486
Fundraising:			
Marketing and promotion	2,574	0	2,574
Materials and supplies	6,615	0	6,615
Food	3,761	0	3,761
Total supporting services	107,085	0	107,085
Total expenses	274,264	0	274,264
Change in net assets	11,969	268,310	280,279
Net assets, beginning of year	130,399	3,760,399	3,890,798
Net assets, end of year	\$142,368	\$4,028,709	\$4,171,077

See Notes to Financial Statements.



**SPOON RIVER COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$280,279
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Contributions restricted for long-term investment	(35,000)
Realized (gains) losses of investments	(21,267)
Unrealized (gains) losses of investments	(40,969)
(Increase) decrease in operating assets:	
Receivables	(5,667)
Beneficial interest in trusts	(15,710)
Increase (decrease) in operating liabilities:	
Accounts payable	(8,794)
Net cash flows from operating activities	152,872

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(1,082,535)
Proceeds from the sale of investment	713,532
Net cash flows from investing activities	(369,003)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Cash gifts for donor-restricted endowment	35,000
Net cash flows from financing activities	35,000

**DECREASE IN CASH EQUIVALENTS** (181,131)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 671,471

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$490,340

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# SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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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

June 30, 2019

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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

June 30, 2019

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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.

#### 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, 2019, 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 \$78,170.

# SPoon RIVER COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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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 11, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019 have been incorporated herein. There are no other subsequent events that require disclosure.

#### Pending Accounting Pronouncements

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic organizations for annual periods beginning after December 15, 2018. Management is evaluating what impact this new standard will have on its financial statements.

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, 2019, 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.

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 ASU No. 2018-08 will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in ASU No. 2018-08 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in ASU No. 2018-08 is permitted. The Foundation has not elected to early implement the amendments.

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

June 30, 2019

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

Change in Accounting Policies

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-profit Entities. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective July 1, 2018.

**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 following table reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general expenditures:

Total financial assets	\$4,131,077
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	3,204,497
Perpetual endowments	824,212
Financial assets available to meet cash needs for general expenditures within one year	\$102,368

**Note 3. Investments:**

All investments are carried by the Foundation at fair market value. The investments at June 30, 2019 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market	\$145,247	\$145,247	\$0
Certificates of deposit	573,881	573,881	0
Mutual funds	584,593	560,575	24,018
Equities	1,043,577	710,865	332,712
Bonds and notes	456,820	451,948	4,872
	\$2,804,118	\$2,442,516	\$361,602

The following schedule summarizes the investment return and its classification in the Statements of Activities for the year ended June 30, 2019:

	With Donor Restrictions
Interest and dividends	\$85,902
Realized gains (losses)	21,267
Unrealized gains (losses)	40,969
Investment fees	(17,387)
Total	\$130,751

# SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**Note 4. Capital Assets:**

At June 30, 2019, 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**

June 30, 2019

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

The endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$2,753,850	\$2,753,850

Changes in endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets	\$0	\$2,566,746	\$2,566,746
Investment return:			
Interest income	0	85,902	85,902
Net appreciation (realized and unrealized) on investments	0	62,236	62,236
Total investment return	0	148,138	148,138
Contributions	0	106,445	106,445
Net assets reclassified	0	10,000	10,000
Appropriation of endowment assets for expenditure	0	(77,479)	(77,479)
Endowment net assets, end of year	\$0	\$2,753,850	\$2,753,850

**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, 2019.

**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

June 30, 2019

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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 \$281,686 as of June 30, 2019. 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 \$59,862 as of June 30, 2019. 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 \$11,368 as of June 30, 2019. 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 \$25,773 as of June 30, 2019. 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 \$445,523 as of June 30, 2019. The change in fair value is recorded on the statement of activities.

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

June 30, 2019

**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, 2019 is as follows:

Due in one year or less	\$19,777
Less allowance for uncollectible pledges	(1,478)
Donation receivables	\$18,299

**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, 2019:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$584,593	\$584,593	\$0	\$0
Equities	1,043,577	1,043,577	0	0
Bonds and notes	456,820	0	456,820	0
Beneficial interest in perpetual trusts	824,212	0	0	824,212
Total fair value measurements	\$2,909,202	\$1,628,170	\$456,820	\$824,212

# SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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**Note 8. Fair Value Measurements (continued):**

Reconciliation of assets measured using Level 3 inputs as of June 30, 2019:

Balance, beginning of year	\$808,502
Gains (Losses)	18,137
Purchases	13,082
Distributions and fees	(15,509)
<hr/>	
Balance, end of year	<u>\$824,212</u>

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 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, 2019. 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, 2019

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$1,420,162
Endowment subject to spending policy and appropriation	1,784,335
Perpetual endowments	824,212
<hr/>	
Net assets with donor restrictions	<u>\$4,028,709</u>

# SPOON RIVER COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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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, 2019 for scholarships, awards and institutional support totaled \$167,179.

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, \$96,329 was expended for scholarships, and \$70,850 was expended for institutional support. As of June 30, 2019, the Foundation had payables to the College in the amount of \$5,892.

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 \$78,170 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, 2019, the Foundation is committed to paying scholarships of approximately \$59,754 awarded in 2019, 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, 2019

	Balance 7/1/2018	Increases		Decreases			Balance 6/30/2019
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
General Without Donor Restrictions	\$130,399	\$45,884			\$28,915	(\$5,000)	\$142,368
Total without donor restrictions	130,399	45,884	\$0	\$0	28,915	(5,000)	142,368
<b>With Donor Restrictions - Temporarily restricted</b>							
Brown, Rosie Memorial Nursing Scholarship	1,511			100			1,411
Canton Chamber of Commerce Scholarship	750			500			250
Canton Works Club Scholarship	6,525	1,088		750			6,863
The Educators Scholarship	2,000	1,000		750			2,250
Edward Jones - Rusty Melhouse Scholarship	0	500		500			0
Fornoff, Clayton Memorial Scholarship	731						731
Herink, F.R. & M.O Memorial Trust Scholarship	4,100	2,000		500			5,600
Hunter, Mildred Scholarship (Rushville Student)	504						504
IHIA Scholarship	250	800		2,400			(1,350)
Jeager, Katherine Scholarship	1,700	400		175			1,925
Dr. Gary King Scholarship	2,500	200					2,700
Loebach Scholarship	250			250			0
McCloud, Ashley Memorial Scholarship	2,462	1,193					3,655
Shawver, Linda Memorial Agriculture Scholarship	500	1,000					1,500
Shawver, Linda Memorial Nursing Scholarship	0	1,000		500			500
Sports Information Intern Scholarship	275						275
SRC Art Department Scholarship	275						275
Swalec Incentive Scholarship	6,500			1,250			5,250
Telander, Brian Memorial Scholarship	3,328	70		325			3,073
TRIO Scholarship	0	5,000		5,000			0
Wesley United Meth. Church/Fellheimer Sch.	2,438	15,000		16,696			742
West Central FS Scholarships	7,000			5,000			2,000
General Scholarships	800	800					1,600
Bishop, David L Memorial Scholarship	0	1,100					1,100
Bobell Scholarship	2,810						2,810
Miller, Delano Memorial Scholarship	2,734						2,734
Ritschel, Dr. Robert E. Scholarship	389			389			0
Dare, Anna Mae Memorial Scholarship	0	6,505					6,505
Groves, Harold & Millicent Memorial Scholarship	0	4,000					4,000
Murphy, Vicki Memorial Scholarship	5,095	3,056				(8,151)	0
Ashton, Vivian W. Memorial Scholarship	1,145		294	300			1,139
Ball, Danny Scholarship	959		413	350			1,022
Barnard, L.D. & Virginia L. Scholarship	1,163	500	413	600			1,476
Benson, Dr. Fred Scholarship	483		276	300			459
Brott, Mildred & Emory Memorial Scholarship	9,346	1,000	3,622	2,250			11,718
Bugos, Edward J. (Boogie) Memorial Scholarship	1,450	20	302	500			1,272
Canton Elks Lodge #626 Scholarship	1,809		549	500			1,858
Canton Rotary Club/Ketric&Alice Klingman Schlsp	448		275	250			473
Canton Rotary Club Scholarship	503		280				783
Champlin, Bob & Elizabeth Scholarship	1,263		416	500			1,179
Champlin, Elizabeth Memorial Scholarship	830	10,340	404	250			11,324
Chapin, Odella B & Schreiber Family Schp Endow	10,000		712				10,712
Chicken for Charity Scholarship	620		379				999
Cox, Dorothy Memorial Scholarship	2,502		1,094	700			2,896
Crawford, Dean and Mildred Memorial Scholarship	1,651	100	439	400			1,790
Dalmasso, Joseph and Maxine Memorial Scholarsh	552		278	300			530
Dare, Harold Memorial Scholarship	0	300	264				564
Dare, Harold Memorial Scholarship	759		284	400			643
Davis, Carol Scholarship	2,496	500	375	800			2,571
Davis, Harley Memorial Scholarship	1,278	150	311	350			1,389
DeRenzy, Gale E. Memorial Scholarship	586		279	300			565
English, Donald E. & Helen M. Memorial Scholarship	1,227		481	400			1,308
Fink, Rodney & Bertha Scholarship	2,254		323				2,577
Foundation Board/BOT's Scholarship	1,075		292	2,689			(1,322)
Greenwell, Tom Memorial Scholarship	986		290	300			976
Helle, Shauna Memorial Scholarship	3,771		1,609	1,125			4,255
Howerter, Roger Memorial Scholarship	504		277	250			531
Jackson, Carl F. Scholarship	941		310	350			901
Kauzlarich, Robert G and Jennifer Bond Scholarsh	0		264				264
Kiwanis Club of Canton Scholarship	2,194	250	585	500			2,529
Krulac, Cody Memorial Scholarship	0	10,250	264				10,514

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

For the year ended June 30, 2019

	Balance 7/1/2018	Increases		Decreases			Balance 6/30/2019
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Kruschinsky, Berniece Sprecher Scholarship	1,555		529	1,050			1,034
Kruschinsky, Carl Scholarship	1,171		519	350			1,340
Love, Linda Cameron Memorial Scholarship	0		264				264
Mathis, Gail Memorial Scholarship Endowment	491		276				767
McPheeters, Frances G. & Dorothea B. Scholarship	3,284		1,379	750			3,913
MidAmerica National Bank Schlsp.	18,681		5,240	2,750			21,171
Miller, Gustav A. & Elizabeth P. Scholarship	25,786	5,000	3,584	4,000			30,370
Murphy, Vicki Memorial Scholarship	0	460				1,151	1,611
O'Brien, Molly K. Scholarship	23,083	4,225	1,400	2,000			26,708
Oliver, Avis A. Memorial Scholarship	509		277	250			536
Phi Mu Tau/Edward R. Kaiser Scholarship	8,265	162	560	1,400			7,587
Quick, J. Marshall & Helen Scholarship	18,316		5,098	2,500			20,914
Ransom, Stanley Scholarship	539		278	400			417
Reading Disability Scholarship	0	500					500
Red Dog Cystic Fibrosis Scholarship	2,803		1,392	1,000			3,195
Reed, Sherman Memorial Scholarship	39,049	16,570		6,400			49,219
Rogers, Mr. & Mrs. Glen Scholarship	24,422		6,968	2,250			29,140
Saville, Marge Memorial Scholarship	771		310	300			781
Schleich Memorial Scholarship	582	25	279	300			586
Severinsen Memorial Scholarship	814		417	400			831
Smolich, Robert Memorial Scholarship	757		297				1,054
Spoon River Partnership for Economic Developmen	1,917		314				2,231
SRC Alumni Scholarship	669		291	300			660
SRC Foundation Scholarships	15,561	12,511	884	15,430			13,526
Taylor, B.H. & Jim Scholarship	2,930		1,181	1,000			3,111
Taylor, W.I. Memorial Scholarship	1,493		303	200			1,596
Watson, Bradley K Scholarship	1,527	250	304	300			1,781
Wood, Louise Trust Scholarship	1,178		13				1,191
Wood, Sherrie L. Memorial Nursing Scholarship	1,417		458	600			1,275
Wood, Susanna Memorial Scholarship	38,543	10,000	1,412	2,000			47,955
Wrestler, Gene & Eveyln Scholarship	513	2,500	277	150			3,140
Zaborac, Dee Memorial Scholarship	2,321	830	325				3,476
Zaborac, Ed & Shirley Memorial Scholarship	0	5,000	264				5,264
Zaborac, Millie and Tom Education Scholarship	2,176		321	500			1,997
AG Program Support	15,000				1,782		13,218
Alumni Association	100				34		66
Arboretum	1,775	100					1,875
Athletic Campaign	25,292	23,981				(1,448)	47,825
Athletic Program Support	3,106				3,752	5,000	4,354
Big Read Program (Spoon River Reads)	(1)						(1)
Canton Area Economic Development	7,685						7,685
Canton Campus	32,931	644					33,575
College for Kids	1,700	1,140			300		2,540
Community Chorus Fund	8,760	11,751			4,871	(3,000)	12,640
English as a Second Language	36,000	16,000					52,000
Havana Center	8,923	43					8,966
Long, Gene & Marie Trust (Capital Improvements)	17,858	14,140					31,998
Macomb Campus	68,623	52					68,675
Rushville Center	1,919						1,919
Retirees Leading Initiative	15,307	1,600			1,400		15,507
Truman Standard Trust Fund	2,326						2,326
Two River's Arts Council	37	1,100			1,100		37
Program Support (Weld, CDT)	320						320
Undistributed Investment fees	(47,201)				17,386		(64,587)
Realized Invest. Gain	193,665		21,267				214,932
Unrealized Invest. Gain	320,445		40,969				361,414
Undistributed Interest	56,586		34,133				90,719
Adult Educ. & Family Literacy/GED	11,073	100			484		10,689
Ag Fundraising	1,217						1,217
Athletic Fundraising- Students	3,939	2,910			1,320		5,529
Athletics - Baseball Program	9,009	21,779			19,765		11,023
Athletics - Softball Program	6,163	13,914			17,020		3,057
Athletics - Basketball - Men's	0	630			1,416	586	(200)
Athletics - Basketball - Women's	0				862	862	0
Athletics - Volleyball	0	5,215			1,141		4,074

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

For the year ended June 30, 2019

	Balance 7/1/2018	Increases		Decreases		Balance 6/30/2019	
		Contributions	Investment Income	Scholarships	Disbursements		Transfers
Friends of SRC Theatre	10,257	2,488			2,171	10,574	
Food Insecurity	218	880			358	740	
Funk Kitchen	510					510	
Habitat for Humanity - Macomb Chapter	1,048					1,048	
Habitat for Humanity - Canton Chapter	2,994	150			18	3,126	
Land Use	6,869					6,869	
Land Lab Revenue / Expense	14,210	10,005			7,777	16,438	
Nursing Fundraising	1,457	805			658	1,604	
PEEPS	31					31	
PTK Canton	350	82			168	264	
PTK Macomb	(32)					(32)	
Relay for Life	9	320			320	9	
Speech & Debate Team	500					500	
SRC - Learning Resource Center	755					755	
Student Activities	0	385			120	265	
Tools & Equipment - Ditec	9,934	922			2,112	8,744	
TRIO Activity Account	1,553	1,734			1,901	1,386	
<b>Total with donor restrictions - temporarily restricted</b>	<b>1,202,565</b>	<b>259,025</b>	<b>148,137</b>	<b>96,329</b>	<b>88,236</b>	<b>(5,000)</b>	<b>1,420,162</b>

**With Donor Restrictions - Permanently restricted**

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 Endowm	10,100					10,100
Canton Rotary Club Scholarship	10,000					10,000
Canton Works Club beneficial interest in trust	57,968		1,895			59,863
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
Cox, Dorothy Memorial Endowment	39,000					39,000
Crawford, Dean and Mildred Memorial Endowment	15,000					15,000
Dalmasso, Joseph and Maxine Memorial Endowme	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 Endowmer	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 trus	26,449		(676)			25,773
Howerter, Roger Memorial Scholarship	10,010					10,010
Jackson, Carl F. Endowment	10,800					10,800
Jaeger, Katherine beneficial interest in trust	11,177		191			11,368
Kauzlarich, Robert G and Jennifer Bond Scholarship	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	282,199		(513)			281,686
Love, Linda Cameron Memorial Scholarship	10,000					10,000
Mathis, Gail Memorial Scholarship Endowment	10,000					10,000
McPheeters, Frances G. & Dorothea B. Endowment	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	0				10,000	10,000
O'Brien, Molly K. Memorial Endowment	30,000					30,000
Oliver, Avis A. Memorial Endowment	10,000					10,000

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

For the year ended June 30, 2019

	Balance 7/1/2018	Increases		Decreases			Balance 6/30/2019
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Phi Mu Tau Endowment/Edward R. Kaiser Endowm	13,000						13,000
Quick, J. Marshall & Helen Endowment	175,000						175,000
Ransom, Stanley Scholarship	10,000						10,000
Reading Disability Scholarship	0	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	430,708		14,816				445,524
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 Developmen	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, Bradly K Endowment	10,000						10,000
Williams, Jackson Bette Endowment	0	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	15,000	5,000					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
<b>Total with donor restrictions - permanently restricti</b>	<b>2,557,834</b>	<b>25,000</b>	<b>15,713</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>2,608,547</b>
<b>Totals</b>	<b>\$3,890,798</b>	<b>\$329,909</b>	<b>\$163,850</b>	<b>\$96,329</b>	<b>\$117,151</b>	<b>\$0</b>	<b>\$4,171,077</b>