



**TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)**

*Financial Statements
June 30, 2016 and 2015*

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

- 2 -

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	3
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 12



KUTCHINS
ROBBINS &
DIAMOND,
LTD.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Triton College Foundation
River Grove, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of Triton College Foundation (an Illinois nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 risks 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 Triton College Foundation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kutichins, Robbins & Diamond, Ltd.

August 29, 2016

"Helping Our Clients Achieve Financial Success Through Sound Advice"

**TRITON COLLEGE FOUNDATION
(A NONPROFIT FOUNDATION)**

- 4 -

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

See notes to financial statements.

	<u>2016</u>	<u>2015</u>
<i>ASSETS</i>		
ASSETS		
Cash and cash equivalents	\$ 155,368	\$ 188,606
Investments	812,507	848,233
Accounts receivable	<u>2,395</u>	<u>7,837</u>
	<u>\$ 970,270</u>	<u>\$ 1,044,676</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Accounts payable	\$ 1,329	\$ 1,143
Accrued payroll	<u>1,863</u>	<u>1,297</u>
Total liabilities	<u>3,192</u>	<u>2,440</u>
NET ASSETS		
Unrestricted		
Undesignated	660,729	666,037
Board designated	-	20,893
Temporarily restricted	286,230	335,187
Permanently restricted	<u>20,119</u>	<u>20,119</u>
Total net assets	<u>967,078</u>	<u>1,042,236</u>
	<u>\$ 970,270</u>	<u>\$ 1,044,676</u>

**TRITON COLLEGE FOUNDATION
(A NONPROFIT FOUNDATION)**
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015

See notes to financial statements.

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Contributions	\$ 3,500	\$ 269,858	\$ -	\$ 273,358	\$ 113,660	\$ 187,673	\$ -	\$ 301,333
Special events	122,835	-	-	122,835	151,804	-	-	151,804
Investment loss	(14,649)	-	-	(14,649)	(10,614)	-	-	(10,614)
Net assets released from restrictions	318,815	(318,815)	-	-	178,781	(178,781)	-	-
Total support and revenue	430,501	(48,957)	-	381,544	433,631	8,892	-	442,523
EXPENSES								
Program services	229,541	-	-	229,541	103,966	-	-	103,966
Scholarships	115,173	-	-	115,173	264,592	-	-	264,592
Grants	48,899	-	-	48,899	56,305	-	-	56,305
Fundraising	63,089	-	-	63,089	61,200	-	-	61,200
General and administrative								
Total expenses	456,702	-	-	456,702	486,063	-	-	486,063
CHANGE IN NET ASSETS	(26,201)	(48,957)	-	(75,158)	(52,432)	8,892	-	(43,540)
NET ASSETS AT BEGINNING OF YEAR	686,930	335,187	20,119	1,042,236	739,362	326,295	20,119	1,085,776
NET ASSETS AT END OF YEAR	\$ 660,729	\$ 286,230	\$ 20,119	\$ 967,078	\$ 686,930	\$ 335,187	\$ 20,119	\$ 1,042,236

TRITON COLLEGE FOUNDATION
(A NONPROFIT FOUNDATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015
See notes to financial statements.

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 273,358	\$ 301,333
Cash received from special events	128,277	152,000
Cash received from investment income	153	154
Cash paid for investment expenses	(8,233)	(8,511)
Cash paid for scholarships	(229,541)	(103,966)
Cash paid for other grants and transfers	(115,173)	(264,592)
Cash paid for fundraising expenses	(48,899)	(56,305)
Cash paid for general administrative	(62,337)	(60,573)
	<u>(62,395)</u>	<u>(40,460)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	<u>29,157</u>	<u>-</u>
	(33,238)	(40,460)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(33,238)</u>	<u>(40,460)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>188,606</u>	<u>229,066</u>
	\$ 155,368	\$ 188,606
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 155,368</u>	<u>\$ 188,606</u>
 RECONCILIATION OF CHANGES IN NET ASSETS TO		
NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (75,158)	\$ (43,540)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized and realized loss on investments	60,378	52,347
Investment income reinvested	(53,809)	(50,090)
Changes in assets and liabilities		
Accounts receivable	5,442	196
Accounts payable	186	434
Accrued payroll	566	193
	<u>(62,395)</u>	<u>(40,460)</u>
Net cash used in operating activities	<u>\$ (62,395)</u>	<u>\$ (40,460)</u>

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

- 7 -

NATURE OF ACTIVITIES

Triton College Foundation (the "Foundation") is an Illinois nonprofit corporation whose purpose is to assist in the furtherance of education activities and objectives at Triton College, Community College District No. 504 (the "College"). The Foundation receives, administers, and distributes funds to the College for various grants and scholarships.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounting records and accompanying financial statements have been maintained on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Statements of Not for Profit Organizations Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification. Under the standard, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Temporarily restricted net assets are subject to donor-imposed restrictions related to specific purposes. Satisfaction of temporarily restricted net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from temporarily restricted net assets to unrestricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that will never lapse, thus requiring that the funds be retained permanently.

Cash and Cash Equivalents: The Foundation considers highly liquid debt instruments purchased with a maturity of three months or less and used to support daily operations to be cash equivalents.

Concentrations of Credit Risk: From time to time, the Foundation's cash balances at financial institutions exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. Management does not believe this presents a significant risk to the Foundation.

Accounts Receivable: Accounts receivable represent amounts due for special events and contributions and are stated at the amount management expects to collect from outstanding balances. Receivables are periodically reviewed for collectability by management and an estimated allowance for doubtful accounts is recorded if necessary. The Foundation believes all receivables to be collectible and no allowance has been recorded at June 30, 2016 and 2015.

Investments: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

**TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services: A significant amount of donated services are contributed to the Foundation by various members to support the Foundation's programs and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

Tax Exempt Status: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, any income from certain activities not related to the Foundation's tax exempt purpose would be subject to taxation as unrelated business income. The Foundation files information returns in the U.S. federal jurisdiction and Illinois state jurisdiction.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: The Foundation has evaluated subsequent events through August 29, 2016, the date the financial statements were available to be issued.

ENDOWMENT

The Foundation's endowment consists of two funds established for educational purposes, all of which are donor-restricted funds.

Interpretation of Relevant Law: The Foundation follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and its own governing documents. UPMIFA, which replaces the Uniform Management of Institutional Funds Act ("UMIFA") of 1972, eliminates the requirement of preservation of historical dollar amount of the donor-restricted endowment fund, in favor of considering the factors for prudent appropriation of spending of the endowment and would apply in the absence of donor restrictions on the donor endowment (not Board designated endowments). The Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds and, accordingly, investment income, if any, and net appreciation is classified as temporarily restricted until the assets are appropriated for expenditure.

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

ENDOWMENT (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 20,119	\$ 20,119

Changes in Endowment Net Assets for the Year Ended June 30, 2016:

	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 20,119	\$ 20,119
Endowment net assets, end of year	\$ 20,119	\$ 20,119

Endowment Net Asset Composition by Type of Fund as of June 30, 2015:

	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 20,119	\$ 20,119

Changes in Endowment Net Assets for the Year Ended June 30, 2015:

	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 20,119	\$ 20,119
Endowment net assets, end of year	\$ 20,119	\$ 20,119

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(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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;
- 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 market value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Below is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

- Mutual funds are valued at the net asset value ("NAV") of shares held by the Foundation at year end.
- Bonds are valued at the closing price reported on the active market on which identical or similar securities are traded. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable such as credit and liquidity risks.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of assets measured on a recurring basis at June 30, 2016 and 2015 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
June 30, 2016		
Mutual funds		
Growth and income	\$ 336,747	\$ 336,747
International	113,803	113,803
Bonds		
Government	22,600	22,600
World	95,913	95,913
Intermediate term	190,007	190,007
Corporate	<u>53,437</u>	<u>53,437</u>
Total investments	<u>\$ 812,507</u>	<u>\$ 812,507</u>

	<u>Fair Value</u>	<u>Level 1</u>
June 30, 2015		
Mutual funds		
Growth and income	\$ 364,218	\$ 364,218
International	115,625	115,625
Bonds		
Government	22,339	22,339
World	97,961	97,961
Intermediate term	188,434	188,434
Corporate	<u>59,656</u>	<u>59,656</u>
Total investments	<u>\$ 848,233</u>	<u>\$ 848,233</u>

The following tabulation summarizes the net yields of investment assets:

	<u>2016</u>	<u>2015</u>
Dividends and interest, net	\$ 45,729	\$ 41,733
Unrealized losses	<u>(60,378)</u>	<u>(52,347)</u>
Total investment loss for the year	<u>\$ (14,649)</u>	<u>\$ (10,614)</u>

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

SEGREGATION OF NET ASSETS

Unrestricted – Board Designated: The Board of Directors designated net assets to support the expansion of the Hospitality Industry Administration (“HIA”) program, including the construction of a new culinary education kitchen and mixology lab, which was completed during the year. Board designated net assets for the years ended June 30, 2016 and 2015 were \$0 and \$20,893, respectively.

Temporarily Restricted: Temporarily restricted net assets represent contributions that have been designated by donors to fund specific scholarships and grant activities.

The Foundation has temporarily restricted net assets to support the following programs:

	<u>2016</u>	<u>2015</u>
Scholarships and grants	\$ 286,230	\$ 335,187

During the years ended June 30, 2016 and 2015, temporarily restricted net assets were released from restrictions as the Foundation incurred expenses, satisfying the restricted purpose designated by the donor. Temporarily restricted net assets were released from restrictions to support the following programs:

	<u>2016</u>	<u>2015</u>
Scholarships and grants	\$ 318,815	\$ 178,781

Permanently Restricted: Permanently restricted net assets consist of donor-restricted endowments. Investment income earned on these net assets may be used for the Foundation’s operating activities.

The following is a summary of programs to be supported with earnings on permanently restricted net assets as designated by the donors:

	<u>2016</u>	<u>2015</u>
20 th Century Women’s Club Scholarship	\$ 10,869	\$ 10,869
William Barr Memorial	9,250	9,250
	<u>\$ 20,119</u>	<u>\$ 20,119</u>