



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

*Financial Statements
June 30, 2019 and 2018*

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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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, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, 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 from 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, 2019 and 2018, 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.

Kutchins, Robbins & Diamond, Ltd.

Schaumburg, Illinois
 August 23, 2019

"Helping Our Clients Achieve Financial Success Through Sound Advice"

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

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

See notes to financial statements.

	<u>2019</u>	<u>2018</u>
<i>ASSETS</i>		
ASSETS		
Cash and cash equivalents	\$ 704,527	\$ 689,245
Investments	955,652	913,956
Accounts receivable	<u>2,848</u>	<u>6,020</u>
	<u>\$ 1,663,027</u>	<u>\$ 1,609,221</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Accounts payable	\$ 52,267	\$ 21,227
Accrued payroll	<u>1,265</u>	<u>1,171</u>
Total liabilities	<u>53,532</u>	<u>22,398</u>
NET ASSETS		
Without donor restrictions		
Undesignated	909,035	840,574
With donor restrictions		
Purpose restrictions	680,341	726,130
Endowment fund	<u>20,119</u>	<u>20,119</u>
	<u>1,609,495</u>	<u>1,586,823</u>
	<u>\$ 1,663,027</u>	<u>\$ 1,609,221</u>

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2019 AND 2018

See notes to financial statements.

	2019		2018			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 12,436	\$ 390,415	\$ 402,851	\$ 8,962	\$ 545,023	\$ 553,985
Special events	103,833	-	103,833	127,214	-	127,214
Investment income	33,988	-	33,988	37,019	-	37,019
Net assets released from restrictions	436,204	(436,204)	-	290,667	(290,667)	-
Total support and revenue	586,461	(45,789)	540,672	463,862	254,356	718,218
EXPENSES						
Program services	436,453	-	436,453	289,570	-	289,570
General and administrative	32,694	-	32,694	33,792	-	33,792
Fundraising	48,853	-	48,853	52,721	-	52,721
Total expenses	518,000	-	518,000	376,083	-	376,083
CHANGE IN NET ASSETS	68,461	(45,789)	22,672	87,779	254,356	342,135
NET ASSETS AT BEGINNING OF YEAR	840,574	746,249	1,586,823	752,795	491,893	1,244,688
NET ASSETS AT END OF YEAR	\$ 909,035	\$ 700,460	\$ 1,609,495	\$ 840,574	\$ 746,249	\$ 1,586,823

**TRITON COLLEGE FOUNDATION
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**STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018**

See notes to financial statements.

	2019			2018			
	Program Services	General and Administrative	Fundraising	Program Services	General and Administrative	Fundraising	Total
Scholarships	\$ 231,416	\$ -	\$ -	\$ 200,943	\$ -	\$ -	\$ 200,943
Grants	205,037	-	-	88,627	-	-	88,627
Golf outing	-	-	25,478	-	-	22,419	22,419
President's reception	-	-	23,375	-	-	30,302	30,302
Events	-	3,088	-	-	3,446	-	3,446
Office expense	-	3,220	-	-	4,379	-	4,379
Professional fees	-	5,300	-	-	5,150	-	5,150
Insurance	-	1,500	-	-	1,500	-	1,500
Payroll and related	-	19,586	-	-	19,317	-	19,317
	\$ 436,453	\$ 32,694	\$ 48,853	\$ 289,570	\$ 33,792	\$ 52,721	\$ 376,083

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**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

See notes to financial statements.

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 402,851	\$ 553,985
Cash received from special events	107,005	126,001
Cash received from investment income	1,734	1,093
Cash paid for investment expenses	(9,444)	(9,342)
Cash paid for scholarships	(204,191)	(221,023)
Cash paid for other grants and transfers	(205,037)	(88,627)
Cash paid for fundraising expenses	(45,037)	(35,949)
Cash paid for general administrative	(32,599)	(34,485)
	<u>15,282</u>	<u>291,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(20,046)
Proceeds from sale of investments	-	56,221
	<u>-</u>	<u>36,175</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,282	327,828
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	689,245	361,417
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 704,527	\$ 689,245
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 22,672	\$ 342,135
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized and realized loss on investments	16,975	5,696
Investment income reinvested	(58,671)	(50,966)
Changes in assets and liabilities		
Accounts receivable	3,172	(1,213)
Accounts payable	31,040	(3,307)
Accrued payroll	94	(692)
	<u>15,282</u>	<u>291,653</u>
Net cash provided by operating activities	<u>\$ 15,282</u>	<u>\$ 291,653</u>

TRITON COLLEGE FOUNDATION
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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: During 2018, the Foundation adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. This ASU replaces the three classes of net assets used in financial statements of nonprofit entities (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets (net assets with donor restrictions and net assets without donor restrictions). The new ASU also requires expanded disclosures about liquidity and availability of resources and presentation of expenses by both functional and natural classifications. This standard has been applied to both 2018 and 2017.

Net assets without donor restrictions 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 net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Net assets with donor restrictions are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of net assets with donor restrictions (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions. The Foundation reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as net assets without donor restrictions in the statements of activities.

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: 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.

Liquidity and Availability of Resources: The Foundation has a goal to maintain financial assets, which consist of cash, short-term investments, and receivables, to meet cash needs for operations. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TRITON COLLEGE FOUNDATION
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JUNE 30, 2019 AND 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Resources (Continued): The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	704,527
Investments		955,652
Accounts receivable		2,848
Less donor-restricted net assets		<u>(700,460)</u>
	\$	<u>962,567</u>

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, 2019 and 2018.

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 net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions.

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.

Functional Allocation of Expenses: The costs of providing the programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

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 23, 2019, the date the financial statements were available to be issued.

TRITON COLLEGE FOUNDATION
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 NOTES TO FINANCIAL STATEMENTS
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. This standard was subsequently amended by ASU 2015-14 and ASU 2016-12. The core principle of the amended standard is that an entity should 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 and services. The provisions of this standard are effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted subject to certain limitations. The standard requires that it is to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application.

The effect of this pronouncement on the financial statements has not been determined.

ENDOWMENT

The Foundation's endowment consists of two funds established for educational purposes, both 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 net assets with donor restrictions until the assets are appropriated for expenditure.

Investment Return Objectives, Risk Parameters and Strategies: The Foundation's investment policy for its endowed funds provides for investments in diversified portfolios of equity and fixed income securities. The objective is to maximize the total return while minimizing risk in order to protect the endowed assets for the long-term use of the Foundation.

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 20,119	\$ 20,119

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 20,119	\$ 20,119

There were no changes in Endowment Net Assets for the years ended June 30, 2019 and 2018.

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, 2019 and 2018.

- 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.

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FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
June 30, 2019		
Mutual funds		
Growth and income	\$ 497,958	\$ 497,958
International	143,487	143,487
Equity	17,145	17,145
Bonds		
Government	23,430	23,430
World	55,930	55,930
Intermediate term	217,702	217,702
Total investments	<u>\$ 955,652</u>	<u>\$ 955,652</u>

	<u>Fair Value</u>	<u>Level 1</u>
June 30, 2018		
Mutual funds		
Growth and income	\$ 479,338	\$ 479,338
International	134,084	134,084
Equity	18,851	18,851
Bonds		
Government	22,558	22,558
World	52,986	52,986
Intermediate term	206,139	206,139
Total investments	<u>\$ 913,956</u>	<u>\$ 913,956</u>

The following tabulation summarizes the net yields of investment assets:

	<u>2019</u>	<u>2018</u>
Dividends and interest, net	\$ 50,963	\$ 42,715
Unrealized losses	<u>(16,975)</u>	<u>(5,696)</u>
Total investment gain for the year	<u>\$ 33,988</u>	<u>\$ 37,019</u>

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SEGREGATION OF NET ASSETS

Net assets without donor restrictions: The Foundation includes funds designated by the Board of Directors to support specific activities as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ <u>909,035</u>	\$ <u>840,574</u>

Net assets with donor restrictions: The Society has net assets with donor restrictions to support the following programs:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Scholarships and grants	\$ <u>680,341</u>	\$ <u>726,130</u>
Endowments:		
20 th Century Women's Club Scholarship	<u>10,869</u>	10,869
William Barr Memorial	<u>9,250</u>	<u>9,250</u>
	<u>20,119</u>	<u>20,119</u>
Total net assets with donor restrictions	\$ <u>700,460</u>	\$ <u>746,249</u>

During the years ended June 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Scholarships and grants	\$ <u>436,204</u>	\$ <u>290,667</u>