



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

*Financial Statements
June 30, 2017 and 2016*

TRITON COLLEGE FOUNDATION
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

September 12, 2017

"Helping Our Clients Achieve Financial Success Through Sound Advice"

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STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

See notes to financial statements.

	<u>2017</u>	<u>2016</u>
<i>ASSETS</i>		
ASSETS		
Cash and cash equivalents	\$ 361,417	\$ 155,368
Investments	904,861	812,507
Accounts receivable	<u>4,807</u>	<u>2,395</u>
	<u>\$ 1,271,085</u>	<u>\$ 970,270</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Accounts payable	\$ 24,534	\$ 1,329
Accrued payroll	<u>1,863</u>	<u>1,863</u>
Total liabilities	<u>26,397</u>	<u>3,192</u>
NET ASSETS		
Unrestricted	752,795	660,729
Temporarily restricted	471,774	286,230
Permanently restricted	<u>20,119</u>	<u>20,119</u>
Total net assets	<u>1,244,688</u>	<u>967,078</u>
	<u>\$ 1,271,085</u>	<u>\$ 970,270</u>

**TRITON COLLEGE FOUNDATION
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**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016**

See notes to financial statements.

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Contributions	\$ 7,225	\$ 526,036	\$ -	\$ 533,261	\$ 3,500	\$ 269,858	\$ -	\$ 273,358
Special events	118,725	-	-	118,725	122,835	-	-	122,835
Investment income (loss)	78,102	-	-	78,102	(14,649)	-	-	(14,649)
Net assets released from restrictions	340,492	(340,492)	-	-	318,815	(318,815)	-	-
Total support and revenue	544,544	185,544	-	730,088	430,501	(48,957)	-	381,544
EXPENSES								
Program services								
Scholarships	245,109	-	-	245,109	229,541	-	-	229,541
Grants	95,383	-	-	95,383	115,173	-	-	115,173
Fundraising	43,817	-	-	43,817	48,899	-	-	48,899
General and administrative	68,169	-	-	68,169	63,089	-	-	63,089
Total expenses	452,478	-	-	452,478	456,702	-	-	456,702
CHANGE IN NET ASSETS	92,066	185,544	-	277,610	(26,201)	(48,957)	-	(75,158)
NET ASSETS AT BEGINNING OF YEAR	660,729	286,230	20,119	967,078	686,930	335,187	20,119	1,042,236
NET ASSETS AT END OF YEAR	\$ 752,795	\$ 471,774	\$ 20,119	\$ 1,244,688	\$ 660,729	\$ 286,230	\$ 20,119	\$ 967,078

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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

See notes to financial statements.

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 533,261	\$ 273,358
Cash received from special events	116,313	128,277
Cash received from investment income	162	153
Cash paid for investment expenses	(8,640)	(8,233)
Cash paid for scholarships	(220,575)	(229,541)
Cash paid for other grants and transfers	(95,383)	(115,173)
Cash paid for fundraising expenses	(43,817)	(48,899)
Cash paid for general administrative	(69,498)	(62,337)
	<u>211,823</u>	<u>(62,395)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(53,214)	-
Proceeds from sale of investments	47,440	29,157
	<u>(5,774)</u>	<u>29,157</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	206,049	(33,238)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	155,368	188,606
	<u>\$ 361,417</u>	<u>\$ 155,368</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 277,610	\$ (75,158)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized and realized loss on investments	(48,992)	60,378
Investment income reinvested	(37,588)	(53,809)
Changes in assets and liabilities		
Accounts receivable	(2,412)	5,442
Accounts payable	23,205	186
Accrued payroll	-	566
	<u>\$ 211,823</u>	<u>\$ (62,395)</u>
Net cash provided by (used in) operating activities		

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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: The Foundation reports 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: 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, 2017 and 2016.

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.

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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.

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 September 12, 2017, the date the financial statements were available to be issued.

New Accounting Pronouncement: During 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for fiscal years beginning after December 15, 2017. 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 will require expanded disclosures about liquidity and availability of resources, presentation of expenses by both functional and natural classifications, changes in the cash flow statement when prepared using the direct method, and changes in reporting of investment returns.

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 temporarily restricted until the assets are appropriated for expenditure.

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ENDOWMENT (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	<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, 2017:

	<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, 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

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, 2017 and 2016.

- 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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SEGREGATION OF NET ASSETS

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>2017</u>		<u>2016</u>
Scholarships and grants	\$ 471,774	\$	286,230

During the years ended June 30, 2017 and 2016, 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>2017</u>		<u>2016</u>
Scholarships and grants	\$ 340,492	\$	318,815

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>2017</u>		<u>2016</u>
20 th Century Women's Club Scholarship	\$ 10,869	\$	10,869
William Barr Memorial	9,250		9,250
	<u>\$ 20,119</u>	<u>\$</u>	<u>20,119</u>