

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

CONTENTS

Board of Directors	1
Independent Auditors' Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7-19

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

BOARD OF DIRECTORS

JUNE 30, 2016

Officers of the Board

Mr. Stacey Huels	Vice President, Board Governance
Mr. Sherman Neal	Vice President, Resource Development
Mr. John Attard	Treasurer

Board Members

Dr. Jeffrey A. Appel	Mr. Derryk Madsen (partial year)
Ms. Susan Lang Barry (partial year)	Mr. Scott Marquardt
Dr. Christopher Burke	Mr. James E. Mathieson
Ms. Carla Burkhart	Mr. Ian Parr
Ms. Marsha Cruzan (partial year)	Ms. Yolanda Rocio (partial year)
Ms. Katie Clancy (partial year)	Mr. Jon Shimp (partial year)
Mr. Kirk Dillard	Ms. Angel Traub (partial year)
Mr. David S. Fox	Mr. John Vires (partial year)
Mr. Kenneth D. Gorman	

Emeritus Board Members

Ms. Joan Morissey	Mr. Jack Turner
Mr. James Huck	Ms. Bonnie M. Wheaton
Mr. John Kohler	Ms. Rene M. Richards
Mr. David Carlin	

Ex-Officio

Dr. Joseph Collins
Ms. Dianne McGuire (partial year)
Ms. Deanne Mazzochi (partial year)
Ms. Catherine Brod (partial year)
Mrs. Karen Kuhn (partial year)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
College of DuPage Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of College of DuPage Foundation (the "Organization"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 College of DuPage Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2015 Summarized Comparative Information

The financial statements of College of DuPage Foundation as of and for the year ended June 30, 2015, were audited by other auditors whose report dated September 15, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Deerfield, IL
October 12, 2016

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(With Summarized Comparative Financial Information for June 30, 2015)

	2016	2015
Assets		
Cash and cash equivalents	\$ 221,299	\$ 67,754
Investments	5,651,360	6,788,514
Pledges receivable	185,916	207,586
Bequest receivable - restricted funds	1,600,000	--
Cash surrender value of life insurance policies	10,895	10,895
Investments - restricted	5,515,392	5,452,426
Art collection	1,733,068	1,733,068
Total Assets	\$ 14,917,930	\$ 14,260,243
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 98,139	\$ --
Due to College of DuPage	253,998	223,628
Other liabilities	2,795	8,956
Total Liabilities	354,932	232,584
Net Assets		
Unrestricted	2,502,079	3,035,473
Temporarily restricted	4,945,527	5,539,760
Permanently restricted	7,115,392	5,452,426
Total Net Assets	14,562,998	14,027,659
Total Liabilities and Net Assets	\$ 14,917,930	\$ 14,260,243

The accompanying notes are an integral part of these financial statements.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2016

(With Summarized Comparative Financial Information for the Year Ended June 30, 2015)

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues					
Gifts and contributions	\$ 1,204,967	\$ 265,030	\$ 1,662,966	\$ 3,132,963	\$ 1,449,193
Noncash contributions	82,498	28,261	--	110,759	847,847
College In-kind contributions	498,840	--	--	498,840	705,677
Total Contributions	<u>1,786,305</u>	<u>293,291</u>	<u>1,662,966</u>	<u>3,742,562</u>	<u>3,002,717</u>
Net investment income	134,583	328,288	--	462,871	457,485
Net realized gain (loss) on sale of investments	(207,187)	(413,620)	--	(620,807)	30,698
Net unrealized gain (loss) on investments	(87,131)	(177,726)	--	(264,857)	(949,718)
Change in value of split-interest agreement	--	6,161	--	6,161	6,604
Total Investment Income	<u>(159,735)</u>	<u>(256,897)</u>	<u>--</u>	<u>(416,632)</u>	<u>(454,931)</u>
Net Assets Released From Restrictions	<u>630,627</u>	<u>(630,627)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>2,257,197</u>	<u>(594,233)</u>	<u>1,662,966</u>	<u>3,325,930</u>	<u>2,547,786</u>
Expenses					
Program					
Scholarships granted	471,699	--	--	471,699	382,803
Awards granted	12,983	--	--	12,983	10,349
Cash gifts to College of DuPage	1,399,965	--	--	1,399,965	1,476,961
Noncash gifts to College of DuPage	110,760	--	--	110,760	248,673
College In-kind distributions	172,315	--	--	172,315	219,387
Other	199	--	--	199	1,248
Program Total	<u>2,167,921</u>	<u>--</u>	<u>--</u>	<u>2,167,921</u>	<u>2,339,421</u>
Management and General					
College In-kind distribution	94,065	--	--	94,065	106,264
Other management and general	228,009	--	--	228,009	151,074
Management and General Total	<u>322,074</u>	<u>--</u>	<u>--</u>	<u>322,074</u>	<u>257,338</u>
Fundraising					
College In-kind distribution	232,460	--	--	232,460	380,026
Other fundraising	68,136	--	--	68,136	14,394
Fundraising Total	<u>300,596</u>	<u>--</u>	<u>--</u>	<u>300,596</u>	<u>394,420</u>
Total Expenses	<u>2,790,591</u>	<u>--</u>	<u>--</u>	<u>2,790,591</u>	<u>2,991,179</u>
Change in Net Assets	(533,394)	(594,233)	1,662,966	535,339	(443,393)
Net Assets - Beginning of Year	<u>3,035,473</u>	<u>5,539,760</u>	<u>5,452,426</u>	<u>14,027,659</u>	<u>14,471,052</u>
Net Assets - End of Year	<u>\$ 2,502,079</u>	<u>\$ 4,945,527</u>	<u>\$ 7,115,392</u>	<u>\$ 14,562,998</u>	<u>\$ 14,027,659</u>

The accompanying notes are an integral part of these financial statements.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

(With Summarized Comparative Financial Information for the Year Ended June 30, 2015)

	2016	2015
Change in Net Assets	<u>\$ 535,339</u>	<u>\$ (443,393)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions of investment securities	(48,606)	15,918
Contributions of art	--	(847,520)
Contributions of endowments	(62,996)	(36,793)
Net realized (gain) loss on sale of investments	620,807	(30,698)
Net unrealized (gain) loss on investments	264,857	949,718
Changes in assets and liabilities:		
Decrease (increase) in:		
Pledges and bequests receivable	(1,578,330)	113,526
Cash surrender value of life insurance policies	--	(328)
Increase (decrease) in:		
Accounts payable and other liabilities	91,978	(6,604)
Due to College of DuPage	<u>30,370</u>	<u>--</u>
Total Adjustments	<u>(681,920)</u>	<u>157,219</u>
Net Cash Used in Operating Activities	<u>(146,581)</u>	<u>(286,174)</u>
Cash Flows From Investing Activities		
Purchases of investments	(5,470,927)	(509,214)
Proceeds from sale of investments	<u>5,708,057</u>	<u>499,809</u>
Net Cash Provided by (Used in) Investing Activities	<u>237,130</u>	<u>(9,405)</u>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowment principal	<u>62,996</u>	<u>36,793</u>
Net Cash Provided by Financing Activities	<u>62,996</u>	<u>36,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	153,545	(258,786)
Cash and Cash Equivalents – Beginning	<u>67,754</u>	<u>326,540</u>
Cash and Cash Equivalents – Ending	<u><u>\$ 221,299</u></u>	<u><u>\$ 67,754</u></u>

The accompanying notes are an integral part of these financial statements.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - NATURE OF OPERATIONS

College of DuPage Foundation (the "Foundation") is a not-for-profit organization which was formed to promote the educational development and general education welfare of the College of DuPage, Community College District Number 502 (the "College").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Foundation operates and maintains the Foundation within the College. The Foundation is a legally separate entity whose Board is elected by the Foundation Trustees. As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements present the Foundation and any existing component units. The Foundation does not have any component units. However, pursuant to the standards established in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and GASB Statements No. 14 and No. 34, the College is considered a primary government since it is fiscally independent. The College has determined that the College of DuPage Foundation meets the requirements of GASB Statement No. 39, *Determining Whether Certain Organization Are Component Units, an amendment of GASB Statement 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, because of the nature and significance of the Foundation's relationship with the College, which has resulted in the College of DuPage Foundation being reported as a discretely presented component unit of the College.

BASIS OF PRESENTATION

The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

The financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted, or unrestricted. Accordingly, net assets and changes therein are classified as follows:

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently Restricted Net Assets

Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets

Net assets subject to donor imposed restrictions that will be met by actions of the Foundation and/or passage of time.

Unrestricted net Assets

Net assets not subject to donor imposed restrictions.

Revenues are reported as increases in either unrestricted net assets classification unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between temporary and unrestricted classes of net assets.

The Foundation reports gifts of cash and other assets 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 a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recognized as revenue in the period awarded. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate; based on the Federal Funds rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions. An Allowance for uncollectible contributions is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS (CONTINUED)

Revenues received through contributions from private fundraising for WDCB-FM radio station are accounted for in the Foundation's financial statements. Disbursements of these contributions to the radio station are included in the Cash Gifts to College of DuPage expense line. In fiscal year 2016, total contributions for WDCB-FM radio station accounted for in the Foundation were \$908,582, and disbursements recorded as Cash Gifts to College of DuPage were \$886,828 compared to \$859,392 contribution revenue and \$831,741 of disbursements in fiscal year 2015.

INCOME FROM PERMANENTLY RESTRICTED NET ASSETS

Contributions, investment income, and realized and unrealized net gains on investments of permanently restricted net assets are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift requires that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if amounts have not been appropriated for expenditure; and
- As increases in unrestricted net assets in all other cases.

CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS AND INCOME RECOGNITION

Investment securities 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. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. 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.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ART COLLECTION

The Foundation's art collection consists of approximately 334 pieces. Works of art are held for public exhibition, and education, in furtherance of public service rather than for financial gain. The works of art are kept un-encumbered, cared for and preserved, and subject to the donor agreement that requires the proceeds of items that are sold be used to further develop the cultural experience at the College. Additions to the collection are recorded at cost when purchased or at fair value when contributed. In-kind contributions of art are reflected as revenue in the statement of activities and changes in net assets.

ESTIMATES

In order to prepare these financial statements in conformity with GAAP, management has made a number of estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; the reported amounts of revenues and expenses; and gains and losses during the reporting period. Actual results could differ from these estimates.

ALLOCATIONS OF EXPENSES

Expenses are identified as either program, management and general or fundraising. Expenses not directly identifiable in one of the three categories have been allocated one of the three classifications by the Foundation's management based on time spent or activity performed.

PRIOR YEAR SUMMARIZED COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - CHARITABLE REMAINDER TRUST

The Foundation administers a charitable remainder trust (the “Trust”). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the Trust’s term. Obligations to the beneficiaries are limited to the Trust’s assets. At the end of the Trust’s term, the remaining assets are available for the Foundation’s use. Assets are recorded at fair value when received and a liability is recorded for the net present value of the estimated future payments to the beneficiaries. The portion of the Trust attributable to the net present value of the future benefits to be received by the Foundation was recorded in the statement of activities and changes in net assets as a temporarily restricted contribution in the period the Trust was established. Assets held in the Trust totaled \$57,379 at June 30, 2016 and are reported at fair value in the Foundation’s statement of financial position. The net present value of the estimated future payments to beneficiaries of \$2,795 as of June 30, 2016 is calculated using the discount rate when the trust was established of 4% and is reflected in other liabilities in the accompanying statement of financial position.

NOTE 4 - INCOME TAXES

The Foundation was determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a determination letter issued in September 1969. Accordingly, no provision for income tax is included in the financial statements.

The Foundation adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Internal Revenue Service determined that the Foundation is a tax exempt, not-for-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code (“IRC”). As such, the Foundation is generally not subject to federal or state income taxes except for certain income derived from unrelated business activities as defined by the IRC. The Foundation has no unrelated business income. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits would be recognized only if the tax position is more-likely-than-not to be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized would be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2016. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 - INCOME TAXES (CONTINUED)

income tax expense, respectively. The Foundation has no amounts accrued to interest or penalties as of June 30, 2016. The Foundation's income tax returns are subject to examination by federal and state taxing authorities. There are currently no examinations underway or expected.

NOTE 5 - INVESTMENTS

Investment securities, at fair value, are comprised of the following as of June 30, 2016:

Money Market Funds	\$ 18,871
Equities	355,702
Equity Funds	6,886,836
Equity Mutual Funds	<u>13,268</u>
Total Short-Term Investments	<u>7,274,677</u>
Bond Funds	<u>3,892,075</u>
Total Long-Term Investments	<u>3,892,075</u>
Total Investments	<u>\$11,166,752</u>

Investment income is reported net of investment advisory fees. Investment income is comprised of the following as of June 30, 2016:

Gross investment income	\$ 524,039
Investment advisory fees	<u>(61,168)</u>
Net Investment Income	<u>\$ 462,871</u>
Investment Returns Consist of:	
Net investment income	\$ 462,871
Net realized gain (loss) on sales	(620,807)
Net unrealized gain (loss) on investments	(264,857)
Change in value of split-interest agreement	<u>6,161</u>
Total Investment Income	<u>\$(416,632)</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5 – INVESTMENTS (CONTINUED)

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) and the lowest priority to unobservable inputs (Level 3). 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 value measurement.

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

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

Equities – Valued at the closing price reported on the active market on which the individual equity is traded.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5 – INVESTMENTS (CONTINUED)

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.

Fair value measurements recorded on a recurring basis at June 30, 2016 were as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	\$ 355,702	\$ --	\$ --	\$ 355,702
Mutual Funds:				
Bond Funds	3,892,075	--	--	3,892,075
Equity Funds	6,886,836	--	--	6,886,836
Money Market Funds	18,871	--	--	18,871
Equity Mutual Funds	<u>13,268</u>	<u>--</u>	<u>--</u>	<u>13,268</u>
Total	<u>\$11,166,752</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$11,166,752</u>

There were no transfers between levels during 2016.

NOTE 6 - COLLEGE IN-KIND CONTRIBUTIONS AND DISTRIBUTIONS

The college provides accounting and other administrative services without charge to the Foundation. College officials estimate the value of these services for the year ended June 30, 2016 to be \$498,840 which is reflected in the statement of activities and changes in net assets as unrestricted College In-Kind contribution revenue and allocated to the following expense categories:

	Categorization of Contributed Services	% of Total
Programmatic	\$172,315	34.5
Fundraising	232,460	46.6
Management and general	<u>94,065</u>	<u>18.9</u>
Total	<u>\$498,840</u>	<u>100%</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7 - PLEDGES RECEIVABLE

The Foundation receives pledges fluctuating in dollar amount and throughout the year. The Foundation records these pledges based on timing and intent of the gift.

Receivable due in less than one year	\$130,894
Receivable due in more than one year	<u>55,022</u>
Total Unconditional Promises to Give	<u>\$185,916</u>

NOTE 8 – BEQUEST RECEIVABLE - RESTRICTED

During the year ended June 30, 2016, the Foundation was notified that an estate would be distributing a \$1,600,000 bequest to be placed into the endowment to support scholarships. The bequest was received subsequent to year end.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors for the year ended June 30, 2016 were comprised of the following:

Scholarship to College Students	\$310,061
Gifts to the College Homeland Security Program	16,659
Gifts to the College McAninch Art Center	74,294
Gifts to the Cleve Carney Art Gallery	17,250
Gifts to the College Engineering Program	7,952
Gifts to the College Physical Education Program	4,740
Gifts to the College Student Emergency Assistance	7,994
Gifts to the College Health and Science Programs	68,664
Gifts to the College Fine Arts Programs	70
Gifts to the College International Studies Program	5,149
Gifts to the New Philharmonic Orchestra	113,000
Gifts to the Paralegal Program	500
Gifts to the Student Leadership Academy	1,000
Gifts to the Continuing Education Program	<u>3,294</u>
Total	<u>\$630,627</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)

The net assets released from restriction are reported as unrestricted expenses in the program and fundraising categories, in the statement of activities and changes in net assets.

NOTE 10 - NET ASSETS

Temporarily restricted net assets as of June 30, 2016 are available for the following purposes:

Programs	\$3,289,313
Scholarships	1,653,419
Charitable Remainder Annuity Trust	<u>2,795</u>
Total Temporarily Restricted Net Assets	<u>\$4,945,527</u>

Permanently restricted net assets consist of investments held in perpetuity, the income from which is expendable to support programs and scholarships. Permanently restricted net assets are restricted for the following purposes:

Programs	\$2,912,203
Scholarships	<u>4,203,189</u>
Total Permanently Restricted Net Assets	<u>\$7,115,392</u>

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in a bank deposit account as well as has a sweep function with their banking institution, which transfers excess funds into a money market account if the daily balance exceeds federally insured deposit limits. The Foundation has not experienced any losses in such accounts, and has implemented safeguards with its financial institutions to mitigate any potential loss. Management believes it is not exposed to any significant credit risk on cash.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 12 - ENDOWMENT

The Foundation's endowment currently consists of donor-restricted endowment funds and artwork, but could also include funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's spending policy provides that only the income from endowments may be used for the general purposes of the Foundation, with the Foundation withdrawing current income as it is needed.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 12 – ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	<u>\$ --</u>	<u>\$2,477,595</u>	<u>\$7,115,392</u>	<u>\$9,592,987</u>

During the year ended June 30, 2016, the Foundation has the following endowment related activities:

	Permanently Restricted Endowment Funds	Temporarily Restricted Endowment Funds
Endowment Net Assets - Beginning	<u>\$5,452,426</u>	<u>\$2,919,008</u>
Investment Return		
Net appreciation (realized and unrealized)	<u>--</u>	<u>(279,805)</u>
Total Investment Return	<u>--</u>	<u>(279,805)</u>
Contributions to perpetual endowment	1,662,966	64,240
Appropriate of endowment assets	<u>--</u>	<u>(225,848)</u>
Endowment Net Assets – Ending	<u>\$7,115,392</u>	<u>\$2,477,595</u>

From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of June 30, 2016.

In fiscal year 2014 the Foundation changed the allocation policy for investments related to the permanently restricted endowment funds. Temporarily restricted accounts were established for each permanently restricted endowment fund, and the net investment earnings were allocated to the temporarily restricted accounts. The net investment earnings were spent in accordance with the Board approved annual spending rate from the temporarily restricted accounts.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE 13 - SUBSEQUENT EVENTS

The Foundation has evaluated all significant events or transactions through October 12, 2016, the date that these financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

NOTE 14 – CONTRIBUTIONS – REVENUE CONCENTRATION

Approximately 43% of the Foundation's total contributions were provided by one contributor.

NOTE 15 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2016, the Foundation received donations of approximately \$37,728 from members of management and the board of directors.