

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

(With Summarized Comparative Financial Information 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	7-18

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

BOARD OF DIRECTORS

FOR THE YEAR ENDED JUNE 30, 2017

Officers of the Board

Mr. Sherman Neal	President
Mr. Derryk Madsen	Vice President, Board Governance
Ms. Yolanda Rocio	Vice President, Programs
Mr. Ian Parr	Vice President, Resource Development
Mr. John Attard	Vice President
Mr. John Vires	Treasurer

Board Members

Dr. Jeffrey A. Appel	Mr. Kenneth D. Gorman (partial year)
Dr. Christopher B. Burke	Mr. Scott Marquardt
Ms. Carla Burkhardt (partial year)	Ms. Annette C. Shoemaker (partial year)
Ms. Katie Clancy	Mr. Jonathan J. Shimp
Mr. Kirk Dillard	Ms. Angel M. Traub
Mr. David S. Fox	

Emeritus Board Members

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

Ex-Officio

Ms. Deanne Mazzochi	Mrs. Karen Kuhn
Ms. Catherine Brod (partial year)	Dr. Ann Rondeau

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
College of DuPage Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of College of DuPage Foundation (a nonprofit organization), a component unit of the College of DuPage, which comprise the statement of financial position as of June 30, 2017, 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, 2017, 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 Summarized Comparative Information

We have previously audited College of DuPage Foundation's June 30, 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Deerfield, IL
September 29, 2017

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(With Summarized Comparative Financial Information for June 30, 2016)

	2017	2016
Assets		
Cash and cash equivalents	\$ 384,422	\$ 221,299
Investments	6,274,560	5,651,360
Pledges receivable	114,843	185,916
Bequest receivable - restricted funds	--	1,600,000
Cash surrender value of life insurance policies	10,895	10,895
Investments - restricted	8,814,240	5,515,392
Art collection	1,733,068	1,733,068
Total Assets	\$ 17,332,028	\$ 14,917,930
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 43,752	\$ 98,139
Due to College of DuPage	266,102	253,998
Other liabilities	--	2,795
Total Liabilities	309,854	354,932
 Net Assets		
Unrestricted	2,382,764	2,502,079
Temporarily restricted	5,825,170	4,945,527
Permanently restricted	8,814,240	7,115,392
Total Net Assets	17,022,174	14,562,998
Total Liabilities and Net Assets	\$ 17,332,028	\$ 14,917,930

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, 2017

(With Summarized Comparative Financial Information for the Year Ended June 30, 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues and Support					
Gifts and contributions	\$ 1,175,897	\$ 248,933	\$ 1,698,848	\$ 3,123,678	\$ 3,132,963
Noncash contributions	42,070	229,810	--	271,880	110,759
College In-kind contributions	440,887	--	--	440,887	498,840
Total Contributions	<u>1,658,854</u>	<u>478,743</u>	<u>1,698,848</u>	<u>3,836,445</u>	<u>3,742,562</u>
Net investment income	112,997	312,357	--	425,354	462,871
Net realized gain (loss) on sale of investments	(32,935)	(92,110)	--	(125,045)	(620,807)
Net unrealized gain (loss) on investments	307,119	784,990	--	1,092,109	(264,857)
Change in value of split-interest agreement	--	2,795	--	2,795	6,161
Total Investment Income	<u>387,181</u>	<u>1,008,032</u>	<u>--</u>	<u>1,395,213</u>	<u>(416,632)</u>
Net Assets Released From Restrictions	<u>607,132</u>	<u>(607,132)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues and Support	<u>2,653,167</u>	<u>879,643</u>	<u>1,698,848</u>	<u>5,231,658</u>	<u>3,325,930</u>
Expenses					
Program					
Scholarships granted	504,992	--	--	504,992	471,699
Awards granted	12,800	--	--	12,800	12,983
Cash gifts to College of DuPage	1,276,416	--	--	1,276,416	1,399,965
Noncash gifts to College of DuPage	271,880	--	--	271,880	110,760
College In-kind distributions	166,420	--	--	166,420	172,315
Other	25,204	--	--	25,204	199
Program Total	<u>2,257,712</u>	<u>--</u>	<u>--</u>	<u>2,257,712</u>	<u>2,167,921</u>
Management and General					
College In-kind distribution	60,667	--	--	60,667	94,065
Other management and general	220,617	--	--	220,617	228,009
Management and General Total	<u>281,284</u>	<u>--</u>	<u>--</u>	<u>281,284</u>	<u>322,074</u>
Fundraising					
College In-kind distribution	213,800	--	--	213,800	232,460
Other fundraising	19,686	--	--	19,686	68,136
Fundraising Total	<u>233,486</u>	<u>--</u>	<u>--</u>	<u>233,486</u>	<u>300,596</u>
Total Expenses	<u>2,772,482</u>	<u>--</u>	<u>--</u>	<u>2,772,482</u>	<u>2,790,591</u>
Change in Net Assets	(119,315)	879,643	1,698,848	2,459,176	535,339
Net Assets - Beginning	<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>
Net Assets - Ending	<u>\$ 2,382,764</u>	<u>\$ 5,825,170</u>	<u>\$ 8,814,240</u>	<u>\$ 17,022,174</u>	<u>\$ 14,562,998</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, 2017

(With Summarized Comparative Financial Information for the Year Ended June 30, 2016)

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 2,459,176	\$ 535,339
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions of investment securities	(29,632)	(48,606)
Contributions of endowments	(3,298,848)	(62,996)
Net realized loss on sale of investments	125,045	620,807
Net unrealized (gain) loss on investments	(1,092,109)	264,857
Changes in operating assets and liabilities:		
Pledges and bequests receivable	1,671,073	(1,578,330)
Accounts payable and other liabilities	(57,182)	91,978
Due to College of DuPage	12,104	30,370
Total Adjustments	(2,669,549)	(681,920)
Net Cash Used in Operating Activities	(210,373)	(146,581)
Cash Flows From Investing Activities		
Purchases of investments	(7,819,529)	(5,470,927)
Proceeds from sale of investments, net	4,894,177	5,708,057
Net Cash Provided by (Used in) Investing Activities	(2,925,352)	237,130
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowment principal	3,298,848	62,996
Net Cash Provided by Financing Activities	3,298,848	62,996
Net Increase in Cash and Cash Equivalents	163,123	153,545
Cash and Cash Equivalents – Beginning	221,299	67,754
Cash and Cash Equivalents – Ending	\$ 384,422	\$ 221,299

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, 2017

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, 2017

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, 2017

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 2017, total contributions for WDCB-FM radio station accounted for in the Foundation were \$945,176, and disbursements recorded as Cash Gifts to College of DuPage were \$904,330 compared to \$908,582 contribution revenue and \$886,828 of disbursements in fiscal year 2016.

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, 2017

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 GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

SUBSEQUENT EVENTS

The Foundation has evaluated all significant events or transactions through September 29, 2017, the date that these financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 and are reported at fair value in the Foundation's 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, 2017. 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 income tax expense, respectively. The Foundation has no amounts accrued to interest or penalties as of June 30, 2017. The Foundation's income tax returns are subject to examination by federal and state taxing authorities. There are currently no examinations underway or expected.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - INVESTMENTS

Investment securities, at fair value, are comprised of the following as of June 30, 2017:

Money Market Funds	\$ 14,089
Equities	23,927
Equity Funds	9,925,496
Equity Mutual Funds	<u>12,974</u>
Total Short-Term Investments	<u>9,976,486</u>
Bond Funds	<u>5,112,314</u>
Total Long-Term Investments	<u>5,112,314</u>
Total Investments	<u>\$15,088,800</u>

Investment income is reported net of investment advisory fees. Investment income is comprised of the following as of June 30, 2017:

Gross investment income	\$ 492,830
Investment advisory fees	<u>(67,476)</u>
Net Investment Income	<u>\$ 425,354</u>
Investment Returns Consist of:	
Net investment income	\$ 425,354
Net realized gain (loss) on sale of investments	(125,045)
Net unrealized gain (loss) on investments	1,092,109
Change in value of split-interest agreement	<u>2,795</u>
Total Investment Returns	<u>\$1,395,213</u>

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:

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - INVESTMENTS (CONTINUED)

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, 2017.

Equities

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

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.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - INVESTMENTS (CONTINUED)

Fair value measurements recorded on a recurring basis at June 30, 2017 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	\$ 23,927	\$ --	\$ --	\$ 23,927
Mutual Funds:				
Bond Funds	5,112,314	--	--	5,112,314
Equity Funds	9,925,496	--	--	9,925,496
Money Market Funds	14,089	--	--	14,089
Equity Mutual Funds	<u>12,974</u>	<u>--</u>	<u>--</u>	<u>12,974</u>
Total	<u>\$15,088,800</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$15,088,800</u>

There were no transfers between levels during the year ended June 30, 2017.

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, 2017 to be \$440,887 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
Program	\$166,420	37.7%
Management and general	60,667	13.8
Fundraising	<u>213,800</u>	<u>48.5</u>
Total	<u>\$440,887</u>	<u>100.0%</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 99,324
Receivable due in more than one year	<u>15,519</u>
Total Unconditional Promises to Give	<u>\$114,843</u>

NOTE 8 - 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, 2017 were comprised of the following:

Scholarship to College Students	\$277,132
Gifts to the College McAninch Arts Center	46,842
Gifts to the Cleve Carney Art Gallery	184,570
Gifts to the College Business and Technology Programs	63,044
Gifts to the College Health and Science Programs	10,638
Gifts to the College Fine Arts Programs	6,762
Gifts to the College International Studies Program	6,050
Gifts to the College Athletics/Red Grange Bowl	3,000
Gifts to the College FUEL Pantry Support	4,723
Gifts to the College life Long Learning Program	<u>4,371</u>
Total	<u>\$607,132</u>

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 9 - NET ASSETS

Temporarily restricted net assets as of June 30, 2017 are available for the following purposes:

Programs	\$3,853,313
Scholarships	<u>1,971,857</u>
Total Temporarily Restricted Net Assets	<u>\$5,825,170</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - NET ASSETS (CONTINUED)

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	\$2,998,374
Scholarships	<u>5,815,866</u>
Total Permanently Restricted Net Assets	<u>\$8,814,240</u>

NOTE 10 - 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.

NOTE 11 - 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.

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - ENDOWMENT (CONTINUED)

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.

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	\$ <u> --</u>	<u>\$3,484,398</u>	<u>\$8,814,240</u>	<u>\$12,298,638</u>

During the year ended June 30, 2017, the Foundation had the following endowment related activities:

	Permanently Restricted Endowment Funds	Temporarily Restricted Endowment Funds
Endowment Net Assets - Beginning	<u>\$7,115,392</u>	<u>\$2,477,595</u>
Investment Return		
Net appreciation (realized and unrealized)	<u> --</u>	<u>1,060,830</u>
Total Investment Return	<u> --</u>	<u>1,060,830</u>
Contributions to perpetual endowment	1,698,848	241,948
Appropriate of endowment assets	<u> --</u>	<u>(295,975)</u>
Endowment Net Assets - Ending	<u>\$8,814,240</u>	<u>\$3,484,398</u>

COLLEGE OF DUPAGE FOUNDATION
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - ENDOWMENT (CONTINUED)

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, 2017.

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.

NOTE 12 - CONTRIBUTIONS – REVENUE CONCENTRATION

Approximately 42% of the Foundation's total contributions were provided by one contributor.

NOTE 13 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Foundation received donations of approximately \$22,573 from members of management and the board of directors.

NOTE 14 - CONTINGENCIES

In the ordinary course of business, the Foundation is subject to litigation, claims, regulatory and administrative proceedings. The Foundation will accrue liabilities if it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Foundation will disclose litigation, claims and administrative actions if there is a reasonable possibility that a loss has been incurred or if the loss is probable but the amount cannot be reasonably estimated.

A company has filed a petition seeking reimbursement of attorney fees from the College and Foundation. The petition relates to a claim that was settled during the year ended June 30, 2017. The Foundation has not paid, or recorded an accrued liability as of June 30, 2017 with respect to these costs. In the judgment of Foundation management and legal counsel, the Foundation is not liable for these costs.