COLLEGE OF DUPAGE FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2013

COLLEGE OF DUPAGE FOUNDATION

TABLE OF CONTENTS
JUNE 30, 2013

COLLEGE OF DUPAGE FOUNDATION

BOARD OF TRUSTEES

June 30, 2013

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of DuPage Foundation
Glen Ellyn, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the College of DuPage Foundation (Foundation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities 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.

Auditor's 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 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 the Foundation as of June 30, 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Report on Summarized Comparative Information

We have previously audited the Foundation's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
October 10, 2013

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2013
(With Summarized Financial Information for June 30, 2012)

	2013	2012
ASSETS		
Cash and Cash Equivalents	$ 458,713	$ 414,256
Investments	10,235,739	9,577,557
Pledges Receivable	340,029	248,584
Cash Surrender Value of Life Insurance Policies	10,340	10,068
Total Assets	$ 11,044,821	$ 10,250,465
LIABILITIES AND NET ASSETS		
LIABILITIES		
Other Liabilities	$ 21,958	$ 28,122
Total Liabilities	21,958	28,122
NET ASSETS		
Unrestricted	2,860,448	2,668,091
Temporarily Restricted	3,484,405	4,738,502
Permanently Restricted	4,678,010	2,815,750
Total Net Assets	11,022,863	10,222,343
TOTAL LIABILITIES AND NET ASSETS	$ 11,044,821	$ 10,250,465

See accompanying notes to financial statements.

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013
(With Summarized Financial Information for the Year Ended June 30, 2012)

	2013				
	Unrestricted Restricted	Temporarily Restricted	Permanently Restricted	Total	2012* Total
REVENUES					
Gifts and Contributions	$ 669,713	$ 224,384	$ 112,555	$ 1,006,652	$ 746,164
Noncash Contributions	617,855	16,726	273	634,854	832,540
Total Contributions	1,287,568	241,110	112,828	1,641,506	1,578,704
Net Realized Gain (Loss) on Sale of Investments	7,975	6,796	19,085	33,856	25,759
Net Investment Income	105,556	42,554	197,167	345,277	429,448
Net Unrealized Gain (Loss) on Investments	146,912	49,787	283,975	480,674	(537,421)
Change in Value of Split-Interest Agreement	-	6,164	-	6,164	5,930
Investment Income	260,443	105,301	500,227	865,971	(76,284)
Miscellaneous	-	-	-	-	36,694
Net Assets Released from Restrictions	351,303	(351,303)	-	-	-
Total Revenues	1,899,314	(4,892)	613,055	2,507,477	1,539,114
EXPENSES					
Program					
Scholarships Granted	379,126	-	-	379,126	313,246
Awards Granted	18,799	-	-	18,799	38,096
Cash Gifts to College of DuPage	468,635	-	-	468,635	357,625
Noncash Gifts to College of DuPage	155,577	-	-	155,577	503,140
Other	1,372	-	-	1,372	1,465
Program Total	1,023,509	-	-	1,023,509	1,213,572
Management and General	208,759	-	-	208,759	257,398
Fundraising	474,689	-	-	474,689	413,727
Total Expenses	1,706,957	-	-	1,706,957	1,884,697
Change in Net Assets	192,357	(4,892)	613,055	800,520	(345,583)
Change in Classification of Donor Restrictions	-	(1,249,205)	1,249,205	-	-
Net Assets, Beginning of Year	2,668,091	4,738,502	2,815,750	10,222,343	10,567,926
Net Assets, End of Year	$ 2,860,448	$ 3,484,405	$ 4,678,010	$ 11,022,863	$ 10,222,343

* Reclassifications of expense categorizations for fiscal year 2012 have been made and are presented in the same methodology as fiscal year 2013. See note two for further information.

See accompanying notes to financial statements.

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013
(With Summarized Financial Information for the Year Ended June 30, 2012)

	2013	2012
Cash Flows From Operating Activities		
Change in Net Assets	$ 800,520	$ (345,583)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Contribution of Investment Securities	1,995	86
Contributions of Endowments	(112,828)	(121,270)
Net Realized (Gain) Loss on Sale of Investments	(33,856)	25,759
Net Unrealized (Gain) Loss on Investments	(480,674)	537,421
(Increase) Decrease in		
Pledges Receivable	(91,445)	76,870
Cash Surrender Value of Life Insurance Policies	(272)	(270)
Due from College of DuPage	-	1,027
Increase (Decrease) in		
Due to College of DuPage	-	(311,645)
Other Liabilities	(6,164)	(5,930)
Total Adjustments	(723,244)	202,048
Net Cash from Operating Activities	77,276	(143,535)
Cash Flows From Investing Activities		
Purchases of Investments	(395,647)	(10,075,997)
Sales of Investments	250,000	-
Net Cash from Investing Activities	(145,647)	(10,075,997)
Cash Flows From Financing Activities		
Proceeds from Contributions Restricted for Endowment Principal	112,828	121,270
Net Cash from Financing Activities	112,828	121,270
Net Increase (Decrease) In Cash And Cash Equivalents	44,457	(10,098,262)
Cash And Cash Equivalents, Beginning Of Year	414,256	10,512,518
Cash And Cash Equivalents, End Of Year	$ 458,713	$ 414,256

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

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

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. Currently, the Foundation does not have any component units. However, pursuant to the standards established in GASB Statement No. 14, *The Financial Reporting Entity,* 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 Organizations Are Component Units, an amendment of GASB Statement 14,* 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.

These 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:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations 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 received. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Information

The financial statements include prior year comparative 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, 2012, from which the summarized information was derived. In the process of aggregating data for the financial statements, some amounts reported in the prior year have been reclassified; however, the reclassifications did not affect total assets, liabilities, net assets and changes in net assets. During the year the Foundation staff reviewed expenses incurred and based on this review, reclassified some expenses to properly reflect actual activities performed within the three categories: Program, Management and General, and Fundraising expenses. The FY2013 and FY2012 expenses have been reclassified as a result of the review process.

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 the terms of the gift impose restrictions on the use of the income; 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

Investment securities are reported in the statement of financial position at fair value based on quoted market prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 and the differences could be material to these financial statements.

Fair Value Measurements

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Change in Classification of Donor Restrictions

Current year changes initiated by donors to prior year donor restriction classifications are reported "Change in Classification of Donor Restrictions" on the Statement of Activities. These changes were initiated when major donors changed the classification of prior donations received in prior fiscal years.

Allocations of Expenses

The majority of expenses can generally be directly identified with the programs or supporting service to which they relate and are charged, accordingly. Other expenses have been allocated among program and supporting service classifications on a basis determined by the Foundation's management.

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 as temporarily restricted contribution in the period the Trust was established. Assets held in the Trust totaled $58,709 at June 30, 2013 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 $21,958 as June 30, 2013 is calculated using a discount rate of 4% and is reflected in other liabilities in the accompanying statement of financial position.

4. INCOME TAXES

The Foundation has been 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 has 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. Any such taxes resulting from unrelated business activities are insignificant to the operations of the Foundation. 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 will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will 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, 2013. The Foundation is no longer subject to examination by U.S. federal taxing authorities for years before 2009 and for all state income taxes through 2009. 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 for interest or penalties as of June 30, 2013.

5. INVESTMENTS

Investment securities, at fair value, are comprised of the following as of June 30, 2013:

Money Market Funds	$ 64,899
Equities	439,965
Equity Funds	6,034,685
Equity Mutual Funds	17,506
Total Short-Term Investments	6,557,055
Bond Funds	3,678,684
Total Long-Term Investments	3,678,684
Total Investments	$ 10,235,739

Investment income is reported net of investment advisory fees. Investment income is comprised of the following as of June 30, 2013:

Gross Investment Income	$ 384,440
Investment Advisory Fees	(39,163)
Net Investment and Realized Income	$ 345,277
Investment Return Consists of:	
Net Investment Income	$ 345,277
Net Realized Gain/(Loss) on Sales	33,856
Net Unrealized Gain/(Loss) on Investments	480,674
Change in Value of Split-Interest	6,164
Net Investment Return	$ 865,971

5. INVESTMENTS (Continued)

Fair value measurements recorded on a recurring basis at June 30, 2013 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	$ 439,965	$ -	$ -	$ 439,965
Bond Funds	3,678,684	-	-	3,678,684
Equity Funds	6,034,685	-	-	6,034,685
Money Market Funds	64,899	-	-	64,899
Equity Mutual Funds	17,506	-	-	17,506
TOTAL	$ 10,235,739	$ -	$ -	$ 10,235,739

The fair value of investments measured using Level 1 inputs are determined by reference to quoted market prices. Those measured using Level 2 inputs utilized multiple factors including quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liabilities, either directly or indirectly (such as interest rates, yield curves, etc.). Investments classified as Level 3 in the fair value hierarchy represent other assets which used at least one significant unobservable input in valuation models and estimates.

6. CONTRIBUTED SERVICES

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, 2013 to be $535,817 which is reflected in the statement of activities as unrestricted noncash contribution revenue and allocated to the following expense categories:

	Categorization of Contributed Services	% of Total
Programmatic	$ 52,618	9.8%
Fundraising	357,860	66.8%
Management and General	125,339	23.4%
Total	$ 535,817	

7. PLEDGES RECEIVABLE

The Foundation received two multi-year pledges of $250,000 each, one in fiscal year 2010 and the other in fiscal year 2009. One pledge was fully paid in April 2013, and the other pledge is expected to be paid by August 2013.

Total pledges receivable at June 30, 2013 are as follows:

Receivable due in less than one year	$ 171,804
Receivable due in one to five years	175,183
Total unconditional promises to give	346,987
Less discounts to net present value	(2,591)
Less allowance for bad debt	(4,367)
Total discount and allowance	(6,958)
Net Pledge Receivable June 30, 2013	$ 340,029

The discount rate used on long-term promises to give is 0.75%. The allowance for bad debt is 2.5% of the balance of receivables due in more than one year.

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, 2013 were comprised of the following:

Scholarships to College Students	$	237,007
Gift to the College McAninch Art Center		83,100
Gift to the College Healthcare Programs		15,991
Gift to the College Library		10,383
Gift to the College International Studies Program		3,305
Gift to the College Homeland Security Programs		1,235
Gift to the College Community Farm		282
Total	$	351,303

9. NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Programs	$	2,062,830
Scholarships		1,399,617
Charitable remainder annuity trust		21,958
Total Temporarily Restricted Net Assets	$	3,484,405

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

10. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

11. ENDOWMENT

The Foundation's endowment currently consists of donor-restricted endowment funds, 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.

Endowment net asset composition by type of fund as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 873,040	$ 4,678,010	$ 5,551,050

11. ENDOWMENT (Continued)

During the year ended June 30, 2013, the Foundation had the following endowment-related activities:

	Permanently Restricted Endowment Funds	Temporarily Restricted Endowment Funds
Endowment Net Assets, Beginning of Year	$ 2,815,750	$ 708,752
Investment return		
Net appreciation (realized and unrealized)	500,227	151,090
Total investment return	500,227	151,090
Contributions to perpetual endowment	112,828	112,157
Reclassification to perpetual endowment	1,249,205	53,478
Appropriation of endowment assets for expenditure	-	(152,437)
Endowment Net Assets, End of Year	$ 4,678,010	$ 873,040

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, 2013.

12. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 10, 2013, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.