

COLLEGE OF DUPAGE FOUNDATION

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2015**

COLLEGE OF DUPAGE FOUNDATION

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COLLEGE OF DUPAGE FOUNDATION

BOARD OF TRUSTEES

June 30, 2015

Officers of the Board

Ms. Susan Lang Berry	President
Mr. Sherman Neal	Vice President of Resource Development (Partial Year)
Mr. Steven Ruffalo	Vice President of Resource Development (Partial Year)
Mr. Stacy Huels	Vice President of Board Development
Mr. Mark Wight	Vice President of Programs (Partial Year)
Ms. Marsha Cruzan	Treasurer
Ms. Ann Gunst	Member at Large (Partial Year)

Members of the Board

Mr. Kenneth Florey (Partial Year)	Ms. Carla Burkhart
Mr. Hank Steinbrecher (Partial Year)	Mr. Robert Schillerstrom
Ms. Sheryl Van Anne	Mr. Dan Cronin (Partial Year)
Mr. Ron Bullock (Partial Year)	Mr. James Adams
Senator Kirk Dillard	Mr. Scott Marquardt
Mr. Jeffrey Appel	Mr. John Attard
Mr. Kenneth Gorman	Dr. Christopher Burke
Mr. Ian Parr	Mr. David Fox (Partial Year)
Mr. James Mathieson (Partial Year)	

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. Robert L. Breuder (Partial Year)
Dr. Joseph Collins (Partial Year)
Ms. Dianne McGuire
Ms. Catherine Brod
Mr. Thomas Glaser (Ex-Finance Committee Officio) (Partial Year)

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, 2015, 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.

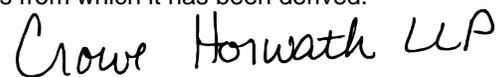
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015, 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 the Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Crowe Horwath LLP

Oak Brook, Illinois
September 15, 2015

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2015

(With Summarized Financial Information for June 30, 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 67,754	\$ 326,540
Investments	6,788,514	7,287,170
Pledges Receivable	207,586	321,112
Cash Surrender Value of Life Insurance Policies	10,895	10,567
Investments - Restricted	5,452,426	5,415,305
Art Collection	1,733,068	1,125,918
Total Assets	<u>\$ 14,260,243</u>	<u>\$ 14,486,612</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to College of DuPage	\$ 223,628	\$ -
Other Liabilities	8,956	15,560
Total Liabilities	<u>232,584</u>	<u>15,560</u>
NET ASSETS		
Unrestricted	3,035,473	3,121,251
Temporarily Restricted	5,539,760	5,934,496
Permanently Restricted	5,452,426	5,415,305
Total Net Assets	<u>14,027,659</u>	<u>14,471,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,260,243</u>	<u>\$ 14,486,612</u>

See accompanying notes to financial statements.

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	2015			2014 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
REVENUES					
Gifts and Contributions	\$ 1,131,689	\$ 280,711	\$ 36,793	\$ 1,449,193	\$ 2,366,192
Noncash Contributions	650,257	197,262	328	847,847	\$ 1,187,874
College In-Kind Contributions	705,677	-	-	705,677	689,699
Total Contributions	2,487,623	477,973	37,121	3,002,717	4,243,765
Net Investment Income	100,935	356,550	-	457,485	342,885
Net Realized Gain (Loss) on Sale of Investments	5,187	25,511	-	30,698	269,257
Net Unrealized Gain (Loss) on Investments	(232,757)	(716,961)	-	(949,718)	982,102
Change in Value of Split-Interest Agreement	-	6,604	-	6,604	6,399
Investment Income	(126,635)	(328,296)	-	(454,931)	1,600,643
Net Assets Released from Restrictions	544,413	(544,413)	-	-	-
Total Revenues	2,905,401	(394,736)	37,121	2,547,786	5,844,408
EXPENSES					
Program					
Scholarships Granted	382,803	-	-	382,803	409,832
Awards Granted	10,349	-	-	10,349	15,610
Cash Gifts to College of DuPage	1,476,961	-	-	1,476,961	1,074,492
Noncash Gifts to College of DuPage	248,673	-	-	248,673	61,828
College In-Kind Distribution	219,387	-	-	219,387	98,665
Other	1,248	-	-	1,248	1,375
Program Total	2,339,421	-	-	2,339,421	1,661,802
Management and General					
College In-Kind Distribution	106,264	-	-	106,264	160,518
Other Management and General	151,074	-	-	151,074	36,587
Management and General Total	257,338	-	-	257,338	197,105
Fundraising					
College In-Kind Distribution	380,026	-	-	380,026	430,416
Other Fundraising	14,394	-	-	14,394	106,896
Fundraising Total	394,420	-	-	394,420	537,312
Total Expenses	2,991,179	-	-	2,991,179	2,396,219
Change in Net Assets	(85,778)	(394,736)	37,121	(443,393)	3,448,189
Net Assets, Beginning of Year	3,121,251	5,934,496	5,415,305	14,471,052	11,022,863
Net Assets, End of Year	\$ 3,035,473	\$ 5,539,760	\$ 5,452,426	\$ 14,027,659	\$ 14,471,052

See accompanying notes to financial statements.

COLLEGE OF DUPAGE FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (443,393)	\$ 3,448,189
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Contribution of Investment Securities	15,918	6,107
Contributions of Art (Estate Gifts \$607,060)	(847,520)	(1,129,440)
Contributions of Endowments	(36,793)	(737,069)
Net Realized (Gain) Loss on Sale of Investments	(30,698)	(269,257)
Net Unrealized (Gain) Loss on Investments	949,718	(982,102)
(Increase) Decrease in		
Pledges Receivable	113,526	18,917
Cash Surrender Value of Life Insurance Policies	(328)	(226)
Other Liabilities	(6,604)	(6,399)
Total Adjustments	<u>157,219</u>	<u>(3,099,469)</u>
Net Cash from Operating Activities	<u>(286,174)</u>	<u>348,720</u>
Cash Flows From Investing Activities		
Purchases of Investments	(509,214)	(1,237,026)
Sales of Investments	499,809	19,064
Net Cash from Investing Activities	<u>(9,405)</u>	<u>(1,217,962)</u>
Cash Flows From Financing Activities		
Proceeds from Contributions Restricted for Endowment Principal	36,793	737,069
Net Cash from Financing Activities	<u>36,793</u>	<u>737,069</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(258,786)	(132,173)
Cash And Cash Equivalents, Beginning Of Year	<u>326,540</u>	<u>458,713</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 67,754</u>	<u>\$ 326,540</u>
Noncash Transactions:		
Recognized Collection Items	<u>\$ 847,520</u>	<u>\$ 1,129,440</u>

See accompanying notes to financial statements.

COLLEGE OF DUPAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of 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 Organizations 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.

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)

In the fourth quarter of fiscal year 2013, revenues received through contributions from private fundraising for WDCB-FM radio station were accounted for in the Foundation's financial statements. Prior to this, these contributions were accounted for in the College'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 years 2014 and 2015, total contributions for WDCB-FM radio station accounted for in the Foundation were \$859,392, and disbursements recorded as Cash Gifts to College of DuPage were \$831,741 compared to \$736,180 contribution revenue and \$722,712 of disbursements in fiscal year 2014.

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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.

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 as a separate line item, "Change in Classification of Donor Restrictions" on the Statement of Activities.

Allocations of Expenses

Expenses are identified as either program, management and general and 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 preformed.

PY Comparative Amounts

The financial statements include certain prior year summarized comparative information in total but not by net asset class for the statements of activities or the prior year notes to the financial statements. 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.

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 a temporarily restricted contribution in the period the Trust was established. Assets held in the Trust totaled \$57,379 at June 30, 2015 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 \$8,956 as June 30, 2015 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.

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. 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 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, 2015. The Foundation is no longer subject to examination by U.S. federal taxing authorities for years prior to 2011 and through 2011 for all state income taxes. 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, 2015.

5. INVESTMENTS

Investment securities, at fair value, are comprised of the following as of June 30, 2015:

Money Market Funds	\$ 3,150
Equities	618,372
Equity Funds	7,183,891
Equity Mutual Funds	<u>15,799</u>
Total Short Term Investments	<u>7,821,212</u>
Bond Funds	<u>4,419,728</u>
Total Long Term Investments	<u>4,419,728</u>
Total Investments	<u>\$ 12,240,940</u>

Investment income is reported net of investment advisory fees. Investment income is comprised of the following as of June 30, 2015:

Gross Investment Income	\$ 507,021
Investment Advisory Fees	<u>(49,536)</u>
Net Investment Income	<u>\$ 457,485</u>
Investment Returns Consist of:	
Net Investment Income	\$ 457,485
Net Realized Gain/(Loss) on Sales	30,698
Net Unrealized Gain/(Loss) on Investments	(949,718)
Change in Value of Split Interest Agreement	<u>6,604</u>
Investment Income	<u>\$ (454,931)</u>

COLLEGE OF DUPAGE FOUNDATION
 NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (Continued)

5. INVESTMENTS (Continued)

Fair value measurements recorded on a recurring basis at June 30, 2015 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	\$ 618,372	\$ -	\$ -	\$ 618,372
Bond Funds	4,419,728	-	-	4,419,728
Equity Funds	7,183,891	-	-	7,183,891
Money Market Funds	3,150	-	-	3,150
Equity Mutual Funds	15,799	-	-	15,799
TOTAL	\$ 12,240,940	\$ -	\$ -	\$ 12,240,940

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. 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, 2015 to be \$705,677 which is reflected in the statement of activities as unrestricted College In-Kind contribution revenue and allocated to the following expense categories:

	Categorization of Contributed Services	% of Total
Programmatic	\$ 219,387	31.1%
Fundraising	380,026	53.9%
Management and General	106,264	15.1%
Total	\$ 705,677	

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.

Total pledges receivable at June 30, 2015 are as follows:

Receivable due in less than one year	\$ 176,849
Receivable due in more than one year	<u>31,695</u>
Total unconditional promises to give	208,544
Less discounts on net present value	(203)
Less allowance for bad debt	<u>(755)</u>
Total discount and allowance	<u>(958)</u>
Net Pledge Receivable June 30, 2015	<u><u>\$ 207,586</u></u>

The discount rate used on long-term promises is 0.75%. The allowance for bad debt is calculated using 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, 2015 were comprised of the following:

Scholarship to College Students	\$ 238,768
Gifts to the College Homeland Security Program	88,788
Gifts to the College McAninch Art Center	61,868
Gifts to the Cleve Carney Art Gallery	49,665
Gifts to the College Engineering Program	40,160
Gifts to the WDCB	29,594
Gifts to the College Physical Education Program	9,133
Gifts to the College Student Crisis Emergency Fund	7,692
Gifts to the College Healthcare Programs	6,981
Gifts to the College Fine Arts Programs	3,624
Gifts to the College International Studies Program	2,974
Gifts to the Interior Design Program	2,750
Gifts to the Lifelong Learning Program	<u>2,416</u>
 Total	 <u><u>\$ 544,413</u></u>

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

9. NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Programs (Including \$1,183,758 Art Collection)	\$ 3,710,793
Scholarships	1,820,011
Charitable remainder annuity trust	<u>8,956</u>
 Total Temporarily Restricted Net Assets	 <u><u>\$ 5,539,760</u></u>

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 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.

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.

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
 NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (Continued)

11. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	\$ -	\$ 2,919,008	\$ 5,452,426	\$ 8,371,434

During the year ended June 30, 2015, the Foundation had the following endowment-related activities:

	Permanently Restricted Endowment Funds	Temporarily Restricted Endowment Funds
Endowment Net Assets, Beginning of Year	\$ 5,415,305	\$ 3,367,935
Investment Return		
Net appreciation (Realized and unrealized)	-	(358,226.00)
Total investment return	-	(358,226.00)
Contributions to perpetual endowment	37,121	111,484.00
Reclassification to perpetual endowment	-	-
Appropriate of endowment assets for expenditure	-	(202,185.00)
Endowment Net Assets, End of Year	\$ 5,452,426	\$ 2,919,008

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, 2015.

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.

12. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through September 15, 2015, 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.

