

SPOON RIVER COLLEGE FOUNDATION

FINANCIAL REPORT

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Spoon River College Foundation
Canton, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of Spoon River College Foundation (the Foundation), a component unit of Spoon River College, Illinois Community College District #534, which comprise the statement of financial position as of June 30, 2018, 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; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Spoon River College Foundation as of June 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in net assets on pages 16-19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Sterling, Illinois
October 12, 2018

FINANCIAL STATEMENTS

SPOON RIVER COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS	
Cash	\$671,471
Investments	2,372,879
Receivables, net	12,632
Beneficial interest in perpetual trusts	808,502
Capital assets, non-depreciable	40,000
Total assets	
	\$3,905,484
LIABILITIES	
Accounts payable	\$14,686
Total liabilities	
	14,686
NET ASSETS	
Unrestricted	130,399
Temporarily restricted	1,202,565
Permanently restricted	2,557,834
Total net assets	
	3,890,798
Total liabilities and net assets	
	\$3,905,484

See Notes to Financial Statements.

SPOON RIVER COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support received:				
Contributions	\$66,851	\$260,074	\$56,000	\$382,925
In-kind	76,691	0	0	76,691
Interest and dividends	0	51,756	0	51,756
Net realized gain (loss) on investments	0	49,998	0	49,998
Net unrealized gain (loss) on investments	0	27,782	0	27,782
Unrealized gain (loss) on beneficial interest in trust	0	0	7,175	7,175
Net assets reclassified	(5,075)	(14,925)	20,000	0
Net assets released from restrictions	251,184	(251,184)	0	0
Total revenue, gains, and other support received	389,651	123,501	83,175	596,327
Expenses:				
Program services:				
Grants, awards and scholarships				
Student Scholarships	88,561	0	0	88,561
Institutional support	145,594	0	0	145,594
Total program services	234,155	0	0	234,155
Supporting services:				
Management and general:				
In-kind - salaries, benefits, and rent	76,691	0	0	76,691
Administrative	49,369	0	0	49,369
Other	18,252	0	0	18,252
Total supporting services	144,312	0	0	144,312
Total expenses	378,467	0	0	378,467
Change in net assets	11,184	123,501	83,175	217,860
Net assets, beginning of year	119,215	1,079,064	2,474,659	3,672,938
Net assets, end of year	\$130,399	\$1,202,565	\$2,557,834	\$3,890,798

See Notes to Financial Statements.

SPOON RIVER COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$217,860
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Contributions restricted for long-term investment	(76,000)
Realized (gains) losses of investments	(49,998)
Unrealized (gains) losses of investments	(27,782)
(Increase) decrease in operating assets:	
Receivables	2,995
Beneficial interest in trusts	(7,176)
Increase (decrease) in operating liabilities:	
Accounts payable	(3,972)
<hr/>	
Net cash flows from operating activities	55,927
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(606,539)
Proceeds from the sale of investment	569,037
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Net cash flows from investing activities	(37,502)
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CASH FLOWS FROM FINANCING ACTIVITIES

Cash gifts for donor-restricted endowment	76,000
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Net cash flows from financing activities	76,000
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INCREASE IN CASH EQUIVALENTS 94,425

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 577,046

CASH AND CASH EQUIVALENTS, END OF YEAR \$671,471

See Notes to Financial Statements.

SPOON RIVER COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies:

Nature of Business

Spoon River College Foundation (the Foundation) was formed under the General Not For Profit Foundation Act of the State of Illinois on May 21, 1979. The Foundation has been approved by the Commissioner of Internal Revenue as an exempt organization under Section 501 of the Internal Revenue Code. Contributions to the Foundation qualify as charitable contributions for federal income tax purposes.

The Foundation was established to assist in carrying out the educational functions of Spoon River Community College. The Foundation provides funds by solicitation and receipt of grants, endowments and other funds and the allocation of these funds to the College for educational, service, capital and other institutional needs.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Financial Statement Presentation

The financial statements separately identify the net assets of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Unrestricted Net Assets – Includes net assets that are not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily Restricted Net Assets – Includes net assets that are temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Refer to Note 8 for additional information pertaining to temporarily restricted net assets.

Permanently Restricted Net Assets – Includes net assets that are permanently restricted by the donors and cannot be expended. Refer to Note 9 for additional information pertaining to permanently restricted net assets.

Contributions and Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. 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.

SPoon RIVER COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Contributions and Revenues (continued)

Contributions of assets other than cash are recorded at fair value at the date of the donation.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2018, there were promises to give to the Foundation in the amount of \$14,036 and the allowance for uncollectible pledges was \$1,404.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files Forms 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filled, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Services (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for tax years before June 30, 2015.

SPOON RIVER COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its general cash accounts in one financial institution. Those balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Certificates of Deposit

The Foundation holds non-brokered certificates of deposit which are carried at cost.

Investments and Investment Earnings

Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. All investments are in mutual funds with readily determinable fair values. Investments are carried at fair value as determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Investment income or loss is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

Capital Assets

The Foundation capitalizes all expenditures for capital assets at historical cost. Donated capital assets are carried at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful years. As of June 30, 2018, the Foundation's capital assets consists of land which is not depreciable.

Donated Services

Donated services are to be recognized in the financial statements. The services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in in-kind in the amount of \$76,691.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Subsequent Events

The Foundation has evaluated subsequent events through October 12, 2018, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2018 have been incorporated herein. There are no other subsequent events that require disclosure.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this Update is permitted. The Foundation has not elected to early implement the amendments.

Note 2. Investments:

All investments are carried by the Foundation at fair market value. The investments at June 30, 2018 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market	\$103,438	\$103,438	\$0
Certificates of deposit	268,519	268,519	0
Mutual funds	201,401	202,769	(1,368)
Equities	1,300,977	967,229	333,748
Bonds and notes	498,544	510,424	(11,880)
	\$2,372,879	\$2,052,379	\$320,500

The following schedule summarizes the investment return and its classification in the Statements of Activities for the year ended June 30, 2018:

	Temporarily Restricted
Interest and dividends	\$51,756
Realized gains (losses)	49,998
Unrealized gains (losses)	27,782
Total	\$129,536

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 3. Capital Assets:

At June 30, 2018, the Foundation's capital assets consisted of donated land carried at the approximate fair value at the date of the donation.

	Fair Value	Accumulated Depreciation	Net
Land	\$40,000	\$0	\$40,000

During fiscal year 2017, the Foundation purchased land from the College for \$10 to lease to a company that is built apartments on campus. Since this is a related party transaction that is not at arm's length, the land was valued at approximated fair value instead of cost.

Note 4. Endowment Funds:

The Foundation's endowment consists of approximately 63 individual funds established to be maintained permanently with earnings to be used for a variety of purposes.

The Foundation follows the laws prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as permanently restricted net assets (a) the original value of the 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 as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation

Investment income generated by the Foundation's endowment funds are used to benefit each endowment's intended purpose.

**SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

Note 4. Endowment Funds (continued):

The endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$817,413	\$1,749,333	\$2,566,746

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets	\$0	\$690,960	\$1,673,333	\$2,364,293
Investment return:				
Interest income	0	51,756	0	51,756
Net appreciation (realized and unrealized) on investments	0	77,780	0	77,780
Total investment return	0	129,536	0	129,536
Contributions	0	64,069	56,000	120,069
Net assets reclassified	0	0	20,000	20,000
Appropriation of endowment assets for expenditure	0	(67,152)	0	(67,152)
Endowment net assets, end of year	\$0	\$817,413	\$1,749,333	\$2,566,746

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no individual donor-restricted endowment fund deficiencies at June 30, 2018.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies to maximize total return (appreciation and income) and to achieve a specified income level while minimizing credit risk and avoiding excessive market risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a specified period(s), as well as the earnings on those funds which have not yet been appropriated. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk.

SPOON RIVER COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Endowment Funds (continued):

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized and current yield (interest and dividends). The Foundation's policy is that its investments should consist of a high-quality portfolio of securities following "the Prudent Man rule." Management believes this strategy will help to achieve the Foundation's long-term return objectives within prudent risk constraints. While this is the long-term strategy, on a short-term basis the Foundation chose to invest in highly liquid, short-term securities.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period.

Note 5. Beneficial Interest in Perpetual Trusts:

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 20% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 20% of the trust's fair value. The recorded value was \$282,199 as of June 30, 2018. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 60% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 60% of the trust's fair value. The recorded value was \$57,968 as of June 30, 2018. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$11,177 as of June 30, 2018. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 100% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 100% of the trust's fair value. The recorded value was \$26,449 as of June 30, 2018. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$430,707 as of June 30, 2018. The change in fair value is recorded on the statement of activities.

SPOON RIVER COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Pledges Receivables:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. An allowance has been set up in the amount of \$1,404 for uncollectible pledges. The breakdown of pledges receivable as of June 30, 2018 is as follows:

Due in one year or less	\$14,036
Less allowance for uncollectible pledges	(1,404)
Donation receivables	\$12,632

Note 7. Fair Value Measurements:

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan 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; or 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 following table presents the Foundation's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2018:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$201,401	\$201,401	\$0	\$0
Equities	1,300,977	1,300,977	0	0
Bonds and notes	498,544	0	498,544	0
Beneficial interest in perpetual trusts	808,502	0	0	808,502
Total fair value measurements	\$2,809,424	\$1,502,378	\$498,544	\$808,502

SPOON RIVER COLLEGE FOUNDATION NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. Fair Value Measurements (continued):

Reconciliation of assets measured using Level 3 inputs as of June 30, 2018:

Balance, beginning of year	\$801,326
Gains (Losses)	17,018
Purchases	11,135
Distributions and fees	(20,977)
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Balance, end of year	\$808,502

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

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.

Equities: Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Bonds and notes: Investments in debt securities that are classified as Level 2 if the fair value is determined using similar benchmark quoted securities. They are subject to restrictive provisions relating to redemptions of the investments.

Beneficial Interests in Perpetual Trusts: As described in Note 5, the Foundation is the beneficiary of four perpetual trusts established by donors and managed by banks. The fair value of the beneficial interest is estimated using the fair value of the assets held in the trust reported by the trustee as of June 30, 2018. The Foundation considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them and they cannot be sold.

Note 8. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes

<u>Student scholarships, awards and College support</u>	<u>\$1,202,565</u>
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SPOON RIVER COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to be held as investments, with a portion of earnings to be added to permanently restricted net assets and a portion of earnings to be used for scholarships and awards to students as well as College support. Earnings which are used for scholarships to students are temporarily restricted until such earnings are used for scholarships to students as specified by the donor, at which time they are reclassified as unrestricted. As of June 30, 2018, permanently restricted net assets totaled \$2,557,834.

Note 10. Net Assets Released:

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

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, 2018 for scholarships, awards and institutional support totaled \$251,184.

The Foundation also reclassified temporarily restricted funds of \$14,925 and \$5,075 of unrestricted funds to permanently restricted due to change in donor restrictions.

Note 11. Related Parties:

The Foundation expends funds either directly to or for the indirect benefit of Spoon River College, a related party. These expenses are for scholarships and other miscellaneous expenses. During the year, \$88,561 was expended for scholarships, and \$145,594 was expended for institutional support. As of June 30, 2018, the Foundation had payables to the College in the amount of \$14,686.

The College pays the salaries and benefits of the Foundation's employees. The Foundation has implemented "Not-for-Profit Entities: Services Received from Employees of an Affiliate" that includes \$76,691 on the financial statements as donation and the related in-kind expenses for the personnel costs incurred by the College on the Foundation's behalf.

Note 12. Commitments:

As of June 30, 2018, the Foundation is committed to paying scholarships of approximately \$60,693 awarded in 2018, but not yet payable until the students enroll and attend classes.

SPOON RIVER COLLEGE FOUNDATION

SCHEDULE OF CHANGES IN NET ASSETS

For the year ended June 30, 2018

	Balance 7/1/2017	Increases		Decreases			Balance 6/30/2018
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
General Unrestricted	\$119,215	\$66,851			\$50,592	(\$5,075)	\$130,399
Total unrestricted	119,215	66,851	\$0	\$0	50,592	(5,075)	130,399
Temporarily restricted							
Brown, Rosie Memorial Nursing Scholarship	1,611			100			1,511
Canton Chamber of Commerce Scholarship	1,000			250			750
Canton Works Club Scholarship	5,645	880					6,525
The Educators Scholarship	2,000	1,000		1,000			2,000
Edward Jones - Rusty Melhouse Scholarship	500			500			0
Fornoff, Clayton Memorial Scholarship	731						731
Herink, F.R. & M.O Memorial Trust Scholarship	3,800	1,000		700			4,100
Hunter, Mildred Scholarship (Rushville Student)	854			350			504
IHIA Scholarship	250	800		800			250
Jeager, Katherine Scholarship	1,400	800		500			1,700
Dr. Gary Kind Scholarship	0	2,500					2,500
Loebach Scholarship	500			250			250
McCloud, Ashley Memorial Scholarship	2,962			500			2,462
Shawver, Linda Memorial Agriculture Scholarship	500						500
Shawver, Linda Memorial Nursing Scholarship	500			500			0
Sports Information Intern Scholarship	275						275
SRC Art Department Scholarship	275						275
Swalec Incentive Scholarship	0	6,500					6,500
Telander, Brian Memorial Scholarship	0	3,328					3,328
TRIO Scholarship	0	5,000		5,000			0
Wesley United Meth. Church/Fellheimer Sch.	2,422	15,000		14,984			2,438
West Central FS Scholarships	6,000	5,000		4,000			7,000
General Scholarships	6,705	3,100		9,005			800
Bobell Scholarship	2,810						2,810
Miller, Delano Memorial Scholarship	2,734						2,734
Ritschel, Dr. Robert E. Scholarship	389						389
Dare, Anna Mae Memorial Scholarship	0	10,000				(10,000)	0
Murphy, Vicki Memorial Scholarship	0	895				4,200	5,095
Zaborac, Edward & Shirley Scholarship	0	10,000				(10,000)	0
Ashton, Vivian W. Memorial Scholarship	1,192		253	300			1,145
Ball, Danny Scholarship	952		357	350			959
Barnard, L.D. & Virginia L. Scholarship	814		349				1,163
Benson, Dr. Fred Scholarship	787		246	550			483
Brott, Mildred & Emory Memorial Scholarship	7,823		3,098	1,575			9,346
Bugos, Edward J. (Boogie) Memorial Scholarship	1,361	130	259	300			1,450
Canton Elks Lodge #626 Scholarship	1,638		471	300			1,809
Canton Rotary Club/Ketric&Alice Klingman Schlsp	508		240	300			448
Canton Rotary Club Scholarship	413		240	150			503
Champlin, Bob & Elizabeth Scholarship	279	750	234				1,263
Champlin, Elizabeth Memorial Scholarship	100	500	230				830
Chapin, Odella B & Schreiber Family Schp Endow	0	10,000					10,000
Chicken for Charity Scholarship	300		320				620
Cox, Dorothy Memorial Scholarship	2,603		949	1,050			2,502
Crawford, Dean and Mildred Memorial Scholarship	1,622		379	350			1,651
Dalmasso, Joseph and Maxine Memorial Scholarsh	463		239	150			552
Dare, Harold Memorial Scholarship	715		244	200			759
Davis, Carol Scholarship	2,423	250	323	500			2,496
Davis, Harley Memorial Scholarship	1,040	375	263	400			1,278
DeRenzy, Gale E. Memorial Scholarship	643		243	300			586
English, Donald E. & Helen M. Memorial Scholarshi	1,016		411	200			1,227
Fink, Rodney & Bertha Scholarship	1,924	1,600	272	1,542			2,254
Foundation Board/BOT's Scholarship	1,055		252	232			1,075
Greenwell, Tom Memorial Scholarship	912		249	175			986
Helle, Shauna Memorial Scholarship	3,627	256	1,388	1,500			3,771
Howerter, Roger Memorial Scholarship	514		240	250			504
Jackson, Carl F. Scholarship	1,021		270	350			941
Kiwanis Club of Canton Scholarship	2,188		506	500			2,194
Kruschinsky, Berniece Sprecher Scholarship	1,108		447				1,555

SPOON RIVER COLLEGE FOUNDATION

SCHEDULE OF CHANGES IN NET ASSETS

For the year ended June 30, 2018

	Balance 7/1/2017	Increases		Decreases			Balance 6/30/2018
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Kruschinsky, Carl Scholarship	1,123		448	400			1,171
Mathis, Gail Memorial Scholarship Endowment	550		241	300			491
McPheeters, Frances G. & Dorothea B. Scholarship	3,096		1,188	1,000			3,284
MidAmerica National Bank Schlsp.	16,206		4,475	2,000			18,681
Miller, Gustav A. & Elizabeth P. Scholarship	21,045	5,000	2,991	3,250			25,786
O'Brien, Molly K. Scholarship	18,145	5,590	1,098	1,750			23,083
Oliver, Avis A. Memorial Scholarship	324	50	235	100			509
Phi Mu Tau/Edward R. Kaiser Scholarship	6,375	2,448	442	1,000			8,265
Quick, J. Marshall & Helen Scholarship	16,450		4,366	2,500			18,316
Ransom, Stanley Scholarship	793		246	500			539
Red Dog Cystic Fibrosis Scholarship	2,505		1,198	900			2,803
Reed, Sherman Memorial Scholarship	29,204	16,245		6,400			39,049
Rogers, Mr. & Mrs. Glen Scholarship	21,219		5,953	2,750			24,422
Saville, Marge Memorial Scholarship	802		269	300			771
Schleich Memorial Scholarship	493	100	239	250			582
Severinsen Memorial Scholarship	852		362	400			814
Smolich, Robert Memorial Scholarship	799		258	300			757
Spoon River Partnership for Economic Developmer	1,651		266				1,917
SRC Alumni Scholarship	423		246				669
SRC Foundation Scholarships	13,857	9,351	726	8,373			15,561
Taylor, B.H. & Jim Scholarship	2,421		1,009	500			2,930
Taylor, W.I. Memorial Scholarship	1,750		268	525			1,493
Watson, Bradley K Scholarship	1,266	204	257	200			1,527
Wood, Louise Trust Scholarship	953		225				1,178
Wood, Sherrie L. Memorial Nursing Scholarship	1,518	100	399	600			1,417
Wood, Susanna Memorial Scholarship	30,505	10,000	1,038	3,000			38,543
Wrestler, Gene & Eveyln Scholarship	279		234				513
Zaborac, Dee Memorial Scholarship	2,066	780	275	800			2,321
Zaborac, Millie and Tom Education Scholarship	2,061	340	275	500			2,176
AG Program Support	10,000	5,000					15,000
Alumni Association	100						100
Arboretum	1,775						1,775
Athletic Campaign	0	20,292				5,000	25,292
Athletic Program Support	6,606	5,225			964	(7,761)	3,106
Big Read Program (Spoon River Reads)	(1)						(1)
Canton Area Economic Development	7,685						7,685
Canton Campus	63,273	686			31,028		32,931
College for Kids	490	1,555			345		1,700
Community Chorus Fund	10,000	9,400			6,440	(4,200)	8,760
English as a Second Language	35,000	1,000					36,000
Havana Center	8,338	585					8,923
Long, Gene & Marie Trust (Capital Improvements)	63,230	14,628			60,000		17,858
Macomb Campus	60,000	12,431			3,808		68,623
Rushville Center	1,894	25					1,919
Retirees Leading Initiative	15,915	750			1,358		15,307
Truman Standard Trust Fund	2,326						2,326
Two River's Arts Council	37						37
Program Support (Weld, CDT)	320						320
Undistributed Investment fees	(30,171)				17,030		(47,201)
Realized Invest. Gain	143,667		49,998				193,665
Unrealized Invest. Gain	292,663		27,782				320,445
Undistributed Interest	47,029		9,557				56,586
Adult Educ. & Family Literacy/GED	1,533	10,225			685		11,073
Ag Fundraising	1,367				150		1,217
Athletic Fundraising- Students	4,301	2,102			5,464	3,000	3,939
Athletics - Baseball Program	6,173	4,850			2,014		9,009
Athletics - Softball Program	3,002	10,676			10,515	3,000	6,163
Athletics - Volleyball	0				1,761	1,761	0
Friends of SRC Theatre	7,660	5,705			3,108		10,257
Food Insecurity	0	480			262		218
Funk Kitchen	510						510
Habitat for Humanity - Macomb Chapter	790	605			347		1,048

SPOON RIVER COLLEGE FOUNDATION

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For the year ended June 30, 2018

	Balance 7/1/2017	Increases		Decreases			Balance 6/30/2018
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Habitat for Humanity - Canton Chapter	4,059	1,501			2,566		2,994
Land Use	6,869						6,869
Land Lab Revenue / Expense	6,746	18,517			11,053		14,210
Nursing Fundraising	1,840	787			1,170		1,457
PEEPS	31						31
PTK Canton	245	105					350
PTK Macomb	228	258			518		(32)
Relay for Life	9	572			572		9
Speech & Debate Team	500						500
SRC - Learning Resource Center	755						755
Student Activities	56	130			261	75	0
Tools & Equipment - Ditec	9,259	675					9,934
TRIO Activity Account	1,320	1,437			1,204		1,553
Total temporarily restricted	1,079,064	260,074	129,536	88,561	162,623	(14,925)	1,202,565

Permanently restricted

Ashton, Vivian W. Memorial Scholarship	10,000						10,000
Ball, Danny Endowment	14,700						14,700
Barnard, L.D. & Virginia L. Endowment	14,481						14,481
Benson, Dr. Fred Endowment	10,000						10,000
Brott, Mildred & Emory Memorial Endowment	128,000						128,000
Bugos, Edward J. (Boogie) Memorial Endowment	10,000						10,000
Canton Elks Lodge #626 Endowment	19,000						19,000
Canton Rotary Club/Ketric&Alice Klingman Endowrn	10,100						10,100
Canton Rotary Club Scholarship	10,000						10,000
Canton Works Club beneficial interest in trust	55,759		2,209				57,968
Champlin, Bob & Elizabeth Scholarship	10,000	4,500					14,500
Champlin, Elizabeth Scholarship	10,000	4,500					14,500
Chapin, Odella B & Schreiber Family Schp Endow	0	17,000					17,000
Chicken for Charity	13,750						13,750
Cox, Dorothy Memorial Endowment	39,000						39,000
Crawford, Dean and Mildred Memorial Endowment	15,000						15,000
Dalmasso, Joseph and Maxine Memorial Endowme	10,000						10,000
Dare, Anna Mae Memorial Scholarship	0					10,000	10,000
Dare, Harold Memorial Endowment	10,000						10,000
Davis, Carol Scholarship	11,735						11,735
Davis, Harley Memorial Scholarship	10,500						10,500
DeRenzy, Gale E. Memorial Endowment	10,000						10,000
English, Donald E. & Helen M. Memorial Endowmer	17,000						17,000
Fink, Rodney & Bertha Endowment	10,000						10,000
Foundation Board/BOT's Endowment	10,000						10,000
Greenwell, Tom Memorial Endowment	10,000						10,000
Helle, Shauna Memorial Endowment	57,230						57,230
Herink, Francis & Margaret benefical interest in trus	26,553		(104)				26,449
Howerter, Roger Memorial Scholarship	10,010						10,010
Jackson, Carl F. Endowment	10,800						10,800
Jaeger, Katherine benefical interest in trust	11,253		(76)				11,177
Kauzlarich, Robert G and Jennifer Bond Scholarshij	0	10,000					10,000
Kiwanis Club of Canton Endowment	20,000						20,000
Krulac, Cody Memorial Scholarship	0	10,000					10,000
Kruschinsky, Berneice Sprecher Endowment	18,500						18,500
Kruschinsky, Carl Endowment	18,500						18,500
Long, Gene & Marie benefical interest in trust	286,949		(4,750)				282,199
Love, Linda Cameron Memorial Scholarship	0	10,000					10,000
Mathis, Gail Memorial Scholarship Endowment	10,000						10,000
McPheeters, Frances G. & Dorothea B. Endowment	49,000						49,000
MidAmerica National Bank Endowment	180,000						180,000
Miller, Gustav A. & Elizabeth P. Endowment	110,110						110,110
O'Brien, Molly K. Memorial Endowment	30,000						30,000
Oliver, Avis A. Memorial Endowment	10,000						10,000
Phi Mu Tau Endowment/Edward R. Kaiser Endowm	13,000						13,000
Quick, J. Marshall & Helen Endowment	175,000						175,000

SPOON RIVER COLLEGE FOUNDATION

SCHEDULE OF CHANGES IN NET ASSETS

For the year ended June 30, 2018

	Balance 7/1/2017	Increases		Decreases			Balance 6/30/2018
		Contributions	Investment Income	Scholarships	Disbursements	Transfers	
Ransom, Stanley Scholarship	10,000						10,000
Red Dog Cystic Fibrosis Endowment	50,000						50,000
Reed, Sherman Memorial Endowment	30,500						30,500
Reed, Sherman beneficial interest in trust	420,812		9,896				430,708
Rogers, Mr. & Mrs. Glen Endowment	239,778						239,778
Saville, Marge Memorial Endowment	11,000						11,000
Schleich Memorial Endowment	10,000						10,000
Severinsen Memorial Endowment	15,000						15,000
Smolich, Robert Memorial Endowment	10,500						10,500
Spoon River Partnership for Economic Developmer	10,000						10,000
SRC Alumni Scholarship	10,360						10,360
SRC Foundation Scholarships Endowment	17,972						17,972
Taylor, B.H. & Jim Endowment	41,839						41,839
Taylor, W.I. Memorial Endowment	10,000						10,000
Watson, Bradly K Endowment	10,000						10,000
Wood, Louise Trust Endowment	10,000						10,000
Wood, Sherrie L. Memorial Nursing Endowment	15,968						15,968
Wood, Susanna Memorial Endowment	15,000						15,000
Wrestler, Gene & Evelyn Scholarship	10,000						10,000
Zaborac, Dee Memorial Endowment	10,000						10,000
Zaborac, Edward & Shirley Scholarship	0					10,000	10,000
Zaborac, Millie and Tom Education Endowment	10,000						10,000
Total permanently restricted	2,474,659	56,000	7,175	0	0	20,000	2,557,834
Totals	\$3,672,938	\$382,925	\$136,711	\$88,561	\$213,215	\$0	\$3,890,798