



**Business Office**

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**2020-R01 Audit Services**

**ADDENDUM #1**

**March 2, 2020**

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This addendum is being issued to update the specifications and provide additional information.

This information becomes part of the RFP Documents upon receipt. Please review and incorporate into your Proposal accordingly.

**Proposals for Audit Services for Sauk Valley Community College, RFP Number 2020-R01, will be received by Sauk Valley Community College District No. 506, at the Business Office, Room 1H02, 173 IL RTE 2, Dixon, IL 61021, until 3:00 p.m. Central Time, Thursday, March 10, 2020, at which time the respondents names will be read publicly.**

The signed Addendum acknowledgement is required to be returned with your Proposal no later than the due date set forth for this Request for Proposal.

Below are clarifications to the proposal:

**Section I. Clarification**

1. In regards to the 2019 audit, were there any proposed ledger entries by the auditors? Can you provide a copy of those entries?

**Response: Yes. Entries are included as attached as Attachment 1.**

2. Why is SVCC going out to bid?

**Response: It has been the College's practice to seek proposals on a three-year rotation. No changes to this practice are anticipated at this time.**

3. In regards to the Foundation tax returns (page 13) will the auditors still prepare the 990 and 990-T?

**Response: The scope of services includes preparation of the Foundation's Form 990, Form 990-T, Illinois Form AG990-IL, and Illinois Form IL-990-T.**

4. Does the college track expenditures of federal funds?

**Response: Yes.**

5. Does the current audit firm use a sub-contractor?

**Response: No.**

6. In regards to the document addressing the blackout period, should the entire document be included with the proposal?

**Response: Yes. Provide the original RFP document, completed, in its entirety.**

7. Will the same timeframe be used for fieldwork?

**Response: Yes. Interim fieldwork to occur in May/June. Final fieldwork to occur in August/September. Final reports signed for October Board meeting (4<sup>th</sup> Monday in October).**

8. What documentation of controls for key transactions does the college use in regards to the separation of duties?

**Response: Documentation is provided through questionnaires provided by the auditor.**

9. What is the size of the accounting department? What accounting software is currently being used?

**Response: The College's Business Office is typically staffed with 5 full-time employees. The College utilizes Banner as its ERP application.**

10. Are there any anticipated changes in federal funding?

**Response: Yes. The College was awarded \$444,403 for Title III Strengthening Institutions (CFDA# 84.031A) Program for the performance period October 1, 2019 through September 30, 2020. This grant will be allocated additional funding from October 1, 2020 through September 30, 2024.**

11. In regards to significant pronouncements with GASB 84 and GASB 87, will you need additional resources?

**Response: College staff attend conferences and webinars to stay up to speed on new standards, however, guidance to verify we are taking the appropriate steps towards implementation is helpful.**

12. How many electronic copies of the proposal are required to be submitted?

**Response: One (1) electronic copy on a removable flash drive.**

13. Can you confirm the deadline date and time for submission of proposal?

**Response: Proposals for Audit Services for Sauk Valley Community College, RFP Number 2020-R01, will be received by Sauk Valley Community College District No. 506, at the Business Office, Room 1H02, 173 IL RTE 2, Dixon, IL 61021, until 3:00 p.m. Central Time, Thursday, March 10, 2020, at which time the respondents names will be read publicly. The deadline for questions was February 28, 2020.**

14. What was the audit fee in FY2019?

**Response: \$44,000**

15. Were there any charge orders/modifications to the audit contract in prior year?

**Response: No.**

16. Is the college familiar with or willing to submit electronic audit PBC files to accounting firm portals and applications?

**Response: Yes.**

17. When will the trial balance be available to the audit team?

**Response: The initial FY2019 trial balance was provided to the auditors on September 10. The FY2020 trial balance will tentatively be available on August 19, 2020.**

18. Have there been any significant disputes with your current audit firm regarding accounting principles or audit procedures?

**Response: No.**

19. Were there any difficulties encountered in performing last year's audit?

**Response: No.**

20. How does the College capture the information to convert or adjust the fund financial statements to the entity-wide financial statements?

**Response: Supporting schedules are prepared and various entries are posted to funds 8 and fund 9. Historically, auditors have assisted with the preparation of topside entries maintained in a GASB 34 fund, which are reviewed by the College.**

21. Does the incumbent firm maintain any financial information for the College (e.g., capital asset and/or depreciation records)?

**Response: Supporting schedules for Pension and OPEB entries have historically been maintained by the auditors.**

22. Does the College prepare the uniform financial statements and the Certificate of Chargeback Reimbursement?

**Response: The uniform financial statements and the Certificate of Chargeback have historically been prepared by the auditors.**

23. Does the College desire to change any of the content and/or format of the Annual Financial Report or prepare a Comprehensive Annual Financial Report?

**Response: The College desires complete and accurate financial reporting and is open to any suggestions to improve financial reporting. Preparation of a CAFR is an aspirational goal.**

24. Any significant construction projects expected during FY20?

**Response: Ordinary and usual fixed asset activity is expected for fiscal year 2020.**

25. Was a management letter issued for FY2019? May we receive a copy?

**Response: A management letter was not issued.**

26. How many days was the audit firm on-site for preliminary and final field work and how many audit staff were present?

**Response: Three (3) days for preliminary fieldwork and two (2) weeks for final fieldwork. Two (2) to (3) audit team members were present while on-site.**

27. When was preliminary fieldwork performed? Final?

**Response: Interim fieldwork was performed in May. Final fieldwork was performed in September.**

28. What were the fees for the 2019 audit and what did this include? Were there any additional billings?

**Response: See response to #14 above.**

29. Are there any outsourced functions for the College (bookstore, cafeteria, etc.)?

**Response: The College outsources its bookstore and cafeteria functions.**

30. Attachment C requires at least three (3) references – may we provide additional?

**Response: Yes.**

31. May we receive a copy of the Foundation’s audit and management letter (if applicable) for the Year Ended June 30, 2019?

**Response: See Attachment 2.**

32. Who does the accounting for the Foundation?

**Response: The Foundation has a part-time accountant responsible for the preparation of journal entries and internal reporting. The College’s Business Office review accounting entries prepared by the Foundation’s accountant.**

33. What accounting software is used for the Foundation?

**Response: Blackboud Financial Edge NXT**

34. Does the Foundation use a software package for fundraising?

**Response: Blackboud Raizor’s Edge NXT**

35. What were the audit and tax fees for the Foundation in 2019?

**Response: \$10,900**

## Section II. Exceptions

A. Sauk Valley Community College accepts the following requests received per Section 2.5 Exceptions, of the RFP Document:

1. Paragraph 1.13 of the RFP would impair our independence as presented (the College would need to also include the acts or omissions of the College).
- B. Respondent may identify any exceptions or objections to the terms and conditions of this RFP in its proposal; if Respondent does not list such in its proposal submittal, the College will not entertain any such exceptions or objections on these provisions during contract negotiation with the selected Respondent.

Sauk Valley Community College

AJE

Year End: June 30, 2019

Adjusting Journal Entries

Date: 7/1/2018 To 6/30/2019

Checked out by	Prepared by JF 10/15/2019	JF Reviewed by
SM Reviewed by SCM 10/15/2019	Partner	Concurring

Number	Date	Name	Account No	Reference	Debit	Credit
2	6/30/2019	Deferred Outflow of OPEB	09-000000-170600-0000 09	PY REPORT	515,819.00	
2	6/30/2019	Amount to be Provided LT Debt	09-000000-190001-0000 09	PY REPORT	6,139,659.00	
2	6/30/2019	Deferred Inflow of OPEB	09-000000-270600-0000 09	PY REPORT		680,682.00
2	6/30/2019	Unamortized Premium - Current	09-000000-280900-0000 09	PY REPORT		45,180.00
2	6/30/2019	Unamortized Premium - Long Term	09-000000-280901-0000 09	PY REPORT		27,560.00
2	6/30/2019	Long-Term OPEB Debt	09-000000-290600-0000 09	PY REPORT		7,902,056.00
2	6/30/2019	Net Investment in Capital Assets	09-000000-310000-0000 09	PY REPORT	2,000,000.00	
2	6/30/2019	Prepaid Salaries	35-000000-170000-1710 35	PY REPORT		83,204.00
2	6/30/2019	Deferred Pension	35-000000-190000-1900 35	PY REPORT	48,230.00	
2	6/30/2019	Deferred Tuition	35-000000-270000-2701 35	PY REPORT	178,170.00	
2	6/30/2019	Retained Earnings	35-000000-340000-0000 35	PY REPORT		143,196.00
<p>Wipfli GASB35 entry to establish GASB35 balances (CLIENT TO POST AS OF 6/30/19)</p>						
3	6/30/2019	Unamortized Premium - Current	09-000000-280900-0000 09	AA.1	95,658.00	
3	6/30/2019	Unamortized Premium - Current	09-000000-280900-0000 09	AA.1		149,531.00
3	6/30/2019	Unamortized Premium - Long Term	09-000000-280901-0000 09	AA.1		87,605.00
3	6/30/2019	Premium/Discount on Issuance of LT Debt	09-000000-600200-8000 09	AA.1	237,136.00	
3	6/30/2019	Current Year Amortization on Bond Premiums	09-510000-564001-8000 09	AA.1		95,658.00
<p>Wipfli GASB35 entry to record current year activity related to bond premium amortization (CLIENT TO POST AS OF 6/30/19)</p>						
4	6/30/2019	Consultants	04-512040-530200-8060 04	AA.1		46,166.00
4	6/30/2019	Legal Services	04-512040-530500-8060 04	AA.1		34,500.00
4	6/30/2019	Debt Principal Retirement	04-512040-560300-8060 04	AA.1		5,059,869.00
4	6/30/2019	Amount to be Provided LT Debt	09-000000-190001-0000 09	AA.1		5,175,000.00
4	6/30/2019	Amount to be Provided LT Debt	09-000000-190001-0000 09	AA.1	985,000.00	
4	6/30/2019	Amount to be Provided LT Debt	09-000000-190001-0000 09	AA.1	5,025,000.00	
4	6/30/2019	Proceeds from LT Debt Issuance	09-000000-600100-8000 09	AA.1	5,175,000.00	
4	6/30/2019	Deposit in Escrow	09-000000-600120-8000 09	AA.1		5,059,869.00
4	6/30/2019	Principal Retirement	09-510000-563000-8000 09	AA.1		985,000.00
4	6/30/2019	Interest Expense	09-510000-564002-8000 09	AA.1	34,869.00	
4	6/30/2019	Other-Financing Sources	04-512040-560500-8060 WP 04	AA.1	5,059,869.00	
4	6/30/2019	Bond Issuance Costs	04-512040-564000-8060 WF 04	AA.1	80,666.00	
<p>Wipfli GASB35 entry to record client entries in Fund 09 to proper expenses (CLIENT TO POST AS OF 6/30/19)</p>						
5	6/30/2019	Deferred Pension	35-000000-190000-1900 35	FF.6-1		2,330.00
5	6/30/2019	Employee Benefits - Institutional Support	35-510000-520000-8000 35	FF.6-1	2,330.00	
<p>To record GASB35 entry to record deferred outflows for SURS (CLIENT TO POST AS OF 6/30/19)</p>						
8	6/30/2019	Land	08-000000-180100-0000 08	P.1		2,703,570.00
8	6/30/2019	Land Improvements	08-000000-180110-0000 08	P.1	2,703,570.00	
<p>Wipfli reclassifying entry to properly break out land and land improvements in Fund 08 (CLIENT TO POST AS OF 6/30/19)</p>						

**Sauk Valley Community College**

Year End: June 30, 2019

**Adjusting Journal Entries**

Date: 7/1/2018 To 6/30/2019

**AJE-1**

Checked out by	Prepared by JF 10/15/2019	JF Reviewed by
SM Reviewed by SCM 10/15/2019	Partner	Concurring

Number	Date	Name	Account No	Reference	Debit	Credit
10	6/30/2019	Deferred Tuition	35-000000-270000-2701 35	PL.4		7,761.00
10	6/30/2019	Tuition Revenue - Deferred Tuition	35-440000-440199-0000 35	PL.4	7,761.00	
Wipfli GASB35 entry to record the change in deferred summer tuition (CLIENT TO POST AS OF 6/30/19)						
11	6/30/2019	Cash Interfund	01-000000-111000-0000 01	CLIENT		2,396,005.00
11	6/30/2019	Interfund Receivable	01-000000-150000-0000 01	CLIENT	2,396,005.00	
11	6/30/2019	Cash Interfund	03-000000-111000-0000 03	CLIENT	1,703,474.00	
11	6/30/2019	Interfund Payable	03-000000-250000-0000 03	CLIENT		1,703,474.00
11	6/30/2019	Cash Interfund	06-000000-111000-0000 06	CLIENT	346,040.00	
11	6/30/2019	Interfund Payable	06-000000-250000-0000 06	CLIENT		346,040.00
11	6/30/2019	Cash Interfund	11-000000-111000-0000 11	CLIENT	6,402.00	
11	6/30/2019	Interfund Payable	11-000000-250000-0000 11	CLIENT		6,402.00
11	6/30/2019	Cash Interfund	12-000000-111000-0000 12	CLIENT	340,089.00	
11	6/30/2019	Interfund Payable	12-000000-250000-0000 12	CLIENT		340,089.00
Client provided journal entry to zero negative cash interfund balances (CLIENT TO POST AS OF 6/30/19)						
13	6/30/2019	Prepaid Salaries	35-000000-170000-1710 35	F.2		56,884.00
13	6/30/2019	Salaries - Instruction	35-510000-510000-1000 35	F.2	56,884.00	
Wipfli GASB35 entry to record CY prepaid salary adjustment (CLIENT POST AS OF 6/30/19)						
15	6/30/2019	Amount to be Provided LT Debt	09-000000-190001-0000 09	SS.1		4,190,000.00
15	6/30/2019	Net Investment in Capital Assets	09-000000-310000-0000 09	SS.1	4,190,000.00	
Wipfli reclassifying entry to correct net investment in capital assets (CLIENT TO POST AS OF 6/30/19)						
16	6/30/2019	Student Tuition Receivable	01-000000-130300-0000 01	D.5		31,158.00
16	6/30/2019	Deferred Tuition & Fees	01-000000-270100-0000 01	D.5	31,158.00	
Client provided entry to record additional receivable/deferred related to student account balances (CLIENT TO POST AS OF 6/30/19)						
17	6/30/2019	Deferred Outflow of OPEB	09-000000-170600-0000 09	FF.4	22,337.00	
17	6/30/2019	Deferred Inflow of OPEB	09-000000-270600-0000 09	FF.4		519,395.00
17	6/30/2019	Long-Term OPEB Debt	09-000000-290600-0000 09	FF.4		54,203.00
17	6/30/2019	OPEB Expense	09-000000-529600-0000 09	FF.4	551,261.00	
Wipfli adjusting entry to record current year activity on OPEB liability related to CIP plan. (CLIENT TO POST AS OF 6/30/19)						
19	6/30/2019	Cash Interfund	08-000000-111000-0000 08	D.100	1.00	
19	6/30/2019	Accumulated Depreciation	08-000000-189000-0000 08	D.100		1.00



Sauk Valley Community College

Year End: June 30, 2019

Adjusting Journal Entries

Date: 7/1/2018 To 6/30/2019

AJE-2

Checked out by	Prepared by JF 10/15/2019	JF Reviewed by
SM Reviewed by SCM 10/15/2019	Partner	Concurring

Number	Date	Name	Account No	Reference	Debit	Credit
		Wipfli adjusting entry to clear \$1 cash interfund balances (CLIENT TO POST AS OF 6/30/19)				
					37,932,388.00	37,932,388.00
		<b>Net Income (Loss)</b>	<b>212,096.00</b>			

**Sauk Valley Community College**

**RJE**

Year End: June 30, 2019

Reclassifying Journal Entries

Date: 7/1/2018 To 6/30/2019

Checked out by	Prepared by JF 10/15/2019	JF Reviewed by
SM Reviewed by SCM 10/15/2019	Partner	Concurring

Number	Date	Name	Account No	Reference	Debit	Credit
1	6/30/2019	Cash Interfund	01-000000-111000-0000 01	CLIENT	131,434.00	
1	6/30/2019	Cash Interfund	01-000000-111000-0000 01	CLIENT	5,219.00	
1	6/30/2019	Interfund Receivable	01-000000-150000-0000 01	CLIENT		131,434.00
1	6/30/2019	Interfund Receivable	01-000000-150000-0000 01	CLIENT		5,219.00
1	6/30/2019	Cash Interfund	02-000000-111000-0000 02	CLIENT	28,248.00	
1	6/30/2019	Interfund Receivable	02-000000-150000-0000 02	CLIENT		28,248.00
1	6/30/2019	Cash Interfund	05-000000-111000-0000 05	CLIENT	4,222.00	
1	6/30/2019	Interfund Receivable	05-000000-150000-0000 05	CLIENT		4,222.00
1	6/30/2019	Cash Interfund	06-000000-111000-0000 06	CLIENT	36,998.00	
1	6/30/2019	Interfund Receivable	06-000000-150000-0000 06	CLIENT		36,998.00
1	6/30/2019	Cash Interfund	11-000000-111000-0000 11	CLIENT	190.00	
1	6/30/2019	Interfund Receivable	11-000000-150000-0000 11	CLIENT		190.00
1	6/30/2019	Cash Interfund	12-000000-111000-0000 12	CLIENT	13,770.00	
1	6/30/2019	Interfund Receivable	12-000000-150000-0000 12	CLIENT		13,770.00
<p>Client provided adjusting entry to clear interfund cash for payroll accrual (CLIENT ALREADY POSTED)</p>						
6	6/30/2019	Capital Outlay - Instruction	08-510000-580000-1000 08	P.7		671,259.00
6	6/30/2019	Capital Outlay - Support	08-510000-580000-2000 08	P.7		4,624.00
6	6/30/2019	Capital Outlay - Student Services	08-510000-580000-3000 08	P.7		2,268.00
6	6/30/2019	Capital Outlay - Auxiliary	08-510000-580000-6000 08	P.7		34,446.00
6	6/30/2019	Capital Outlay - O&M	08-510000-580000-7000 08	P.7		2,589,610.00
6	6/30/2019	Capital Outlay - Institutional Support	08-510000-580000-8000 08	P.7		347,666.00
6	6/30/2019	Site Improvements	08-520900-580200-8020 08	P.7	55,126.00	
6	6/30/2019	Building Remodeling	08-520900-580400-8020 08	P.7	3,217,070.00	
6	6/30/2019	Office Equipment	08-520900-580500-8020 08	P.7	113,421.00	
6	6/30/2019	Instructional Equipment	08-520900-580600-8020 08	P.7	264,256.00	
<p>Wipfli reclassifying entry to reclassify capital expenses to proper expense function (CLIENT DO NOT POST)</p>						
7	6/30/2019	State on behalf SURS Revenue	062099-336950-490001-8060 06	FF.4-4		503,267.00
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-1090 06	FF.4-4	228,510.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-2090 06	FF.4-4	39,392.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-3090 06	FF.4-4	69,672.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-4090 06	FF.4-4	29,954.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-6090 06	FF.4-4	8,296.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-7090 06	FF.4-4	40,667.00	
7	6/30/2019	State on behalf SURS Expense	062099-336950-529009-8090 06	FF.4-4	86,776.00	
<p>Wipfli reclassifying entry to reclassify OPEB on-behalf expenses between expense functions. (CLIENT DO NOT POST)</p>						
9	6/30/2019	Scholarship Allowance - Revenue Adjustment	35-440000-440101-0000 35	FSS.7	2,296,275.00	
9	6/30/2019	Scholarship Allowance - Expense Adjustment	35-510000-590000-9000 35	FSS.7		2,296,275.00
<p>Wipfli GASB35 entry to record scholarship allowance (CLIENT DO NOT POST)</p>						
12	6/30/2019	Prepaid Expense	06-000000-170100-0000 06	CLIENT	11,421.00	
12	6/30/2019	Other Deferred Revenue	06-000000-270900-0000 06	CLIENT		11,421.00

**Sauk Valley Community College**

Year End: June 30, 2019

Reclassifying Journal Entries

Date: 7/1/2018 To 6/30/2019

**RJE-1**

Checked out by	Prepared by <b>JF 10/15/2019</b>	JF Reviewed by
SM Reviewed by <b>SCM 10/15/2019</b>	Partner	Concurring

Number	Date	Name	Account No	Reference	Debit	Credit
Wipfli reclassifying entry to move deferred summer/fall 2019 vet waivers (CLIENT DO NOT POST)						
14	6/30/2019	Self Health Insurance Revenues	35-490000-490900-0000 35	WTB	1,983,369.00	
14	6/30/2019	Self Health Insurance Expenses	35-510000-590000-6000 35	WTB		1,983,369.00
To record GASB35 entry for self health insurance revenues (CLIENT DO NOT POST)						
18	6/30/2019	Cash Interfund	01-000000-111000-0000 01	A.1		999,990.00
18	6/30/2019	Cash Interfund	07-000000-111000-0000 07	A.1		2,000,000.00
18	6/30/2019	Time Deposits	01-000000-120200-0000 WF 01	A.1	999,990.00	
18	6/30/2019	Time Deposits	07-000000-120200-0000 WF 07	A.1	2,000,000.00	
Wipfli reclassifying entry to break out Time Deposits from commingled cash balances (CLIENT DO NOT RECORD)						
					<b>11,664,276.00</b>	<b>11,664,276.00</b>
<b>Net Income (Loss)</b>			<b>212,096.00</b>			

**SAUK VALLEY COLLEGE FOUNDATION**

**FINANCIAL REPORT**

**June 30, 2019**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management of  
Sauk Valley College Foundation  
Dixon, Illinois

### **Report on Financial Statements**

We have audited the accompanying financial statements of Sauk Valley College Foundation (the Foundation, a nonprofit organization), a component unit of Sauk Valley Community College District 506, which comprise the statement of financial position as of June 30, 2019, 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 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 Sauk Valley College Foundation as of June 30, 2019, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities-Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

*Wipfli LLP*

Sterling, Illinois  
October 19, 2019



## **FINANCIAL STATEMENTS**

# SAUK VALLEY COLLEGE FOUNDATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2019

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### ASSETS

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Cash	\$715,868
Certificates of deposits	693,000
Investments	5,804,082
Pledges receivable	32,346
Accrued interest	14,441
Prepaid expenses	2,454
<b>Total assets</b>	<b>\$7,262,191</b>

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### LIABILITIES

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Liabilities:	
Accounts payable	\$0
Assets held for College	1,940,057
Other accrued expenses	0
<b>Total liabilities</b>	<b>1,940,057</b>

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### NET ASSETS

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Net assets:	
Without donor restrictions	755,051
With donor restrictions	4,567,083
<b>Total net assets</b>	<b>5,322,134</b>
<b>Total liabilities and net assets</b>	<b>\$7,262,191</b>

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See Notes to Financial Statements.

**SAUK VALLEY COLLEGE FOUNDATION**  
**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions	\$340,703	\$335,913	\$676,616
Event revenue	30,203	2,187	32,390
Interest and dividends	93,783	30,757	124,540
Net realized gain (loss) on investments	0	79,968	79,968
Net unrealized gain (loss) on investments	136,898	120,594	257,492
Reclassification of net assets	(42,480)	42,480	0
Net assets released from restrictions	372,339	(372,339)	0
<hr/>			
Total revenue, gains, and other support received	931,446	239,560	1,171,006
<hr/>			
Expenses:			
Program services:			
Grants, awards and scholarships			
Student Scholarships	267,006	0	267,006
Awards	139,918	0	139,918
Total program services	406,924	0	406,924
<hr/>			
Supporting services:			
Management and general:			
Supplies	3,436	0	3,436
Professional fees	26,465	0	26,465
In-kind - salaries, benefits, and rent	184,235	0	184,235
Conference and meeting expenses	7,915	0	7,915
Maintenance and support fees	95,601	0	95,601
Other	8,464	0	8,464
Total supporting services	326,116	0	326,116
<hr/>			
Fundraising:			
Fundraising	39,732	0	39,732
Total fundraising	39,732	0	39,732
<hr/>			
Total expenses	772,772	0	772,772
<hr/>			
Change in net assets	158,674	239,560	398,234
<hr/>			
Net assets, beginning of year	596,377	4,327,523	4,923,900
<hr/>			
Net assets, end of year	\$755,051	\$4,567,083	\$5,322,134

See Notes to Financial Statements.

**SAUK VALLEY COLLEGE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$398,234
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Unrealized (gains) losses of investments	(257,492)
Realized (gains) losses of investments	(79,968)
(Increase) decrease in operating assets -	
Accrued interest receivable	(5,809)
Prepaid expenses	(1,279)
Pledges receivable	470,008
Increase (decrease) in operating liabilities:	
Funds held for others	0

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Net cash flows from operating activities	523,694
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(1,051,944)
Proceeds from the sale of investment	586,000

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Net cash flows from investing activities	(465,944)
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<b>INCREASE IN CASH EQUIVALENTS</b>	57,750
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<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	658,118
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<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$715,868</b>
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# SAUK VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### **Note 1. Summary of Significant Accounting Policies:**

#### Nature of Business

Sauk Valley College Foundation (the Foundation) was formed under the General Not-For-Profit Foundation Act of the State of Illinois on November 4, 1965. 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 Sauk Valley Community College. The Foundation provides funds by campaign or by other means for scholarships and fellowships for students, and endowments for the College for items having educational, artistic, historical, literary, or other cultural value.

#### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

#### Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions:* net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### 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 with donor restriction support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at fair value at the date of the donation.

# SAUK VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

#### Contributions and Revenues (continued)

The Foundation reports gifts of land, buildings, and equipment as without donor 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 with donor restriction 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, 2019, promises to give were \$32,346.

#### 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 filed, 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 Service (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, 2016.

#### Functional Allocation of Expenses

Included on the statement of activities is expenses by function with natural classification detail. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

# SAUK VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### **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 located in Dixon, Illinois. 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 consist primarily of assets invested in alternative investments and marketable equity securities. Investments in equity securities with readily determinable fair values are measured at the fair value in the statement of financial position. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of financial position. 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.

#### 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 supporting services.

#### Assets Held for College

As a service to the Sauk Valley Community College, the Foundation permits the College to deposit its own funds with the Foundation for investment. The College established the fund for its own benefit and is classified by the Foundation as a liability. The Foundation maintains variance power and legal ownership of the funds based on the agency and intermediary agreements and as such continues to report the funds as assets of the Foundation.

#### 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.

# SAUK VALLEY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

#### Subsequent Events

The Foundation has evaluated subsequent events through October 19, 2019 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019 have been incorporated herein. There are no other subsequent events that require disclosure.

#### Pending Accounting Pronouncements

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic organizations for annual periods beginning after December 15, 2018. Management is evaluating what impact this new standard will have on its financial statements.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in ASU No. 2018-08 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in ASU No. 2018-08 is permitted. The Foundation has not elected to early implement the amendments.

#### Change in Accounting Policies

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-profit Entities*. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective July 1, 2018.



**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 2. Liquidity and Availability of Financial Assets:**

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general expenditures:

Total financial assets	\$7,259,737
Less those unavailable for general expenditure within one year due to:	
Funds held for others	1,940,057
Purpose restrictions	1,662,424
Perpetual endowments	2,904,659
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	<u>\$752,597</u>

**Note 3. Investments:**

Interest, dividends, realized and unrealized gains and losses attributable to investments have been distributed based on each fund's percentage holdings of that investment. All investments are through an investment pool called Commonfund which carries funds at fair market value. The investments at June 30, 2019 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Multi-Strategy Equity Funds	\$3,533,558	\$2,619,707	\$913,851
Multi-Strategy Bond Funds	2,270,524	2,246,803	23,721
<hr/>			
	\$5,804,082	\$4,866,510	\$937,572

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$102,057	\$41,585	\$143,642
Unrealized gains (losses)	136,898	120,594	257,492
Realized gains (losses)	0	79,968	79,968
Investment fees	(8,274)	(10,828)	(19,102)
<hr/>			
Total	\$230,681	\$231,319	\$462,000

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 4. Endowment Funds:**

The Foundation's endowment consists of approximately 50 donor-restricted 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 and accordingly, investment losses are recognized in the Foundation's unrestricted net assets.

The endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$3,693,833	\$3,693,833

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 4. Endowment Funds (continued):**

Changes in endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Endowment net assets, beg of year	\$0	\$3,477,856	\$3,477,856
Investment return:			
Interest income	0	30,855	30,855
Net appreciation (realized and unrealized) on investments	0	200,459	200,459
Total investment return	0	231,314	231,314
Contributions	0	12,349	12,349
Reclassification per donor agreement	0	100,357	100,357
Appropriation of endowment assets for expenditure	0	(128,043)	(128,043)
Endowment net assets, end of year	\$0	\$3,693,833	\$3,693,833

**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, 2019.

**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.

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

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**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. Net Assets with Donor Restrictions:**

Net assets with donor restrictions consist of the following as of June 30, 2019

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$1,662,424
<u>Endowment subject to spending policy and appropriation</u>	<u>2,904,659</u>
<u>    Net assets with donor restrictions</u>	<u>\$4,567,083</u>

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, with donor restriction net assets are reclassified to without donor restriction 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, 2019 for scholarships, awards and College support totaled \$372,339.

The Foundation also reclassified \$42,480 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 6. Pledges Receivable:**

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2019 is as follows:

Total Pledges Receivable	\$38,205
Less discounts to net present value	(5,859)
<hr/>	
Pledges Receivable	\$32,346
<hr/>	
Amounts due in:	
Less than one year	\$7,705
Due in more than one year	24,641
<hr/>	
Pledges Receivable	\$32,346
<hr/>	

**Note 7. Funds Held for Others:**

The Foundation invests, under a fiduciary agreement with the Sauk Valley Community College, in an agent capacity. Transactions in funds held for others are summarized as follows:

Additions:	
Net realized gains (losses)	\$32,713
Net unrealized gains (losses)	104,185
<hr/>	
	136,898
Deductions:	
Distributions to Foundation	(136,898)
<hr/>	
Change in funds held for others	0
Balance, beginning of year	1,940,057
<hr/>	
Balance, end of year	\$1,940,057
<hr/>	

**Note 8. Fair Value of Financial Instruments:**

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 Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; 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.

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 8. Fair Value of Financial Instruments (continued):**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investments in investment companies have a value of their capital account or net asset value calculated in accordance with, or in a manner consistent with U.S. generally accepted accounting principles (referred to as NAV). As a practical expedient, the Foundation is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The Foundation's investments in Commonfund's multi-strategy equity fund and multi-strategy bond fund in the alternative investment portfolio are generally valued based on the most current NAV received, adjusted for cash flows when the reported NAV is not at the measurement date. The Foundation adopted FASB Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, and therefore is not required to assign a level in the hierarchy to investments measured using NAV.

*Equity Investments*

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.

*Alternative Investments*

The alternative investment portfolio is made up of investments of shares of funds in Commonfund's multi-strategy equity fund and multi-strategy bond fund. The fund managers invest in a variety of securities based on the strategy of the fund. Some of the shares in those multi-strategy funds are traded in an active market. All alternative investments are valued at NAV and are categorized as Level 3.

At June 30, 2019, the Foundation's investments valued at net asset value were as follows:

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multi-strategy equity fund	\$3,533,558	Monthly	5 days
Multi-strategy bond fund	2,270,524	Monthly	5 days
Total	\$5,804,082		

**SAUK VALLEY COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**Note 8. Fair Value of Financial Instruments (continued):**

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2019.

The table below sets forth a summary of changes in the value of the Foundation's investments measured using NAV:

	Multi-Strategy Equity Fund	Multi-Strategy Bond Fund	Total
Fair Value as of June 30, 2018	\$3,332,637	\$1,666,544	\$4,999,181
Purchases	532,818	539,211	1,072,029
Sales	(586,000)	0	(586,000)
Fees	(13,066)	(5,940)	(19,006)
Distributions to College	(32,367)	(88,669)	(121,036)
Unrealized gains	299,536	159,378	458,914
Fair Value as of June 30, 2019	\$3,533,558	\$2,270,524	\$5,804,082

**Note 9. Related Parties:**

The Foundation is a component unit of Sauk Valley Community College District 506 (College) for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College provides office space and support services for the Foundation. The estimated fair value of such in-kind benefits to the Foundation was \$181,320 for the year ended June 30, 2019 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$267,006 for scholarships during the year ended June 30, 2019.

On April 30, 2010 and 2013, the US Department of Education released the fund restrictions related to the Sauk Valley Community College's Endowment Challenge Grant. On August 31, 2014 the College transferred approximately \$1.9 million to the Foundation to manage on behalf of the College pursuant to an agreement dated November 25, 2014. The Foundation has entered into a "Gift Transfer and Management Agreement" with the College to manage, invest, and otherwise hold all gifts for the benefit of the College. The corpus of the gifts shall be invested and held in a manner so that the corpus of the gifts are identifiable and distinguishable from the Foundation's other holdings. The Foundation may use the investment income generated from the gifts for any purpose consistent with the Foundation articles of incorporation and by-laws. As of June 30, 2019, the Foundation has assets held for the College in the amount of \$1,940,057.