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**JOHN A. LOGAN COLLEGE FOUNDATION**  
**(A Component Unit of John A. Logan College)**

**ANNUAL FINANCIAL STATEMENTS**  
**(With Independent Auditor's Report Thereon)**

**FOR THE YEAR ENDED JUNE 30, 2019**

**JOHN A. LOGAN COLLEGE FOUNDATION  
CARTERVILLE, ILLINOIS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
John A. Logan College Foundation

We have audited the accompanying financial statements of John A. Logan College Foundation (a nonprofit organization that is a component unit of John A. Logan College), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 John A. Logan 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 of America.

**Emphasis of Matter**

As discussed in Note 8 to the financial statements, during the year ended June 30, 2019, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
December 3, 2019

**JOHN A. LOGAN COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 477,923
Investments	8,941,193
Contributions Receivable	18,502
Prepaid Expenses	<u>12,740</u>
<b>Total Assets</b>	<b><u><u>\$ 9,450,358</u></u></b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 29,769
Unearned Revenue	9,200
Total Liabilities	<u>38,969</u>
<b>Net Assets</b>	
Without Donor Restrictions	1,612,847
With Donor Restrictions	<u>7,798,542</u>
Total Net Assets	<u>9,411,389</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 9,450,358</u></u></b>

The accompanying notes are an integral part of these financial statements.

**JOHN A. LOGAN COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains, and Other Support</b>			
Contributions	\$ 266,744	\$ 605,941	\$ 872,685
Investment Return			
Investment Income, Net of Fees	37,837	163,556	201,393
Net Unrealized Gain (Loss) on Investments Held	73,742	331,391	405,133
Net Realized Gain (Loss) on Investments Held	(18,791)	(81,439)	(100,230)
Special Events	50,136	10,027	60,163
Net Assets Released from Restrictions	643,009	(643,009)	-
<b>Total Revenue Gains, and Other Support</b>	1,052,677	386,467	1,439,144
<b>Expenses</b>			
Program Services			
Scholarships	627,518	-	627,518
Athletics	90,779	-	90,779
Other Student Support	105,312	-	105,312
Total Program Services Expenses	823,609	-	823,609
Supporting Services			
Management and General	152,921	-	152,921
Fundraising	136,318	-	136,318
Total Supporting Services Expenses	289,239	-	289,239
<b>Total Expenses</b>	1,112,848	-	1,112,848
<b>Changes in Net Assets</b>	(60,171)	386,467	326,296
<b>Net Assets, July 1, 2018</b>	1,673,018	7,412,075	9,085,093
<b>Net Assets, June 30, 2019</b>	\$ 1,612,847	\$ 7,798,542	\$ 9,411,389

The accompanying notes are an integral part of these financial statements.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2019**

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Scholarships</u>	<u>Athletics</u>	<u>Other Student Services</u>			
Scholarship Awards	\$ 554,074	\$ -	\$ -	\$ -	\$ -	\$ 554,074
Personnel Services	65,530	-	11,510	64,855	88,521	230,416
Occupancy	4,237	-	-	3,351	4,412	12,000
Professional Fees	-	-	-	44,787	-	44,787
Supplies and Materials	3,677	67,915	1,657	7,107	19,205	99,561
Printing	-	-	-	1,049	624	1,673
Meetings and Travel	-	12,967	-	2,154	-	15,121
Contractual Services	-	8,922	86,960	19,493	23,506	138,881
Other	-	975	5,185	10,125	50	16,335
<b>Total Functional Expenses</b>	<u>\$ 627,518</u>	<u>\$ 90,779</u>	<u>\$ 105,312</u>	<u>\$ 152,921</u>	<u>\$ 136,318</u>	<u>\$ 1,112,848</u>

The accompanying notes are an integral part of these financial statements.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2019**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 326,296
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations	
Investment Return	
Net Realized (Gain) Loss	100,230
Net Unrealized (Gain) Loss	(405,133)
Contributions Restricted for Long-Term Purposes	(54,065)
Changes in Operating Assets	
(Increase) Decrease in Accounts Receivable	(18,352)
(Increase) Decrease in Prepaid Expense	(9,324)
Changes in Operating Liabilities	
Increase (Decrease) in Accounts Payable	(124,976)
Increase (Decrease) in Deferred Revenue	6,400
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(178,924)</u>

**Cash Flows from Investing Activities**

Proceeds from Sale of Investments	5,912,158
Purchase of Investments	<u>(6,466,683)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(554,525)</u>

**Cash Flows from Financing Activities**

Contributions Restricted for Long-Term Purposes	54,065
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>54,065</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** (679,384)

**Cash and Cash Equivalents, July 1, 2018** 1,157,307

**Cash and Cash Equivalents, June 30, 2019** \$ 477,923

The accompanying notes are an integral part of these financial statements.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

John A. Logan College Foundation (the Foundation) is organized exclusively for educational and charitable purposes. The Foundation assists in developing and augmenting the facilities and carrying out the educational functions of John A. Logan College (the College).

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*, the Foundation is reported as a component unit of the College in the College's separately issued financial statements. Generally, GASB Statement No. 61 amends the criteria for reporting component units as if they were part of the primary government. The Foundation raises and holds significant economic resources for the direct benefit of a governmental unit and acts primarily as a fundraising foundation to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the students of the College, and the College and Foundation have a financial benefit or burden relationship, the Foundation is considered a component unit of the College.

**A. Basis of Accounting**

The financial statements of John A. Logan College Foundation have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities. The Foundation has presented its assets and liabilities on its Statement of Financial Position in an unclassified manner, but in order of liquidity.

**B. Basis of Presentation**

The Foundation classifies its net assets, revenues, gains, and losses on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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. The governing board has designated, from net assets without donor restrictions, net assets for various purposes, including quasi-endowments.

*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 or other events specified by the donor. Other 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.

**C. Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and highly-liquid short-term investments including money market account deposits with original maturity of three months or less from the date of purchase.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Contributions**

Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted and recorded at the present value using a risk-adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no contributions to be received after one year at June 30, 2019. An allowance for uncollectible pledges is recognized based on historical experience, as necessary. No allowance for uncollectible pledges was recognized for the year ended June 30, 2019.

Contributions received in the same year in which the restriction is met are recorded as temporarily restricted contributions and released from restriction.

**E. Contributed Services**

The College provides office space, accounting and record-keeping services, and the necessary administrative services to the Foundation at no charge. The rental value of the office space is recorded at fair rental value equivalent to similar facility space. Other amounts have been recorded based on actual cost to the College for the services. See Note 6.

**F. Investments**

Investments are reported at fair value. Investment income, gains and losses, and any investment-related expenses are recorded as changes in net assets without donor restrictions in the Statement of Activities unless their use is temporarily or permanently restricted by explicit donor stipulations or laws. In the absence of donor stipulations or law to the contrary, losses on the investments of donor-restricted endowment funds are recognized as reductions of net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the funds have not been met before the loss occurs. Any remaining loss reduces net assets without donor restrictions.

**G. Investment Expenses**

Investment expenses, including custodial fees and investment advisory fees, relating to investment income amounted to \$37,212 and have netted with investment income in the accompanying Statement of Activities.

**H. Fair Value**

The Foundation follows FASB ASC 820-10 "Fair Value Measurements," which provides a framework for measuring fair value under U.S. generally accepted accounting principles. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fair Value (Concluded)

Level 1: Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

I. Income Taxes

The Foundation is recognized as exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a form 990 (Return of Organization Exempt from Income Tax) annually, and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated the Foundation's material tax positions, which include such matters as the tax-exempt status of each entity and various positions relative to potential sources of UBI. As of June 30, 2019, there were no uncertain tax benefits identified and recorded as a liability.

J. Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

K. Recently Issued Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance related to contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities, is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The updated standard is effective for annual financial statements issued for the years beginning after December 15, 2018. The Foundation is currently evaluating the effect that the adoption of the standard will have on its financial statements.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**K. Recently Issued Accounting Pronouncements (Concluded)**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customer. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-04, which defers the effective date of ASU No. 2014-09 on year, making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the adoption of the standard will have on its financial statements.

**L. Subsequent Events**

Subsequent events were evaluated by the Organization through December 3, 2019, which is the date the financial statements were available to be issued.

**NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Foundation's investments are held primarily by a national bank and managed by an investment advisor in accordance with the terms of an investment advisor agreement. Investments detailed below were measured at fair value as described in Note 1.

	Cost	Fair Value		Total
		Quoted Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Mutual Funds	\$ 999,509	\$ 1,059,198	\$ -	\$ 1,059,198
Common Stock	2,252,339	2,538,773	-	2,538,773
Exchange-traded Funds	1,515,060	1,690,793	-	1,690,793
Corporate Bonds	2,893,998	-	2,896,348	2,896,348
U.S. Government and Agency Obligations	506,449	-	507,243	507,243
Real Estate Investments	201,499	-	248,838	248,838
Total Investments	<u>\$ 8,368,854</u>	<u>\$ 5,288,764</u>	<u>\$ 3,652,429</u>	<u>\$ 8,941,193</u>

There were no transfers between Levels 1, 2, or 3 of the fair value hierarchy during the year ended June 30, 2019.

**JOHN A. LOGAN COLLEGE FOUNDATION**  
**(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS**

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

At June 30, 2019, the Foundation held \$7,798,542 in net assets with donor restrictions. These assets will be used for scholarships for students of the College as well as grants benefiting the College in amounts as follows:

Non-endowed Scholarships	\$ 712,457
Athletics	124,948
Endowments	6,865,320
Other	<u>95,817</u>
Total	<u>\$ 7,798,542</u>

During the year ended June 30, 2019, \$643,009 was released from restrictions and used for the following purposes:

Scholarships	\$ 542,242
Other College Expenses	<u>100,767</u>
Total	<u>\$ 643,009</u>

**NOTE 4: ENDOWMENT FUNDS**

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law:* The Board of Directors of the Organization, through obtaining a legal opinion and committee review, has interpreted the Uniform Prudent Management of Institutional Funds Act (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 explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not considered to be held in perpetuity, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds;
2. The purposes 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 Foundation's investment policies.

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 4: ENDOWMENT FUNDS (CONCLUDED)**

*Spending Policy.* The Foundation has a policy in which any accumulated earnings in excess of a calculated reserve are available for distribution each year. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The Board-approved spending was \$296,541 for the fiscal year ended June 30, 2019.

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to preserve and increase the real principal value of the fund over the long-term. The investment objective is to earn an average annual rate of return over a 10-15 year period which exceeds the average annual change in the Consumer Price Index by 4%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net assets as June 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted Endowment Funds	\$ -	\$ 6,865,320	\$ 6,865,320
Board-designated Endowment Funds	<u>1,544,175</u>	<u>-</u>	<u>1,544,175</u>
	<u>\$ 1,544,175</u>	<u>\$ 6,865,320</u>	<u>\$ 8,409,495</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ 1,605,188	\$ 6,579,829	\$ 8,185,017
Contributions	-	52,565	52,565
Investment Income, Net of Fees	36,990	149,406	186,396
Realized Gain (Loss)	(18,791)	(74,632)	(93,423)
Unrealized Gain (Loss)	73,742	301,739	375,481
Amounts Appropriated for Expenditures	<u>(152,954)</u>	<u>(143,587)</u>	<u>(296,541)</u>
Endowment Net Assets, End of Year	<u>\$ 1,544,175</u>	<u>\$ 6,865,320</u>	<u>\$ 8,409,495</u>

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE 5: LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available for general expenditures, that is, without donor restrictions or other limitations, such as Board designations, within one year of the Statement of Financial Position date, comprise the following:

Cash and Cash Equivalents	\$ 273,034
Investments	<u>216,823</u>
Total	<u>\$ 489,857</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

Board-designated endowments of \$1,147,592 are subject to an annual spending limits as described in Note 4. Although the Foundation does not intend to spend from the board-designated endowments (other than amounts appropriated for general expenditures as part of the Board's annual approved budget), these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, cash in excess of the Foundation's daily requirements may be invested in short-term investments, certificates of deposit, and money market funds as determined by the Foundation's investment committee.

**NOTE 6: RELATIONSHIP TO JOHN A. LOGAN COLLEGE AND RELATED TRANSACTIONS**

As part of the Foundation efforts, donations are accepted for the purchase of equipment to be used at the College. The College makes the initial purchase and submits invoices to the Foundation for reimbursement. The amounts reimbursed to the College are expensed as title to the assets remains with the College.

The College furnishes the Foundation with certain services and facilities at no charge. The total value of the services and facilities provided by the College during the year ended June 30, 2019 is recognized as contributions revenue in the Statement of Activities as detailed below:

Occupancy	\$ 12,000
Contractual Services	8,914
Supplies and Materials	11,390
Personnel	<u>230,415</u>
Total	<u>\$ 262,719</u>

The total value of the services and the facilities provided by the College during the year ended June 30, 2019 is also recognized as expenses as follows:

Scholarships	\$ 73,444
Other Student Services	12,140
Management and General	70,553
Fundraising	<u>106,582</u>
Total	<u>\$ 262,719</u>

**JOHN A. LOGAN COLLEGE FOUNDATION  
(A COMPONENT UNIT OF JOHN A. LOGAN COLLEGE)**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)  
June 30, 2019**

**NOTE 7: CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash and cash equivalents at two different financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Foundation had cash and cash equivalents totaling \$42,947 that were exposed to custodial credit risk but were collateralized by securities pledged by the Foundation's financial institution on-behalf of the Foundation.

**NOTE 8: CHANGE IN ACCOUNTING PRINCIPLE**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been implemented and presentation in the financial statements has been adjusted accordingly. Implementation had no effect on the Foundation's net assets and their classification.