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

ANNUAL FINANCIAL REPORT
(With Independent Auditor's Report Thereon)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

**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

Opinion

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 statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of John A. Logan College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about John A. Logan College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 John A. Logan College Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about John A. Logan College Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

December 20, 2022

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and Cash Equivalents	\$ 616,407	\$ 369,892
Investments	9,164,991	11,056,713
Contributions Receivable	4,015	-
Prepaid Expenses	6,022	4,485
Total Assets	\$ 9,791,435	\$ 11,431,090
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 349,191	\$ 40,088
Total Liabilities	349,191	40,088
Net Assets		
Without Donor Restrictions	1,482,168	1,888,391
With Donor Restrictions	7,960,076	9,502,611
Total Net Assets	9,442,244	11,391,002
Total Liabilities and Net Assets	\$ 9,791,435	\$ 11,431,090

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

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

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	\$ 284,629	\$ 486,766	\$ 771,395	\$ 225,098	\$ 393,202	\$ 618,300
Investment Return						
Investment Income, Net of Fees	30,103	160,383	190,486	34,083	164,704	198,787
Net Unrealized Gain (Loss) on Investments Held	(288,263)	(1,545,938)	(1,834,201)	123,295	598,589	721,884
Net Realized Gain (Loss) on Investments Held	11,152	60,575	71,727	200,019	974,531	1,174,550
Special Events	35,558	-	35,558	30,606	-	30,606
Net Assets Released from Restrictions	704,321	(704,321)	-	492,350	(492,350)	-
Total Revenue Gains, and Other Support	777,500	(1,542,535)	(765,035)	1,105,451	1,638,676	2,744,127
Expenses						
Program Services						
Scholarships	679,356	-	679,356	473,075	-	473,075
Athletics	152,440	-	152,440	77,152	-	77,152
Other Student Support	85,590	-	85,590	43,882	-	43,882
Total Program Services Expenses	917,386	-	917,386	594,109	-	594,109
Supporting Services						
Management and General	96,869	-	96,869	94,258	-	94,258
Fundraising	169,468	-	169,468	117,444	-	117,444
Total Supporting Services Expenses	266,337	-	266,337	211,702	-	211,702
Total Expenses	1,183,723	-	1,183,723	805,811	-	805,811
Changes in Net Assets	(406,223)	(1,542,535)	(1,948,758)	299,640	1,638,676	1,938,316
Net Assets, Beginning of Year	1,888,391	9,502,611	11,391,002	1,588,751	7,863,935	9,452,686
Net Assets, End of Year	\$ 1,482,168	\$ 7,960,076	\$ 9,442,244	\$ 1,888,391	\$ 9,502,611	\$ 11,391,002

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

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

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2022 and 2021

	2022					
	Program Services			Supporting Services		Total
	Scholarships	Athletics	Other Student Services	Management and General	Fundraising	
Scholarship Awards	\$ 619,091	\$ 46,558	\$ -	\$ -	\$ -	\$ 665,649
Personnel Services	51,475	-	19,624	59,683	115,029	245,811
Occupancy	4,237	-	-	3,351	4,412	12,000
Professional Fees	-	-	-	7,955	-	7,955
Supplies and Materials	3,743	56,494	5,203	12,440	11,026	88,906
Printing	141	-	54	242	316	753
Meetings and Travel	669	-	254	447	1,500	2,870
Contractual Services	-	11,780	8,850	8,952	15,895	45,477
Other	-	37,608	51,605	3,799	21,290	114,302
Total Functional Expenses	\$ 679,356	\$ 152,440	\$ 85,590	\$ 96,869	\$ 169,468	\$ 1,183,723

	2021					
	Program Services			Supporting Services		Total
	Scholarships	Athletics	Other Student Services	Management and General	Fundraising	
Scholarship Awards	\$ 430,641	\$ -	\$ -	\$ -	\$ -	\$ 430,641
Personnel Services	37,385	-	12,793	55,532	101,780	207,490
Occupancy	4,237	-	-	3,351	4,412	12,000
Professional Fees	-	-	-	7,625	-	7,625
Supplies and Materials	485	38,786	165	15,000	5,429	59,865
Printing	59	-	20	48	618	745
Meetings and Travel	268	6,065	91	218	741	7,383
Contractual Services	-	32,301	25,285	7,948	4,464	69,998
Other	-	-	5,528	4,536	-	10,064
Total Functional Expenses	\$ 473,075	\$ 77,152	\$ 43,882	\$ 94,258	\$ 117,444	\$ 805,811

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

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,948,758)	\$ 1,938,316
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations		
Investment Return		
Net Realized (Gain) Loss	(71,727)	(1,174,550)
Net Unrealized (Gain) Loss	1,834,201	(721,884)
Contributions Restricted for Long-Term Purposes	(95,843)	(128,060)
Changes in Operating Assets		
(Increase) Decrease in Contributions Receivable	(4,015)	4,324
(Increase) Decrease in Prepaid Expense	(1,537)	(574)
Changes in Operating Liabilities		
Increase (Decrease) in Accounts Payable	309,103	(46,858)
Net Cash Provided (Used) by Operating Activities	21,424	(129,286)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	872,551	11,322,168
Purchase of Investments	(743,303)	(11,373,680)
Net Cash Provided (Used) by Investing Activities	129,248	(51,512)
Cash Flows from Financing Activities		
Contributions Restricted for Long-Term Purposes	95,843	128,060
Net Cash Provided (Used) by Financing Activities	95,843	128,060
Net Increase (Decrease) in Cash and Cash Equivalents	246,515	(52,738)
Cash and Cash Equivalents, Beginning of Year	369,892	422,630
Cash and Cash Equivalents, End of Year	\$ 616,407	\$ 369,892

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, 2022 and 2021**

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, 2022 and 2021

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, 2022 or 2021. 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, 2022 or 2021.

Contributions received in the same year in which the restriction is met are recorded as contributions with donor restrictions 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 \$43,985 and \$42,155 at June 30, 2022 and 2021, respectively, and have been netted with investment income in the accompanying Statements 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, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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, 2022 and 2021, there were no uncertain tax benefits identified and recorded as a liability. The Foundation is no longer subject to U.S. federal or state income tax authorities for the years ending prior to June 30, 2019.

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. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This presentation requires allocation of expenses on a reasonable basis that is consistently applied. Expenses are allocated based on the Foundation's best estimate of the time spent by employees on program services vs. supporting services functions. Directly identifiable expenses are charged to the appropriate program or supporting service. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Foundation.

K. Date of Management's Review

Management has reviewed subsequent events through December 20, 2022, the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

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.

Investments as of June 30, 2022 consisted of the following:

	Cost	Fair Value		Total
		Quoted Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Mutual Funds	\$ 3,288,544	\$ 3,439,353	\$ -	\$ 3,439,353
Exchange-traded Funds	2,646,537	2,557,606	-	2,557,606
Corporate Bonds	3,431,955	-	2,918,807	2,918,807
Real Estate Investments	218,524	-	249,225	249,225
Total Investments	<u>\$ 9,585,560</u>	<u>\$ 5,996,959</u>	<u>\$ 3,168,032</u>	<u>\$ 9,164,991</u>

There were no transfers between Levels 1, 2, or 3 of the fair value hierarchy during the year ended June 30, 2022.

Investments as of June 30, 2021 consisted of the following:

	Cost	Fair Value		Total
		Quoted Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Mutual Funds	\$ 3,291,770	\$ 4,206,612	\$ -	\$ 4,206,612
Exchange-traded Funds	2,674,312	3,163,538	-	3,163,538
Corporate Bonds	3,469,687	-	3,423,839	3,423,839
Real Estate Investments	208,207	-	262,724	262,724
Total Investments	<u>\$ 9,643,976</u>	<u>\$ 7,370,150</u>	<u>\$ 3,686,563</u>	<u>\$ 11,056,713</u>

There were no transfers between Levels 1, 2, or 3 of the fair value hierarchy during the year ended June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

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 Statements of Activities as net assets released from restrictions.

At June 30, 2022, the Foundation held \$7,960,076 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	\$ 417,636
Athletics	129,230
Endowments	7,110,514
Other	<u>302,696</u>
Total	<u>\$ 7,960,076</u>

During the year ended June 30, 2022, \$704,321 was released from restrictions and used for the following purposes:

Scholarships	\$ 523,570
Athletics	152,440
Fundraising	23,123
Other Student Support	<u>5,188</u>
Total	<u>\$ 704,321</u>

At June 30, 2021, the Foundation held \$9,502,611 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	\$ 588,829
Athletics	90,845
Endowments	8,530,070
Other	<u>292,867</u>
Total	<u>\$ 9,502,611</u>

During the year ended June 30, 2021, \$492,350 was released from restrictions and used for the following purposes:

Scholarships	\$ 407,862
Athletics	77,152
Other Student Support	<u>7,336</u>
Total	<u>\$ 492,350</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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE 4: ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law: The Board of Directors of the Foundation, 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.

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 \$507,008 and \$198,122 for the fiscal years ended June 30, 2022 and 2021, respectively.

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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

NOTE 4: ENDOWMENT FUNDS (CONCLUDED)

Endowment net assets as June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted Endowment Funds	\$ -	\$ 7,110,514	\$ 7,110,514
Board-designated Endowment Funds	<u>1,431,924</u>	<u>-</u>	<u>1,431,924</u>
	<u>\$ 1,431,924</u>	<u>\$ 7,110,514</u>	<u>\$ 8,542,438</u>

Changes in endowment net assets as of June 30, 2022 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	\$ 1,832,195	\$ 8,530,070	\$ 10,362,265
Contributions	-	148,708	148,708
Investment Income, Net of Fees	29,862	146,668	176,530
Realized Gain (Loss)	11,153	55,149	66,302
Unrealized Gain (Loss)	(288,263)	(1,416,096)	(1,704,359)
Amounts Appropriated for Expenditures	<u>(153,023)</u>	<u>(353,985)</u>	<u>(507,008)</u>
Endowment Net Assets, End of Year	<u>\$ 1,431,924</u>	<u>\$ 7,110,514</u>	<u>\$ 8,542,438</u>

Endowment net assets as of June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted Endowment Funds	\$ -	\$ 8,530,070	\$ 8,530,070
Board-designated Endowment Funds	<u>1,832,195</u>	<u>-</u>	<u>1,832,195</u>
	<u>\$ 1,832,195</u>	<u>\$ 8,530,070</u>	<u>\$ 10,362,265</u>

Changes in endowment net assets as of June 30, 2021 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	\$ 1,521,350	\$ 6,984,328	\$ 8,505,678
Contributions	-	118,060	118,060
Investment Income, Net of Fees	33,783	149,480	183,263
Realized Gain (Loss)	200,019	884,993	1,085,012
Unrealized Gain (Loss)	123,295	545,079	668,374
Amounts Appropriated for Expenditures	<u>(46,252)</u>	<u>(151,870)</u>	<u>(198,122)</u>
Endowment Net Assets, End of Year	<u>\$ 1,832,195</u>	<u>\$ 8,530,070</u>	<u>\$ 10,362,265</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 321,407	\$ 99,219
Investments	<u>149,410</u>	<u>450,063</u>
Total	<u>\$ 470,817</u>	<u>\$ 549,282</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 \$1,024,503 and \$1,345,314, for the years ending June 30, 2022 and 2021, respectively, are reserved for special purposes. Most of these board-designated endowments are subject to 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 years ended June 30, 2022 and 2021 is recognized as contributions revenue in the Statements of Activities as detailed below:

	<u>2022</u>	<u>2021</u>
Occupancy	\$ 12,000	\$ 12,000
Contractual Services	580	112
Supplies, Materials, and Travel	19,541	3,998
Personnel	<u>245,811</u>	<u>207,489</u>
Total	<u>\$ 277,932</u>	<u>\$ 223,599</u>

The total value of the services and the facilities provided by the College during the years ended June 30, 2022 and 2021 is also recognized as expenses as follows:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 60,265	\$ 42,434
Other Student Services	21,356	13,069
Management and General	66,656	59,656
Fundraising	<u>129,655</u>	<u>108,440</u>
Total	<u>\$ 277,932</u>	<u>\$ 223,599</u>

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

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
June 30, 2022 and 2021**

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, 2022 and 2021, the Foundation had cash and cash equivalents totaling \$97,368 and \$85,325, respectively, that were exposed to custodial credit risk but were collateralized by securities pledged by the Foundation's financial institution on-behalf of the Foundation.