



## **TRITON COLLEGE FOUNDATION**

*Financial Statements  
June 30, 2011 and 2010*

**TRITON COLLEGE FOUNDATION**  
**(A NONPROFIT FOUNDATION)**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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KUTCHINS  
ROBBINS &  
DIAMOND,  
LTD.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Triton College Foundation  
River Grove, Illinois

We have audited the accompanying statements of financial position of the Triton College Foundation (an Illinois nonprofit Foundation) (the "Foundation") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Triton College Foundation as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Kutichins, Robbins & Diamond, Ltd.*

October 20, 2011

**TRITON COLLEGE FOUNDATION  
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STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010

See notes to financial statements.

	<u>2011</u>	<u>2010</u>
<i>ASSETS</i>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 193,449	\$ 306,411
Investments	678,649	600,628
Accounts receivable	<u>9,011</u>	<u>8,289</u>
	<u>\$ 881,109</u>	<u>\$ 915,328</u>
<i>LIABILITIES AND NET ASSETS</i>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 3,394</u>	<u>\$ 3,530</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	554,302	553,473
Board designated	20,893	65,472
Temporarily restricted	282,401	253,148
Permanently restricted	<u>20,119</u>	<u>39,705</u>
Total net assets	<u>877,715</u>	<u>911,798</u>
	<u>\$ 881,109</u>	<u>\$ 915,328</u>

**TRITON COLLEGE FOUNDATION**  
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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2011 AND 2010

See notes to financial statements.

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Contributions	\$ 10,062	\$ 305,887	\$ -	\$ 315,949	\$ 7,913	\$ 192,443	\$ -	\$ 200,356
Special events	92,890	-	-	92,890	74,185	-	-	74,185
Investment income	74,083	-	-	74,083	62,618	-	-	62,618
Net assets released from restrictions	296,220	(296,220)	-	-	184,113	(184,113)	-	-
Total support and revenue	<u>473,255</u>	<u>9,667</u>	<u>-</u>	<u>482,922</u>	<u>328,829</u>	<u>8,330</u>	<u>-</u>	<u>337,159</u>
<b>EXPENDITURES</b>								
Program services								
Scholarships	128,320	-	-	128,320	102,295	-	-	102,295
Grants	212,479	-	-	212,479	108,960	-	-	108,960
Fundraising	27,764	-	-	27,764	19,905	-	-	19,905
General and administrative	148,442	-	-	148,442	38,902	-	-	38,902
Total expenditures	<u>517,005</u>	<u>-</u>	<u>-</u>	<u>517,005</u>	<u>270,062</u>	<u>-</u>	<u>-</u>	<u>270,062</u>
<b>CHANGE IN NET ASSETS</b>	<b>(43,750)</b>	<b>9,667</b>	<b>-</b>	<b>(34,083)</b>	<b>58,767</b>	<b>8,330</b>	<b>-</b>	<b>67,097</b>
<b>TRANSFER OF FUNDS</b>	<b>-</b>	<b>19,586</b>	<b>(19,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>618,945</b>	<b>253,148</b>	<b>39,705</b>	<b>911,798</b>	<b>560,178</b>	<b>244,818</b>	<b>39,705</b>	<b>844,701</b>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 575,195</b></u>	<u><b>\$ 282,401</b></u>	<u><b>\$ 20,119</b></u>	<u><b>\$ 877,715</b></u>	<u><b>\$ 618,945</b></u>	<u><b>\$ 253,148</b></u>	<u><b>\$ 39,705</b></u>	<u><b>\$ 911,798</b></u>

**TRITON COLLEGE FOUNDATION**  
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STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2011 AND 2010  
*See notes to financial statements.*

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 315,949	\$ 201,556
Cash received from special events	92,169	71,986
Cash received from investment income	210	1,276
Cash paid for investment expenses	(4,151)	-
Cash paid for scholarships	(128,320)	(102,295)
Cash paid for other grants and transfers	(212,479)	(110,163)
Cash paid for fundraising expenses	(27,764)	(38,258)
Cash paid for general administrative	(148,576)	(53,809)
	<u>(112,962)</u>	<u>(29,707)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(181,143)
Proceeds from sale of investments	-	157,366
	<u>-</u>	<u>(23,777)</u>
Net cash used in investing activities	-	(23,777)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(112,962)</b>	<b>(53,484)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>306,411</b>	<b>359,895</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 193,449</u></b>	<b><u>\$ 306,411</u></b>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO</b>		
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
Change in net assets	\$ (34,083)	\$ 67,097
Unrealized gains (losses) on investments	(51,613)	(45,493)
Investment income reinvested	(26,408)	(15,850)
Changes in assets and liabilities		
Accounts receivable	(722)	(999)
Accounts payable	(136)	(34,462)
	<u>(112,962)</u>	<u>(29,707)</u>
Net cash used in operating activities	<u>\$ (112,962)</u>	<u>\$ (29,707)</u>

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**NATURE OF ACTIVITIES**

Triton College Foundation (the "Foundation") is an Illinois nonprofit corporation whose purpose is to assist in the furtherance of education activities and objectives at Triton College, Community College District No. 504 (the "College"). The Foundation receives, administers, and distributes funds to the College for various grants and scholarships.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation:*** Financial statement presentation follows the recommendations of the Financial Statements of Not for Profit Organizations Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification. Under the standard, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Temporarily restricted net assets are subject to donor-imposed restrictions related to specific purposes. Satisfaction of temporarily restricted net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from temporarily restricted net assets to unrestricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that will never lapse, thus requiring that the funds be retained permanently.

***Cash and Cash Equivalents:*** The Foundation considers highly liquid debt instruments purchased with maturity of three months or less and used to support daily operations to be cash equivalents.

***Concentrations of Credit Risk:*** From time to time, the Foundation's cash balances at financial institutions exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. Management does not believe this presents a significant risk to the Foundation.

***Investments:*** Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

***Accounts Receivable:*** Accounts receivable are stated at the amount management expects to collect from outstanding balances.

***Contributions:*** Under the standards within the Accounting Standards Codification for Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

***Donated Services:*** A significant amount of donated services are contributed to the Foundation by various members to support the Foundation's program and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Status:** The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, any income from certain activities not related to the Foundation's tax exempt purpose would be subject to taxation as unrelated business income.

**Accounting for Uncertain Tax Positions:** Accounting standards provide guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's information returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not-threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Foundation files information returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Foundation is no longer subject to U.S. federal and state examinations by tax authorities for years before 2007. As of and for the years ended June 30, 2011 and 2010, management has determined that there are no uncertain tax positions.

**Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events:** The Foundation has evaluated subsequent events through October 20, 2011, the date the financial statements were available to be issued.

**ENDOWMENT**

The Foundation's endowment consists of two funds established for educational purposes, all of which are donor-restricted funds. During the year ended June 30, 2011, the board approved change of classification for two of the funds to temporarily restricted assets.

**Interpretation of Relevant Law:** The Foundation follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and its own governing documents. UPMIFA, which replaces the Uniform Management of Institutional Funds Act ("UMIFA") of 1972, eliminates the requirement of preservation of historical dollar amount of the donor-restricted endowment fund, in favor of considering the factors for prudent appropriation of spending of the endowment and would apply in the absence of donor restrictions on the donor endowment (not Board designated endowments). The Foundation's donors have placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds and, accordingly, investment income and net appreciation is classified as temporarily restricted until the assets are appropriated for expenditure.



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**ENDOWMENT (CONTINUED)**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2011:**

	<b>Permanently Restricted</b>	<b>Total</b>
	<hr/>	<hr/>
Donor-restricted endowment funds	\$ 20,119	\$ 39,705
	<hr/>	<hr/>

**Changes in Endowment Net Assets for the Year Ended June 30, 2011:**

	<b>Permanently Restricted</b>	<b>Total</b>
	<hr/>	<hr/>
Endowment net assets, beginning of year	\$ 39,705	\$ 39,705
Change in classification	(19,586)	-
	<hr/>	<hr/>
Endowment net assets, end of year	\$ 20,119	\$ 39,705
	<hr/>	<hr/>

**Endowment Net Asset Composition by Type of Fund as of June 30, 2010:**

	<b>Permanently Restricted</b>	<b>Total</b>
	<hr/>	<hr/>
Donor-restricted endowment funds	\$ 39,705	\$ 39,705
	<hr/>	<hr/>

**Changes in Endowment Net Assets for the Year Ended June 30, 2010:**

	<b>Permanently Restricted</b>	<b>Total</b>
	<hr/>	<hr/>
Endowment net assets, beginning of year	\$ 39,705	\$ 39,705
Endowment net assets, end of year	\$ 39,705	\$ 39,705
	<hr/>	<hr/>

**FAIR VALUE MEASUREMENTS**

The Foundation accounts for their investments under the Fair Value Measurements (“FVM”) Topic of the FASB Accounting Codification. FVM establishes a new framework for measuring fair value and expands related disclosures. Broadly, the FVM framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. FVM establishes market or observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

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**FAIR VALUE MEASUREMENTS (CONTINUED)**

The valuation techniques required by FVM are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions. These two types of inputs create the following hierarchy:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the investment)

Below is a description of the valuation methodologies used for assets measured at fair value. The methodologies used at June 30, 2011 and 2010, are the same.

- Mutual funds are valued at the net asset value ("NAV") of shares held by the Foundation at year end.

Fair value of assets measured on a recurring basis at June 30, 2011 and 2010, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
<b>June 30, 2011</b>		
Mutual funds		
Growth and income	\$ 248,585	\$ 248,585
Bonds	<u>430,064</u>	<u>430,064</u>
Total investments	<u>\$ 678,649</u>	<u>\$ 678,649</u>
<b>June 30, 2010</b>		
Mutual funds		
Growth and income	\$ 194,903	\$ 194,903
Bonds	<u>405,725</u>	<u>405,275</u>
Total investments	<u>\$ 600,628</u>	<u>\$ 600,628</u>

The following tabulation summarizes the net yields of investment assets:

	<u>2011</u>	<u>2010</u>
Dividends and interest	\$ 22,470	\$ 17,125
Unrealized gains	<u>51,613</u>	<u>45,493</u>
Total investment income for the year	<u>\$ 74,083</u>	<u>\$ 62,618</u>

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**SEGREGATION OF NET ASSETS**

**Unrestricted – Board Designated:** The Board of Directors designated net assets to support the expansion of the Hospitality Industry Administration (“HIA”) program, including the construction of a new culinary education kitchen and mixology lab. Board designated assets for the years ended June 30, 2011 and 2010, were \$20,893 and \$65,472, respectively.

**Temporarily Restricted:** Temporarily restricted net assets represent contributions that have been designated by donors to fund specific scholarships and grant activities.

The Foundation has temporarily restricted net assets to support the following programs:

	<u>2011</u>	<u>2010</u>
Scholarships and grants	\$ 282,401	\$ 253,148
	<u>\$ 282,401</u>	<u>\$ 253,148</u>

During the year ended June 30, 2011 and 2010 temporarily restricted net assets were released from restrictions as the Foundation incurred expenses, satisfying the restricted purpose designated by the donor. Temporarily restricted net assets were released from restrictions to support the following programs:

	<u>2011</u>	<u>2010</u>
Scholarships and grants	\$ 296,220	\$ 184,113
Total net assets released from restrictions	<u>\$ 296,220</u>	<u>\$ 184,113</u>

**Permanently Restricted:** Permanently restricted net assets consist of donor-restricted endowments. Investment income earned on these net assets may be used for the Foundation’s operating activities.

The following is a summary of programs to be supported with earnings on permanently restricted net assets as designated by the donors:

	<u>2011</u>	<u>2010</u>
20 <sup>th</sup> Century Women’s Club Scholarship	\$ 10,869	\$ 16,763
Milton Kwake Scholarship	-	3,733
University Club Scholarship	-	9,959
William Barr Memorial	9,250	9,250
	<u>\$ 20,119</u>	<u>\$ 39,705</u>