



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Trustees
Lincoln Land Community College Foundation
Springfield, Illinois

We have audited the accompanying financial statements of Lincoln Land Community College Foundation (the Foundation), a nonprofit organization, which are comprised of the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Lincoln Land Community College Foundation as of June 30, 2021 and 2020, 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

Springfield, Illinois
September 13, 2021

Lincoln Land Community College Foundation

STATEMENTS OF FINANCIAL POSITION

June 30

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 922,699	\$ 1,316,450
Prepaid expense	8,493	-
Receivables		
Contributions, net of discounts and allowances	11,383,459	14,502,909
Other	5,100	18,100
Accrued interest income	-	32
Investments	12,684,047	9,394,922
Investment land	2,791,510	2,736,775
Furniture and equipment, net	<u>2,651</u>	<u>4,921</u>
Total assets	<u>\$ 27,797,959</u>	<u>\$ 27,974,109</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payables		
Scholarships	\$ 330,895	\$ 293,610
Grants	14,388	11,544
Program support	452,668	36,731
Other	<u>213,724</u>	<u>188,181</u>
Total liabilities	1,011,675	530,066
NET ASSETS		
Without donor restrictions	2,925,049	1,960,792
With donor restrictions	<u>23,861,235</u>	<u>25,483,251</u>
Total net assets	<u>26,786,284</u>	<u>27,444,043</u>
Total liabilities and net assets	<u>\$ 27,797,959</u>	<u>\$ 27,974,109</u>

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

Lincoln Land Community College Foundation

STATEMENTS OF ACTIVITIES

Year Ended June 30

	<u>2021</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
REVENUES AND GAINS			
Contributions, net of discounts and allowances	\$ 71,701	\$ 1,296,943	\$ 1,368,644
In-kind contributions	345,395	141,150	486,545
Net investment income	870,821	1,385,937	2,256,758
Special event	85,240	-	85,240
Grant	-	52,000	52,000
Investment land valuation adjustment	54,735	-	54,735
Rent	39,200	-	39,200
Other revenues and gains	<u>4,592</u>	<u>-</u>	<u>4,592</u>
Total revenues and gains	1,471,684	2,876,030	4,347,714
Net assets released from restrictions	<u>4,498,046</u>	<u>(4,498,046)</u>	<u>-</u>
	5,969,730	(1,622,016)	4,347,714
EXPENSES			
Program services			
Scholarships and other assistance	4,512,152	-	4,512,152
Supporting activities			
Management and general	258,636	-	258,636
Fundraising	<u>234,685</u>	<u>-</u>	<u>234,685</u>
Total expenses	<u>5,005,473</u>	<u>-</u>	<u>5,005,473</u>
CHANGE IN NET ASSETS	964,257	(1,622,016)	(657,759)
NET ASSETS AT BEGINNING OF YEAR	<u>1,960,792</u>	<u>25,483,251</u>	<u>27,444,043</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,925,049</u>	<u>\$ 23,861,235</u>	<u>\$ 26,786,284</u>

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

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND GAINS			
Contributions, net of discounts and allowances	\$ 39,982	\$ 7,441,262	\$ 7,481,244
In-kind contributions	423,248	55,269	478,517
Net investment income	70,057	139,414	209,471
Special event	77,780	-	77,780
Investment land valuation adjustment	51,060	2,603	53,663
Rent	39,200	-	39,200
Other revenues and gains	<u>6,489</u>	<u>-</u>	<u>6,489</u>
Total revenues and gains	707,816	7,638,548	8,346,364
Net assets released from restrictions	<u>1,312,715</u>	<u>(1,312,715)</u>	<u>-</u>
	2,020,531	6,325,833	8,346,364
EXPENSES			
Program services			
Scholarships and other assistance	1,416,131	-	1,416,131
Supporting activities			
Management and general	260,003	-	260,003
Fundraising	<u>229,344</u>	<u>-</u>	<u>229,344</u>
Total expenses	<u>1,905,478</u>	<u>-</u>	<u>1,905,478</u>
CHANGE IN NET ASSETS	115,053	6,325,833	6,440,886
NET ASSETS AT BEGINNING OF YEAR	<u>1,845,739</u>	<u>19,157,418</u>	<u>21,003,157</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,960,792</u>	<u>\$ 25,483,251</u>	<u>\$ 27,444,043</u>

Lincoln Land Community College Foundation

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30

	2021			
	<u>Program</u>	<u>Supporting Activities</u>		
	<u>Services</u>	<u>Management</u>		
	<u>Scholarships</u>	<u>and</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Assistance</u>	<u>General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships	\$ 330,895	\$ -	\$ -	\$ 330,895
Grants	8,922	-	-	8,922
Assistance to the District	4,021,347	-	-	4,021,347
Salaries and benefits	146,871	179,914	191,034	517,819
Purchased services	-	42,549	9,286	51,835
Donor relations	-	-	1,747	1,747
Awards and recognition	-	101	6,867	6,968
Foundation gala	-	-	19,544	19,544
Supplies and other	1,847	2,565	3,905	8,317
Postage	-	2,500	543	3,043
Printing	-	663	1,411	2,074
Professional dues	-	479	-	479
Travel	-	5	-	5
Luncheons/dinners/seminars	-	-	348	348
Taxes and licenses	-	8,746	-	8,746
Occupancy costs	-	21,114	-	21,114
Depreciation	2,270	-	-	2,270
	<u>\$ 4,512,152</u>	<u>\$ 258,636</u>	<u>\$ 234,685</u>	<u>\$ 5,005,473</u>

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

2020

	<u>Program</u>		<u>Supporting Activities</u>	<u>Total</u>
	<u>Services</u>	<u>Management and</u>		
	<u>Scholarships and Other Assistance</u>	<u>General</u>	<u>Fundraising</u>	
Scholarships	\$ 293,610	\$ -	\$ -	\$ 293,610
Grants	10,191	-	-	10,191
Assistance to the District	1,006,455	-	-	1,006,455
Salaries and benefits	103,216	184,609	176,779	464,604
Purchased services	-	35,166	29,590	64,756
Donor relations	-	-	2,804	2,804
Awards and recognition	-	488	5,643	6,131
Endowment campaign	-	-	25	25
Foundation gala	-	-	6,635	6,635
Supplies and other	55	1,989	2,930	4,974
Postage	-	1,000	1,532	2,532
Printing	-	50	768	818
Professional dues	-	362	-	362
Travel	-	7,627	-	7,627
Luncheons/dinners/seminars	334	-	2,638	2,972
Taxes and licenses	-	8,322	-	8,322
Occupancy costs	-	20,390	-	20,390
Depreciation	2,270	-	-	2,270
	<u>\$ 1,416,131</u>	<u>\$ 260,003</u>	<u>\$ 229,344</u>	<u>\$ 1,905,478</u>

Lincoln Land Community College Foundation

STATEMENTS OF CASH FLOWS

Years Ended June 30

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (657,759)	\$ 6,440,886
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net investment gains	(2,136,294)	(58,067)
In-kind contribution of land held for investment	-	(105,000)
Investment land valuation adjustment	(54,735)	(53,663)
Endowment principal support received	(62,118)	(253,851)
Depreciation	2,270	2,270
Changes in operating assets and liabilities		
Prepaid expense	(8,493)	-
Receivables	3,132,450	(5,200,329)
Accrued interest income	32	-
Payables	<u>481,609</u>	<u>(228,724)</u>
Net cash flows from operating activities	696,962	543,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and reinvested earnings	(10,607,234)	(6,419,990)
Sales of investments	<u>9,454,403</u>	<u>5,768,586</u>
Net cash flows from investing activities	(1,152,831)	(651,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment principal support received	<u>62,118</u>	<u>253,851</u>
NET CASH FLOWS	(393,751)	145,969
CASH AT BEGINNING OF YEAR	<u>1,316,450</u>	<u>1,170,481</u>
CASH AT END OF YEAR	<u>\$ 922,699</u>	<u>\$ 1,316,450</u>

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

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Lincoln Land Community College Foundation (the Foundation) exists for the principal purpose of aiding and assisting Lincoln Land Community College, District #526 (the District) in achieving its educational, research and service goals and responsibilities.

2. Basis of Accounting

The books and records of the Foundation are maintained and the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned; support; when an unconditional promise to give is received; and expenses, when incurred.

3. Basis of Presentation

The Foundation follows provisions of financial reporting standards for not-for-profit organizations with respect to restricted support received. Net assets, support, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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 resources was restricted has been fulfilled, or both.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Functional Allocation of Expenses

The costs of program services and supporting 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 program services and supporting activities benefited.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation reports cash on hand and in demand deposit accounts as cash. Cash equivalents in brokerage accounts are reported as a component of investments.

6. Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions that are receivable in less than one year are reported at their realizable amount (net of an estimate of uncollectible amounts). Contributions receivable in one year or more are reported at the realizable amount, using present value calculated with a discount rate of 3.25%.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Revenue Recognition - Continued

Special Events

The Foundation recognizes revenue when the related event is held, and performance obligations are met.

7. Investments

Investments are carried at fair value. Realized and unrealized gains and losses are included in the statement of activities. The Foundation follows the practice of widely diversifying its investments to mitigate concentrations of credit risk with respect to investments held in the brokerage accounts.

8. Fair Value of Financial Instruments

Accounting principles generally accepted in the United States of America define fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management determines fair value based on assumptions market participants would use, including consideration of non-performance risk. Realized and unrealized gains and losses are reported in the statement of activities.

The Foundation reports fair value of financial instruments using a three-level hierarchy, based on the extent to which inputs used in measuring fair value are observable in the market at the measurement date, as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.
- Level 2 - Inputs are observable quoted prices for similar assets in active markets.
- Level 3 - Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

9. Furniture and Equipment

The Foundation capitalizes furniture and equipment with individual costs of \$ 1,000, or more and useful lives of more than one year. They are reported at cost, or fair value if contributed, less depreciation and amortization calculated on the straight-line basis over the useful lives of the assets, which range from 3 to 7 years.

10. Endowment Funds

The Foundation interprets laws pertaining to donor-restricted endowment gifts received as creating net assets with donor restrictions to be held in perpetuity. The income on endowment investments is expendable for grants to college departments or teachers, student scholarships, other forms of program support as stipulated by the donor, or for other needs if no stipulation is made.

Foundation policies prescribe the following for ensuring proper appropriation and expenditure of endowment funds. An endowment principal account is maintained for each endowment gift with a unique donor stipulated purpose. An unexpended earnings account is maintained that corresponds to each endowment principal account to accumulate investment earnings, realized gains and losses, and amounts expended. The Foundation Executive Director approves all expenditures charged to endowment unexpended earnings accounts, to ensure amounts are expended as stipulated.

The Foundation's investment policies include objectives to achieve a maximum total return and provide for current income requirements while assuming a prudent degree of risk exposure. Specific investment guidelines are determined by the finance committee and reviewed and approved by the board. No specific return objectives are set; however, guidelines for percentages of assets to be invested in several classes of investments are established, and changes in investment allocations are made only after consultation with the Foundation's professional investment advisor and approval by the finance committee. These investment policies are intended to help attain the goals of the Foundation to provide scholarships and grants at levels consistent with prior years, increasing with the growth of the college, but subject to the Foundation's ability to maintain adequate reserves.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Income Taxes

The Foundation is organized as a not-for-profit corporation and is exempt from Federal income taxes under section 501(a) of the Internal Revenue Code, as an organization described in section 501(c)(3), and has been determined not to be a private Foundation.

The Foundation follows accounting principles generally accepted in the United States of America related to accounting for uncertainty in income taxes, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management evaluated tax positions for the open tax years at June 30, 2021, and determined no provision for uncertain tax position was required.

12. Contributed Services

Contributed services are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals with those skills, and would typically need to be purchased if not donated.

13. 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Subsequent Events

The Foundation assessed events that occurred subsequent to June 30, 2021 through September 13, 2021, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No subsequent event occurred that would require adjustment to or disclosure in the financial statements.

15. Reclassifications

Certain 2020 reclassifications were made to conform to the 2021 presentation.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Change of Accounting Principles

Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, superseded or replaced nearly all revenue recognition guidance. These standards established a new contract and control-based revenue recognition model, changed the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. Effective July 1, 2020, management implemented Topic 606 and adjusted the presentation in these financial statements accordingly. No cumulative-effect adjustment in net assets was recorded because the adoption of the standards did not significantly impact the Foundation's reported historical revenue.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the dates of the statements of financial position, reduced by amounts not available for general use within one year because of contractual, donor-imposed or other restrictions:

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash	\$ 922,699	\$ 1,316,450
Investments	12,684,047	9,394,922
Receivables, net of discounts and allowances	<u>11,388,559</u>	<u>14,521,009</u>
Total financial assets	24,995,305	25,232,381
Not available for use within one year		
Unexpendable endowment principal	(7,070,827)	(7,003,186)
Receivables	<u>(10,317,030)</u>	<u>(10,844,145)</u>
Total not available for use within one year	<u>(17,387,857)</u>	<u>(17,847,331)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,607,448</u>	<u>\$ 7,385,050</u>

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in investments according to its investment policy statements. All or some of these investments can be quickly converted to cash and cash equivalents

NOTE C - CONTRIBUTIONS RECEIVABLE, NET OF DISCOUNTS AND ALLOWANCES

Unconditional promises to give (contributions receivable) were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Contributions receivable in less than one year		
Kreher Farm Perpetual Charitable Trust	\$ 405,461	\$ 402,258
Memorial Health System	593,780	3,207,858
Other	<u>68,646</u>	<u>49,534</u>
	1,067,887	3,659,650
Contributions receivable in one year or more		
Kreher Farm Perpetual Charitable Trust	13,231,485	13,636,945
Memorial Health System	1,781,340	2,375,120
Other	<u>40,000</u>	<u>60,000</u>
	15,052,825	16,072,065
Less: 3.25% discount on receivables in one year or more	(4,735,794)	(5,227,920)
Less: allowance for uncollectable amounts	<u>(1,459)</u>	<u>(886)</u>
	<u>\$ 11,383,459</u>	<u>\$ 14,502,909</u>

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE D - INVESTMENTS

Detail of income from investments in brokerage accounts was as follows for the years ended June 30:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 62,038	\$ 108,400	\$ 170,438	\$ 43,256	\$ 160,959	\$ 204,215
Realized gains	134,828	268,235	403,063	101,610	339,972	441,582
Unrealized gains (losses)	692,938	1,040,293	1,733,231	(63,850)	(319,665)	(383,515)
Investment expenses	<u>(18,983)</u>	<u>(30,991)</u>	<u>(49,974)</u>	<u>(10,959)</u>	<u>(41,852)</u>	<u>(52,811)</u>
Net investment income	<u>\$ 870,821</u>	<u>\$1,385,937</u>	<u>\$2,256,758</u>	<u>\$ 70,057</u>	<u>\$ 139,414</u>	<u>\$ 209,471</u>

NOTE E - FAIR VALUE MEASUREMENTS

Fair value of the Foundation's investments, determined using inputs as described in Note A7, was as follows at June 30:

	2021			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,620,035	\$ 1,620,035	\$ -	\$ -
Fixed income securities/ ETF's	3,673,913	3,673,913	-	-
Domestic equities/ETF's	<u>7,390,099</u>	<u>7,390,099</u>	<u>-</u>	<u>-</u>
Total in brokerage accounts	12,684,047	12,684,047	-	-
Investment land	<u>2,791,510</u>	<u>-</u>	<u>-</u>	<u>2,791,510</u>
Total	<u>\$ 15,475,557</u>	<u>\$ 12,684,047</u>	<u>\$ -</u>	<u>\$ 2,791,510</u>

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE E - FAIR VALUE MEASUREMENTS - Continued

	<u>2020</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 168,598	\$ 168,598	\$ -	\$ -
Fixed income securities/ ETF's	3,634,847	3,634,847	-	-
Domestic equities/ETF's	5,134,783	5,134,783	-	-
International fixed income/ETF's	78,358	78,358	-	-
Alternative investments	<u>378,336</u>	<u>-</u>	<u>378,336</u>	<u>-</u>
Total in brokerage accounts	9,394,922	9,016,586	378,336	-
Investment land	<u>2,736,775</u>	<u>-</u>	<u>-</u>	<u>2,736,775</u>
Total	<u>\$ 12,131,697</u>	<u>\$ 9,016,586</u>	<u>\$ 378,336</u>	<u>\$ 2,736,775</u>

Investments valued using Level 2 inputs consist of funds that have invested in other funds or hedge funds. Their values are determined quarterly using the values of the underlying assets.

NOTE F - FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 18,724	\$ 18,724
Furniture	<u>15,893</u>	<u>15,893</u>
	34,617	34,617
Accumulated depreciation	<u>(31,966)</u>	<u>(29,696)</u>
	<u>\$ 2,651</u>	<u>\$ 4,921</u>

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE G - INVESTMENT LAND

In 1976 land, consisting of five parcels totaling 163.47 acres near the District's main campus was contributed to the Foundation without restriction. In 1997, land consisting of two parcels totaling 14.47 acres near Petersburg, Illinois, was contributed to the Foundation with a board designated restriction that it be used by the District for a satellite campus. In 2021, the board released the restriction. In 2020, a parcel consisting of 2.06 acres was contributed to the Foundation near the District's main campus, with a donor stipulation that it be used for educational purposes, including, but not limited to, agriculture and horticulture fields of study. These properties are reported herein as investment land.

Investment land balances and activity are reflected in the accompanying financial statements as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Fair value at June 30, 2019	\$ 2,447,951	\$ 130,161	\$ 2,578,112
Contribution	-	105,000	105,000
Valuation adjustment for 2020	<u>51,060</u>	<u>2,603</u>	<u>53,663</u>
Fair value at June 30, 2020	2,499,011	237,764	2,736,775
Released from restriction	132,765	(132,765)	-
Valuation adjustment for 2021	<u>52,593</u>	<u>2,142</u>	<u>54,735</u>
Fair value at June 30, 2021	<u>\$ 2,684,369</u>	<u>\$ 107,141</u>	<u>\$ 2,791,510</u>

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Restricted to expenditure for the following purposes (including unexpended earnings on Endowment funds):		
Kreher Trust Agriculture Program	\$ 9,614,831	\$ 9,884,397
Student scholarships	1,739,665	1,593,353
Memorial Health System Nursing Program	3,170,185	5,716,679
Ronald Cramer land - Petersburg	-	132,765
Brandt Foundation Agriculture Program	15,228	18,727
Student awards	70,650	72,262
Athletic programs	26,500	34,576
Grant programs	81,049	64,408
Helen Hamilton Learning Center	8,455	8,455
Trutter Museum	43,371	47,486
Taylorville building	19,690	21,890
Child Development Center	6,130	5,050
Other departmental support	545,281	479,234
General endowment	142,151	133,277
Unallocated unrealized gains	1,303,681	263,465
Unallocated allowances and discounts	<u>(1,459)</u>	<u>(959)</u>
	16,785,408	18,475,065
Restricted to expenditure for the following purposes and subject to the passage of time:		
Gala sponsorships for the following year	<u>5,000</u>	<u>5,000</u>
Total before endowment principal	16,790,408	18,480,065

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS - Continued

	<u>2021</u>	<u>2020</u>
Endowment principal to be held in perpetuity, with income thereon restricted to expenditure for the following purposes:		
Student scholarships	\$ 5,544,848	\$ 5,492,665
Student awards	67,168	64,446
Grant programs	199,488	199,488
General endowment	1,182,411	1,171,681
Brandt Endowment Agriculture Program	76,912	74,909
Unallocated allowances	<u>-</u>	<u>(3)</u>
	<u>7,070,827</u>	<u>7,003,186</u>
	<u>\$ 23,861,235</u>	<u>\$ 25,483,251</u>

NOTE I - ENDOWMENT FUNDS

The composition of the Foundation's endowment funds as of the report dates and activity reconciling the beginning and ending balances for the fiscal years were as follows:

	<u>Unexpended Earnings</u>	<u>Endowment Principal</u>	<u>Total</u>
Balances at June 30, 2019	\$ 1,546,414	\$ 6,730,845	\$ 8,277,259
Net investment income	119,108	-	119,108
Net appreciation of investments	20,308	-	20,308
Contributions	-	253,821	253,821
Amounts appropriated for expenditure	(198,718)	-	(198,718)
Reclassifications	(1,955)	18,490	16,535
Allowances	<u>-</u>	<u>30</u>	<u>30</u>
Balances at June 30, 2020	1,485,157	7,003,186	8,488,343

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE I - ENDOWMENT FUNDS - Continued

	Unexpended <u>Earnings</u>	Endowment <u>Principal</u>	<u>Total</u>
Net investment income	\$ 77,409	\$ -	\$ 77,409
Net appreciation of investments	1,308,528	-	1,308,528
Contributions	-	62,135	62,135
Amounts appropriated for expenditure	(217,850)	-	(217,850)
Reclassifications	(3,009)	5,522	2,513
Allowances	-	(16)	(16)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2021	<u>\$ 2,650,235</u>	<u>\$ 7,070,827</u>	<u>\$ 9,721,062</u>

Reclassifications resulted from donors requesting a change in prior years' contributions from net assets restricted to expenditure for specific purpose to Endowment principal. Reclassifications also resulted from the board releasing the restriction on the two parcels of land totaling 14.47 acres near Petersburg, Illinois.

NOTE J - TRUTTER COLLECTION

The Foundation has a collection of works of art in a variety of medium received from the Estate of L. Philip Trutter. Mr. Trutter stipulated these items be used to create the L. Phillip and Kathryn Trutter Museum. Due to the eclectic nature of the collection and lack of records of the origin for many items, several attempts at valuation proved difficult and resulted in differing opinions. If capitalized, the collection would increase net assets with donor restrictions, which are unexpendable and not available to finance operations. Trutter Museum expenses totaled \$ 4,116 and \$ 2,659 during the years ended June 30, 2021 and 2020, respectively. Contributions from the estate to provide for operations of the museum were used to establish a fund, reported herein in net assets with donor restrictions. Management is committed to providing ongoing support of the museum after these funds are exhausted.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE K - RELATED PARTY TRANSACTIONS AND BALANCES

A summary of transactions and account balances with the District are as follows, as of and for the years ended June 30:

	<u>2021</u>	<u>2020</u>
In-kind support from the District reported by the Foundation:		
Salaries and related expenses	\$ 324,281	\$ 297,858
Occupancy expenses	<u>21,114</u>	<u>20,390</u>
Total in-kind support from the District	<u>\$ 345,395</u>	<u>\$ 318,248</u>
Amounts payable to the District by the Foundation:		
Grants	\$ (14,388)	\$ (11,544)
Scholarships	(330,895)	(293,610)
Program support	(452,668)	(36,731)
Other	(213,274)	(187,728)
Activity reported by the Foundation for transactions with the District:		
Scholarships expense	330,895	293,610
Grants expense	8,922	10,191
Other assistance expense	1,280,053	950,300
Salaries and benefits expense	193,538	166,746

NOTE L - CONTRIBUTED SERVICES

Management estimates 22 volunteers donate time providing services to the Foundation each year, but these volunteers do not meet the criteria for recognition in the financial statements, as described in Note A12.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE M - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash in various bank deposit accounts, which, at times, exceeds the federally insured limit; however, amounts in excess of the limit are held at a bank that participates in the Promontory Network Insured Cash Sweep (ICS) Program. The ICS Program submits funds for placement into deposit accounts at other FDIC-insured banks (also Network members) in increments below the standard FDIC maximum of \$ 250,000.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the financial statements.

NOTE N - SUPPORT FROM TRUST

The Kreher Farm Perpetual Charitable Trust (the Trust) was created exclusively for charitable and educational purposes, including development of an educational program to be implemented and administered to maintain and stimulate ownership of and participation in family farm operations and agricultural-related fields of study. Under terms of an operating agreement, the Trust affiliated with the District and the Foundation to facilitate operating such a program, which included construction of a new agriculture education facility, administration of scholarships and other support for agricultural related programs of the District.

In January 2019, the three parties also entered into a debt service agreement, which provides for support from the Trust to be contributed to the Foundation and passed through to the District for debt service on bonds issued by the District to finance construction of the facility and for other activities described in the operating agreement.

Lincoln Land Community College Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE N - SUPPORT FROM TRUST - Continued

Following is a summary of Trust related balances and activity reported by the Foundation in net assets with donor restrictions, for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Kreher Trust Agriculture Program net assets at beginning of year	\$ 9,884,397	\$ 9,531,505
Support recognized		
Discount accretion	312,254	315,314
Other	<u>372,742</u>	<u>771,445</u>
Total support recognized	684,996	1,086,759
Net assets released from restrictions		
Debt service on bonds	(402,258)	(324,244)
Other activities	<u>(552,304)</u>	<u>(409,623)</u>
Total net assets released from restrictions	<u>(954,562)</u>	<u>(733,867)</u>
Kreher Trust Agriculture Program net assets at end of year	<u>\$ 9,614,831</u>	<u>\$ 9,884,397</u>

NOTE O - SUPPORT FROM HOSPITAL

Memorial Health System (MHS) and the District developed a Nursing Education Partnership to help address the regional nursing shortage. Support from MHS totaling approximately \$ 6.1 million over five years will provide for admission of 90 additional students per year to the District's associate degree nursing program, for a total of 215 nursing students admitted annually. MHS support allowed for renovation of the west wing of Montgomery Hall on the District's main campus for a new nursing center, purchases of state-of-the-art equipment and hiring of additional faculty and staff to recruit, advise and teach nursing students. Amounts related to the partnership are reported herein in revenues and net assets with donor restrictions.