

Sauk Valley College Foundation

Dixon, Illinois

Financial Report

Year Ended June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of Sauk Valley College Foundation (the Foundation, a nonprofit organization), a component unit of Sauk Valley Community College District 506, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sauk Valley College Foundation as of June 30, 2021, 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.

Wipac LLP

Sterling, Illinois
October 29, 2021

FINANCIAL STATEMENTS

SAUK VALLEY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Cash	\$978,298
Certificates of deposits	695,534
Investments	7,115,126
Pledges receivable	775,736
Accrued interest	1,206
Prepaid expenses	5,500
Total assets	\$9,571,400

LIABILITIES

Liabilities:	
Accounts payable	\$0
Assets held for College	1,940,057
Assets held for others	73,577
Other accrued expenses	0
Total liabilities	2,013,634

NET ASSETS

Net assets:	
Without donor restrictions	1,168,219
With donor restrictions	6,389,547
Total net assets	7,557,766
Total liabilities and net assets	\$9,571,400

See Notes to Financial Statements.

SAUK VALLEY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions	\$376,564	\$1,337,942	\$1,714,506
Event revenue	14,071	1,895	15,966
Investment return (loss), net	504,480	854,868	1,359,348
Reclassification of net assets	(24,336)	24,336	0
Net assets released from restrictions	456,529	(456,529)	0
Total revenue, gains, and other support received	1,327,308	1,762,512	3,089,820
Expenses:			
Program services:			
Grants, awards and scholarships			
Student Scholarships	344,772	0	344,772
Awards	76,515	0	76,515
Total program services	421,287	0	421,287
Supporting services:			
Management and general:			
Supplies	779	0	779
Professional fees	58,230	0	58,230
In-kind - salaries, benefits, and rent	312,725	0	312,725
Conference and meeting expenses	2,350	0	2,350
Maintenance and support fees	57,513	0	57,513
Other	28,328	0	28,328
Total supporting services	459,925	0	459,925
Fundraising:			
Fundraising	19,433	0	19,433
Total fundraising	19,433	0	19,433
Total expenses			
	900,645	0	900,645
Change in net assets	426,663	1,762,512	2,189,175
Net assets, beginning of year	741,556	4,627,035	5,368,591
Net assets, end of year	\$1,168,219	\$6,389,547	\$7,557,766

See Notes to Financial Statements.

SAUK VALLEY COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$2,189,175
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Unrealized (gains) losses of investments	(1,248,299)
Realized (gains) losses of investments	(126,116)
(Increase) decrease in operating assets -	
Accrued interest receivable	4,833
Prepaid expenses	(5,500)
Pledges receivable	(745,228)
Increase (decrease) in operating liabilities:	
Assets held for College	0
Assets held for others	73,577
<hr/>	
Net cash flows from operating activities	142,442

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(498,534)
Proceeds from the sale of investment	524,310
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Net cash flows from investing activities	25,776

INCREASE IN CASH EQUIVALENTS 168,218

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 810,080

CASH AND CASH EQUIVALENTS, END OF YEAR \$978,298

See Notes to Financial Statements.

SAUK VALLEY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 Summary of Significant Accounting Policies:

Nature of Business

Sauk Valley College Foundation (the Foundation) was formed under the General Not-For-Profit Foundation Act of the State of Illinois on November 4, 1965. The Foundation has been approved by the Commissioner of Internal Revenue as an exempt organization under Section 501 of the Internal Revenue Code. Contributions to the Foundation qualify as charitable contributions for federal income tax purposes.

The Foundation was established to assist in carrying out the educational functions of Sauk Valley Community College. The Foundation provides funds by campaign or by other means for scholarships and fellowships for students, and endowments for the College for items having educational, artistic, historical, literary, or other cultural value.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Net Assets

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

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

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

Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposits. As of June 30, 2021, the bank balances of the Foundation's deposits were \$1,698,534, and the entire balance was secured by FDIC coverage and collateralized securities in the Foundation's name.

SAUK VALLEY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 Summary of Significant Accounting Policies (continued):

Certificates of Deposit

The Foundation holds non-brokered certificates of deposit which are carried at cost.

Investments and Investment Earnings

Investments consist primarily of assets invested in alternative investments. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Pledges Receivable

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Unrestricted promises to give to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. Management has considered these pledges to be fully collectible; therefore, no allowance has been recorded.

Functional Allocation of Expenses

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

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

SAUK VALLEY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 Summary of Significant Accounting Policies (continued):

Contributions and Revenues

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Donated Services and Assets

Contributions of assets other than cash are recorded at fair value at the date of the donation. The Foundation reports gifts of land, buildings, and equipment as without donor support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are to be recognized in the financial statements. The services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in supporting services.

SAUK VALLEY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 Summary of Significant Accounting Policies (continued):

Assets Held for Others

Assets Held for College

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

Assets Held for Others

In March 2021, the Foundation entered into an agreement with the Whiteside Area Career Center (WACC) to be the fiduciary agent for the Creating Entrepreneurial Opportunities (CEO) Program. This program prepares youth to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers and contribute to economic development and sustainable communities. The Foundation will hold contributions in a designated account and disburse funds as requested by WACC.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation is classified as public charity. The Foundation is also exempt from state income tax.

The Foundation assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Foundation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return.

Change in Accounting Policy

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework*. The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance and cash flows of the entity. Organizations should consider the level of detail, the amount of emphasis, the degree of aggregation or disaggregation, and whether other information may be required for financial statement users to evaluate the quantitative information disclosed in complying with the disclosure requirements. There was no change in opening balances of net assets and no prior period results were restated.

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 Summary of Significant Accounting Policies (continued):

Pending Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02: *Leases*. When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases as well as finance leases. This standard is effective for financial statement issued for annual periods beginning after December 15, 2021. Management is evaluating what impact this new standard will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07: Not-for-Profit Entities (Topic 958): *Presentation and Disclosure b Not-for-Profit Entities for Contributed Nonfinancial Assets*. When this standard is adopted, Not-for-Profit entities will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires additional disclosures regarding contributed nonfinancial assets. This standard is effective for financial statement issued for annual periods beginning after June 15, 2021. Management is evaluating what impact this new standard will have on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through October 29, 2021 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021 have been incorporated herein.

Note 2 Liquidity and Availability of Financial Assets:

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2021, reduced by amounts not available for general expenditures:

Total financial assets	\$9,565,900
Less those unavailable for general expenditure within one year due to:	
Funds held for others	2,013,634
Purpose restrictions	2,461,596
Perpetual endowments	3,927,951
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Financial assts available to meet cash needs for general expenditures within one year	<hr/> \$1,162,719 <hr/>

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 3 Investments:

Interest, dividends, realized and unrealized gains and losses attributable to investments have been distributed based on each fund's percentage holdings of that investment. All investments are through an investment pool called Commonfund which carries funds at fair value. The investments at June 30, 2021 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Multi-Strategy Equity Funds	\$4,688,385	\$2,699,262	\$1,989,123
Multi-Strategy Bond Funds	2,426,741	2,212,070	214,671
	<u>\$7,115,126</u>	<u>\$4,911,332</u>	<u>\$2,203,794</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2021:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$6,977	\$1,650	\$8,627
Unrealized gains (losses)	456,319	791,980	1,248,299
Realized gains (losses)	50,118	75,998	126,116
Investment fees	(8,934)	(14,760)	(23,694)
Total	<u>\$504,480</u>	<u>\$854,868</u>	<u>\$1,359,348</u>

Note 4 Endowment Funds:

The Foundation's endowment consists of approximately 50 donor-restricted individual funds established to be maintained permanently with earnings to be used for a variety of purposes.

The Foundation follows the laws prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed in UPMIFA.

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4 Endowment Funds (continued):

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation

Investment income generated by the Foundation's endowment funds are used to benefit each endowment's intended purpose and accordingly, investment losses are recognized in the Foundation's unrestricted net assets.

The endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$5,513,555	\$5,513,555

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Endowment net assets, beg of year	\$0	\$3,752,668	\$3,752,668
Investment return:			
Interest income	0	(13,110)	(13,110)
Net appreciation (realized and unrealized) on investments	0	867,978	867,978
Total investment return	0	854,868	854,868
Contributions	0	1,073,826	1,073,826
Reclassification per donor agreement	0	(4,608)	(4,608)
Appropriation of endowment assets for expenditure	0	(163,199)	(163,199)
Endowment net assets, end of year	\$0	\$5,513,555	\$5,513,555

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4 Endowment Funds (continued):

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no individual donor-restricted endowment fund deficiencies at June 30, 2021.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies to maximize total return (appreciation and income) and to achieve a specified income level while minimizing credit risk and avoiding excessive market risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a specified period(s), as well as the earnings on those funds which have not yet been appropriated. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized and current yield (interest and dividends). The Foundation's policy is that its investments should consist of a high-quality portfolio of securities following "the Prudent Man rule." Management believes this strategy will help to achieve the Foundation's long-term return objectives within prudent risk constraints. While this is the long-term strategy, on a short-term basis the Foundation chose to invest in highly liquid, short-term securities.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period.

Note 5 Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following as of June 30, 2021:

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$2,461,596
Endowment subject to spending policy and appropriation	3,927,951
	<hr/>
Net assets with donor restrictions	\$6,389,547
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The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 Net Assets with Donor Restrictions (continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2021 for scholarships, awards and College support totaled \$456,529.

The Foundation also reclassified \$24,336 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

Note 6 Pledges Receivable:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2021 is as follows:

Total Pledges Receivable	\$932,939
Less discounts to net present value	(157,203)
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Pledges Receivable	\$775,736
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Amounts due in:	
Less than one year	\$110,064
Due in more than one year	665,672
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Pledges Receivable	\$775,736
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Note 7 Assets Held for Others:

The Foundation is holding assets for others as a fiduciary agent. According to GAAP, since the Foundation is acting as a fiduciary agent, no revenues or expenses are recorded for receipts and payments of pass-through monies. Assets held for others at year end are recorded as a payable to organization that controls the assets.

Transactions in funds held for others are summarized as follows:

	Sauk Valley Community College	WACC CEO Program
Balance, beginning of year	\$1,940,057	\$0
Add (deduct):		
Contributions	0	110,354
Net realized gains (losses)	7,997	0
Net unrealized gains (losses)	498,439	0
Program expenses	0	(36,777)
Distributions to Foundation	(506,436)	0
<hr/>		
Change in funds held for others	0	73,577
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Balance, end of year	\$1,940,057	\$73,577
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SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 8 Fair Value of Financial Instruments:

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

Alternative Investments

The alternative investment portfolio is made up of investments of shares of funds in Commonfund's multi-strategy equity fund and multi-strategy bond fund. The fund managers invest in a variety of securities based on the strategy of the fund. Some of the shares in those multi-strategy funds are traded in an active market. The fair value of alternative investments is based on the net asset value (NAV) per share as a practical expedient. In accordance with FASB ASC 820, certain investments that are measured using the NAV per share as a practical expedient are not required to be classified in the fair value hierarchy which applied to investments in Commonfund's funds.

At June 30, 2021, the Foundation's investments valued at NAV were as follows:

	Fair Value	Redemption Frequency	Redemption Notice
Multi-strategy equity fund	\$4,688,385	Monthly	5 days
Multi-strategy bond fund	2,426,741	Monthly	5 days
Total	\$7,115,126		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2021.

SAUK VALLEY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 8 Fair Value of Financial Instruments (continued):

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

	Multi-Strategy Equity Fund	Multi-Strategy Bond Fund	Total
Fair Value as of June 30, 2020	\$3,359,303	\$2,407,545	\$5,766,848
Purchases	74,204	49,470	123,674
Sales	(22,313)	(103,802)	(126,115)
Fees	(16,344)	(7,350)	(23,694)
Distributions to College	0	0	0
Unrealized gains	1,293,535	80,878	1,374,413
Fair Value as of June 30, 2021	\$4,688,385	\$2,426,741	\$7,115,126

Note 9 Related Parties:

The Foundation is a component unit of Sauk Valley Community College District 506 (College) for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College provides office space and support services for the Foundation. The estimated fair value of such in-kind benefits to the Foundation was \$297,586 for the year ended June 30, 2021 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$421,287 for scholarships and awards during the year ended June 30, 2021.

On April 30, 2010 and 2013, the US Department of Education released the fund restrictions related to the Sauk Valley Community College's Endowment Challenge Grant. On August 31, 2014 the College transferred approximately \$1.9 million to the Foundation to manage on behalf of the College pursuant to an agreement dated November 25, 2014. The Foundation has entered into a "Gift Transfer and Management Agreement" with the College to manage, invest, and otherwise hold all gifts for the benefit of the College. The corpus of the gifts shall be invested and held in a manner so that the corpus of the gifts are identifiable and distinguishable from the Foundation's other holdings. The Foundation may use the investment income generated from the gifts for any purpose consistent with the Foundation articles of incorporation and by-laws. As of June 30, 2021, the Foundation has assets held for the College in the amount of \$1,940,057.

Note 10 Subsequent Event:

Sauk Valley Community College District 506 (College) assigned and formally relinquished ownership, possession, and control over the \$1,940,057 of the designated Challenge Grant Funds, currently in the Foundation's possession effective July 1, 2021. The Foundation agrees that the funds shall be managed and invested solely for educational purposes in support of the College. The Foundation agrees to designate these funds as "restricted" and to refrain from any action to pledge, mortgage, hypothecate, or otherwise transfer the funds, other than as necessary to effectuate the purpose of the Impact program.