

SPOON RIVER COLLEGE FOUNDATION

Canton, Illinois

Financial Statements

June 30, 2010

SPOON RIVER COLLEGE FOUNDATION

TABLE OF CONTENTS

Independent Auditors' Report

Exhibit

Financial Statements:

Statement of Assets, Liabilities and Net Assets -

Cash Basis

A

Statement of Activities - Cash Basis

B

Notes to Financial Statements

Schedule

Schedule of Changes in Net Assets

1



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Spoon River College Foundation

We have audited the accompanying statement of assets, liabilities and net assets – cash basis of Spoon River College Foundation (a not-for-profit corporation) as of June 30, 2010, and the related statement of activities – cash basis for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Spoon River College Foundation at June 30, 2010, and the changes in its net assets for the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Peoria, Illinois
April 27, 2011

Gordon, Stockman & Waugh, P.C.

SPOON RIVER COLLEGE FOUNDATION

Statement of Assets, Liabilities and Net Assets - Cash Basis

June 30, 2010

	Current Funds		Endowment Funds	Total All Funds
	Unrestricted	Temporarily Restricted		
Assets:				
Investments at cost (Note 2)	\$ 57,208	425,917	1,067,515	1,550,640
Total assets	\$ 57,208	425,917	1,067,515	1,550,640
Net Assets:				
Unrestricted	\$ 21,568	-	-	21,568
Unrestricted - Board Designated	35,640	-	-	35,640
Temporarily restricted	-	425,917	-	425,917
Permanently restricted	-	-	1,067,515	1,067,515
Total net assets	\$ 57,208	425,917	1,067,515	1,550,640

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE FOUNDATION

Statement of Activities - Cash Basis
Year Ended June 30, 2010

	Current Funds		Endowment	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Public Support and Receipts:				
Contributions received	\$ 4,158	284,362	37,969	326,489
Investment income	981	7,448	-	8,429
Transfer	12,790	(82,622)	69,832	-
Net assets released from restriction	262,712	(262,712)	-	-
Total receipts	280,641	(53,524)	107,801	334,918
Expenses Paid:				
Scholarships	66,411	-	-	66,411
Athletic programs	16,698	-	-	16,698
Canton Campus	6,951	-	-	6,951
Literacy activities	13,189	-	-	13,189
Macomb Campus	20,461	-	-	20,461
Administrative/fundraising	19,582	-	-	19,582
Capital outlay	87,525	-	-	87,525
IRCC Student Activities	8,700	-	-	8,700
Land use - Arboretum	11,855	-	-	11,855
Habitat for Humanity	18,743	-	-	18,743
Other	13,982	-	-	13,982
Total expenses paid	284,097	-	-	284,097
Change in net assets	(3,456)	(53,524)	107,801	50,821
Net assets, beginning of year, as restated	60,664	479,441	959,714	1,499,819
Net assets, end of year	\$ 57,208	425,917	1,069,515	1,550,640

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE FOUNDATION

Notes to Financial Statements June 30, 2010

Note 1. Summary of Significant Accounting Policies

Organization: The Foundation is organized under the General Not-For-Profit Corporation Act of the State of Illinois to support the general welfare of Spoon River College by the solicitation and receipt of grants, endowments and other funds and the allocation of these funds to the College for educational, service, capital and other institutional needs.

Basis of Accounting: The financial statements of Spoon River College Foundation have been prepared on the cash basis. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and net assets of the Foundation are reported in three self-balancing fund groups as follows:

Current unrestricted funds represent unrestricted resources available for support of the Foundation.

Current restricted funds represent resources restricted by the donor for a particular purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities – cash basis as net assets released from restrictions.

Endowment funds (permanently restricted net assets) represent funds that are subject to restriction that gift principal be invested in perpetuity and that income only be used.

Investments: Investment securities are carried at cost. Gains and losses on disposition are based on the net proceeds and the carrying amount of the securities sold, using the specific identification method.

Income Taxes: The Foundation has been determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Foundation adopted this new guidance for the year ended June 30, 2010. Management evaluated the organization's tax positions and concluded that the organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Subsequent Events: Management has evaluated subsequent events and transactions for potential recognition or disclosure through April 27, 2011, which was the date the financial statements were available to be issued. No items requiring disclosure were present.

SPOON RIVER COLLEGE FOUNDATION

Notes to Financial Statements June 30, 2010

Note 2. Investments

Assets of the fund groups are pooled for investment purposes. Investments as of June 30, 2010, are composed of the following:

	<u>Cost</u>	<u>Market Value</u>
Cash	\$ 336,144	336,144
Certificates of deposit	8,383	8,383
Mutual funds	24,680	21,011
Common stocks	822,058	720,492
Preferred stocks	58,356	50,235
Fixed income securities	<u>301,019</u>	<u>293,273</u>
	<u>\$ 1,550,640</u>	<u>1,429,538</u>

Investment income is comprised of the following:

Interest and dividends	\$ 34,388
Realized losses	(16,333)
Fees charged	<u>(9,626)</u>
	<u>\$ 8,429</u>

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions and interest earned which are purpose restricted for scholarships or other institutional purposes. Net assets released from donor restrictions in the current year were in satisfaction of purpose restrictions.

Note 4. Prior Year Restatement

Prior year net assets have been restated to report Title III contributions of \$120,000 as temporarily restricted instead of permanently restricted. This correction had no effect on the change in net assets previously reported.

Note 5. Endowment

In 2008, The Financial Accounting Standards Board, (FASB) issued Staff Position No. FAS 117-1, *Endowments of Not-For-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutions Fund Act, and Enhanced Disclosures for All Endowment Funds* (now referred to as FASB ASC958-205 subsections). This FASB Staff Position (FSB) provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds

SPOON RIVER COLLEGE FOUNDATION

Notes to Financial Statements June 30, 2010

Note 5. Endowment (Continued)

Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State laws) that serves as a guideline for states to use in enacting legislation. The FSB also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

As of June 30, 2010, the Foundation's endowment consists of 37 individual funds established for a variety of purposes. The endowment is comprised of donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's board of directors 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 explicit donor restrictions to the contrary. As a result of this interpretation, the Foundation classifies 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. Investment income is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards 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:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation on investments
- Other resources of the Foundation
- The investment policies of the Foundation

During the year ended June 30, 2010, investment income of \$7,448 was recorded as temporarily restricted and \$32,748 was appropriated for expenditure.

SPOON RIVER COLLEGE FOUNDATION
Schedule of Changes in Net Assets
Year Ended June 30, 2010

	Balance Beginning of Period	Increases		Decreases			Balance End of Period
		Gifts	Investment Income	Scholarships	Expenses	Transfers	
<u>Unrestricted</u>							
Unrestricted	\$ 38,163.29	4,158.77	981.04	-	21,384.71	(350.00)	21,568.39
Total unrestricted	38,163.29	4,158.77	981.04	-	21,384.71	(350.00)	21,568.39
<u>Temporarily Restricted</u>							
General Scholarships	31,808.54	7,434.00	-	21,626.00	-	-	17,616.54
General Endowed Scholarships	5,093.44	-	-	-	-	491.62	5,585.06
Danny Ball Scholarship	898.00	-	-	165.00	-	565.64	1,298.64
Canton Rotary Ketric Klingman Scholarship	3,134.00	-	-	-	-	388.64	3,522.64
Dorothy Cox Memorial Scholarship	798.00	-	-	1,200.00	-	1,500.67	1,098.67
Carl F. Jackson Scholarship	798.00	-	-	-	-	415.57	1,213.57
Dean & Mildred Crawford Memorial Scholarship	748.00	-	-	-	-	153.92	901.92
Harold Dare Memorial Scholarship	698.00	-	-	500.00	-	384.79	582.79
Early Childhood Education Scholarship	3,300.00	-	-	776.00	-	-	2,524.00
Donald & Helen English Memorial Scholarship	948.00	-	-	450.00	-	654.14	1,152.14
Berniece Kruschinsky Scholarship	1,273.00	-	-	900.00	-	711.86	1,084.86
Carl Kruschinsky Scholarship	948.00	-	-	675.00	-	711.86	984.86
Francis & Dorothea McPheeters Scholarship	4,618.00	-	-	1,100.00	-	846.53	4,364.53
MidAmerica National Bank Scholarship	(2,152.00)	-	-	6,000.00	-	6,926.19	(1,225.81)
Mildred & Emory Brott Memorial Scholarship	(302.00)	-	-	3,750.00	-	4,925.29	873.29
Gustav & Elizabeth Miller Scholarship	20,730.00	-	-	2,450.00	-	(6,532.67)	11,747.33
Molly Kay O'Brien Scholarship	1,904.05	5,380.00	-	1,364.62	-	(1,018.01)	4,901.42
Sherman Reed Memorial Scholarship	14,463.83	11,087.62	-	-	-	(14,980.76)	10,570.69
Mr. & Mrs. Glen Rogers Scholarship	13,319.16	-	-	675.00	-	4,033.99	16,678.15
George E. & Verda Mae Poland Scholarship	723.00	-	-	-	-	-	723.00
PMT Scholarship	6,425.00	1,116.82	-	1,000.00	-	500.22	7,042.04
W. I. Taylor Memorial Scholarship	1,748.00	400.00	-	-	-	-	2,148.00
Louise Wood Trust Scholarship	523.00	1,534.55	385.64	450.00	-	(653.69)	1,339.50
Canton Works Club Scholarship	(750.00)	1,500.00	-	1,000.00	-	-	(250.00)
Avis A. Oliver Memorial Scholarship	11,030.00	755.00	-	450.00	-	(10,000.00)	1,335.00
F. R. & M. O. Herink Memorial Scholarship	(500.00)	1,000.00	-	1,000.00	-	-	(500.00)
Rosie Brown Memorial Nursing Scholarship	1,009.50	285.50	-	100.00	-	-	1,195.00
Robert Smolich Memorial Scholarship	648.00	-	-	450.00	-	404.03	602.03
B. H. & Jim Taylor Scholarship	2,150.11	2,600.00	-	1,000.00	-	-	3,750.11
Virgil Ball/Fulton Co. Youth Scholarship	-	500.00	-	-	-	-	500.00
Wesley United Meth. - Fellheimer Scholarship	3,778.00	10,000.00	-	12,129.00	-	-	1,649.00
Canton Rotary Club Scholarship	500.00	-	-	2,000.00	-	-	(1,500.00)
IHIA Scholarship	250.00	800.00	-	800.00	-	-	250.00
L. D. & Virginia L. Barnard Scholarship	7,981.00	-	-	-	-	(7,981.00)	-
J. Marshall & Helen Quick Scholarship	2,073.00	-	-	4,000.00	-	-	(1,927.00)
Katherine Jaeger Scholarship	(200.00)	400.00	-	400.00	-	-	(200.00)
Sherrie L. Wood Memorial Nursing Scholarship	4,711.00	3,070.25	-	-	-	(7,781.25)	-
SRC Alumni Scholarship	400.00	89.00	-	-	-	(489.00)	-
Tom Greenwell Memorial Scholarship	2,755.00	875.00	-	-	-	(3,630.00)	-
Foundation Board and BOT's Scholarship	2,110.50	3,172.10	-	-	-	(5,282.60)	-
Alumni Association	1,856.50	-	-	-	1,190.85	-	665.65
Athletic Program Fund	1,448.13	3,021.00	-	-	1,575.02	-	2,894.11
Baseball Program	1,733.57	7,321.00	-	-	5,858.26	-	3,196.31
Basketball Program - Men's	715.44	750.00	-	-	300.00	(1,165.44)	-
Basketball Program - Women's	511.64	876.00	-	-	1,373.00	(14.64)	(0.00)
Softball Program	857.45	8,557.97	-	-	7,591.44	-	1,823.98
Golf Program - Men's	-	445.00	-	-	-	832.03	1,277.03
Golf Program - Women's	-	345.00	-	-	-	932.50	1,277.50

SPOON RIVER COLLEGE FOUNDATION
 Schedule of Changes in Net Assets
 Year Ended June 30, 2010

	Balance Beginning of Period	Increases		Decreases			Balance End of Period
		Gifts	Investment Income	Scholarships	Expenses	Transfers	
Canton Campus	-	18,621.00	-	-	6,950.87	(13,139.51)	(1,469.38)
College for Kids	(408.74)	-	-	-	-	-	(408.74)
Dance Team	110.45	474.00	-	-	-	(584.45)	-
Havana Center	7,070.00	6,447.00	-	-	12,188.74	-	1,328.26
IRCC Activity Account	12,168.95	3,048.38	-	-	8,700.08	-	6,517.25
Macomb Center	73,909.06	57,804.00	-	-	90,648.53	-	41,064.53
Rushville Center	297.19	150.00	-	-	-	-	447.19
Adult Ed and Family Literacy/GED	5,918.94	1,250.00	-	-	295.13	-	6,873.81
Ag Fundraising	217.25	-	-	-	-	-	217.25
Community Chorus	1,192.00	8,100.00	-	-	4,438.92	(2,000.00)	2,853.08
Friends of SRC Theatre	891.00	-	-	-	249.96	-	641.04
Nursing Fundraising	100.00	618.50	-	-	119.68	-	598.82
Habitat for Humanity	13,250.01	9,312.61	-	-	18,742.72	-	3,819.90
Retirees Leading Institute	1,247.00	3,298.00	-	-	1,456.40	-	3,088.60
SRC - Learning Resource Center	348.55	400.00	-	-	-	-	748.55
Student Activities	(74.02)	-	-	-	-	-	(74.02)
Student Senate	130.33	-	-	-	-	-	130.33
The Big Read	(125.35)	14,825.00	-	-	13,188.70	-	1,510.95
Tools & Equipment - Ditec	2,564.58	915.84	-	-	-	-	3,480.42
Undistributed Interest	32,747.97	-	23,394.98	-	-	(32,747.97)	23,394.98
Realized gains (losses)	26,700.21	-	(16,332.79)	-	-	-	10,367.42
Classroom/Lounge Furniture	1,417.53	72.00	-	-	-	(1,489.53)	-
Land Use	6,869.26	-	-	-	-	-	6,869.26
Land Lab	11,407.07	21,246.96	-	-	14,354.99	-	18,299.04
PEEPS	(978.85)	4,111.70	-	-	4,667.52	-	(1,534.67)
Smart Classrooms	2,630.80	351.00	-	-	2,411.15	1,489.53	2,060.18
Title III Endowment Match	120,000.00	60,000.00	-	-	-	-	180,000.00
Truman Standard Trust	2,325.89	-	-	-	-	-	2,325.89
Total temporarily restricted	<u>479,440.94</u>	<u>284,361.80</u>	<u>7,447.83</u>	<u>66,410.62</u>	<u>196,301.96</u>	<u>(82,621.50)</u>	<u>425,916.49</u>

SPOON RIVER COLLEGE FOUNDATION
Schedule of Changes in Net Assets
Year Ended June 30, 2010

	Balance Beginning of Period	Increases		Decreases			Balance End of Period
		Gifts	Investment Income	Scholarships	Expenses	Transfers	
<u>Permanently Restricted - Endowment</u>							
General Endowed Scholarships	12,776.34	-	-	-	-	-	12,776.34
Avis A. Oliver Memorial Endowment	-	-	-	-	-	10,000.00	10,000.00
Danny Ball Endowment	14,700.00	-	-	-	-	-	14,700.00
L.D. & Virginia L. Barnard Endowment	-	-	-	-	-	7,981.00	7,981.00
Canton Rotary Ketric Klingman Endowment	10,100.00	-	-	-	-	-	10,100.00
Carl F. Jackson Endowment	10,800.00	-	-	-	-	-	10,800.00
Dorothy Cox Memorial Endowment	39,000.00	-	-	-	-	-	39,000.00
Dean & Mildred Crawford Memorial Endowment	4,000.00	-	-	-	-	-	4,000.00
Harold Dare Memorial Endowment	10,000.00	-	-	-	-	-	10,000.00
Donald & Helen English Memorial Endowment	17,000.00	-	-	-	-	-	17,000.00
Berneice Kruschinsky Endowment	18,500.00	-	-	-	-	-	18,500.00
Carl Kruschinsky Endowment	18,500.00	-	-	-	-	-	18,500.00
MidAmerica National Bank Endowment	180,000.00	-	-	-	-	-	180,000.00
Mildred & Emory Brott Memorial Endowment	128,000.00	-	-	-	-	-	128,000.00
Gustav & Elizabeth Miller Endowment	90,110.00	-	-	-	-	10,000.00	100,110.00
Francis & Dorothea McPheeters Endowment	22,000.00	-	-	-	-	-	22,000.00
Molly Kay O'Brien Memorial Endowment	7,800.00	-	-	-	-	-	7,800.00
George E. & Verda Mae Poland Endowment	5,000.00	-	-	-	-	-	5,000.00
PMT Endowment	13,000.00	-	-	-	-	-	13,000.00
Sherman Reed Memorial Endowment	500.00	-	-	-	-	15,000.00	15,500.00
Robert Smolich Memorial Endowment	10,500.00	-	-	-	-	-	10,500.00
Louise Wood Endowment	9,000.00	-	-	-	-	1,000.00	10,000.00
W. I. Taylor Endowment	6,000.00	500.00	-	-	-	-	6,500.00
SRC Alumni Scholarship	-	-	-	-	-	489.00	489.00
Foundation Board and BOT's Scholarship	-	-	-	-	-	2,756.50	2,756.50
Tom Greenwell Memorial Scholarship	-	-	-	-	-	2,875.00	2,875.00
Mr. & Mrs. Glen Rogers Endowment	234,778.00	-	-	-	-	5,000.00	239,778.00
J. Marshall & Helen Quick - Title III Match	90,000.00	-	-	-	-	-	90,000.00
Dean & Mildred Crawford - Title III Match	-	3,000.00	-	-	-	-	3,000.00
Sherman Reed Memorial - Title III Match	7,500.00	-	-	-	-	-	7,500.00
Sherrie L. Wood Nursing Memorial - Title II Match	-	-	-	-	-	7,671.25	7,671.25
Sherrie L. Wood Memorial Nursing Scholarship	-	-	-	-	-	460.00	460.00
Foundation Board and BOT's - Title III Match	-	-	-	-	-	2,526.10	2,526.10
Tom Greenwell Memorial - Title III Match	-	-	-	-	-	2,755.00	2,755.00
Molly O'Brien - Title III Match	-	-	-	-	-	1,318.14	1,318.14
Kiwanis Club of Canton - Title III Match	-	10,029.00	-	-	-	-	10,029.00
McPheeters Campaign - Title III Match	150.00	24,440.00	-	-	-	-	24,590.00
Total permanently restricted	959,714.34	37,969.00	-	-	-	69,831.99	1,067,515.33
<u>Board Designated - Endowment</u>							
Title III Match	22,500.00	-	-	-	-	13,139.51	35,639.51
Total board designated - endowment	22,500.00	-	-	-	-	13,139.51	35,639.51
Totals	\$ 1,499,818.57	326,489.57	8,428.87	66,410.62	217,686.67	-	1,550,639.72