

**PRAIRIE STATE COLLEGE FOUNDATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Prairie State College Foundation

Opinion

We have audited the accompanying financial statements of Prairie State College Foundation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prairie State College Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prairie State College Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prairie State College Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statements of financial position is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JW & Associates, P.C.

Hillside, Illinois
April 26, 2023

FINANCIAL STATEMENTS

PRAIRIE STATE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

	Assets	
	2022	2021
Current assets		
Cash and cash equivalents	\$ 190,703	\$ 97,042
Total current assets	190,703	97,042
Investments	2,083,694	2,758,897
Property and Equipment (net of depreciation)	343,273	345,416
Total noncurrent assets	2,426,967	3,104,313
Total assets	\$ 2,617,670	\$ 3,201,355
	Liabilities and Net Assets	
Current liabilities		
Accounts payable	\$ 7,540	\$ 10,175
Payable due to the College	97,043	197,827
Total current liabilities	104,583	208,002
Net assets		
Without Donor Restrictions	1,152,163	1,471,189
With Donor Restrictions	1,360,924	1,522,164
Total net assets	2,513,087	2,993,353
Total liabilities and net assets	\$ 2,617,670	\$ 3,201,355

PRAIRIE STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 16,993	\$ 64,377	\$ 81,370	\$ 7,590	\$ 67,860	\$ 75,450
Fundraising	56,427	-	56,427	40,421	-	40,421
Investment income	(257,122)	(106,020)	(363,142)	298,431	130,599	429,030
Contributed services and materials	213,159	-	213,159	202,418	-	202,418
Net assets released from restrictions	119,597	(119,597)	-	133,022	(133,022)	-
Total revenues and support	149,054	(161,240)	(12,186)	681,882	65,437	747,319
Expenses						
Program						
Awards and scholarships	126,030	-	126,030	158,285	-	158,285
Salary expense	45,849	-	45,849	43,911	-	43,911
Other program expense	1,931	-	1,931	1,500	-	1,500
Total program expense	173,810	-	173,810	203,696	-	203,696
Support services						
Contributed services and materials	213,159	-	213,159	202,418	-	202,418
Office and administrative	31,534	-	31,534	30,802	-	30,802
Total support services	244,693	-	244,693	233,220	-	233,220
Fundraising expense	49,577	-	49,577	26,375	-	26,375
Total expenses	468,080	-	468,080	463,291	-	463,291
Change in net assets from operations	(319,026)	(161,240)	(480,266)	218,591	65,437	284,028
Nonoperating revenues	-	-	-	-	-	-
Increase in net assets	(319,026)	(161,240)	(480,266)	218,591	65,437	284,028
Net Assets - Beginning of Year	1,471,189	1,522,164	2,993,353	1,252,598	1,456,727	2,709,325
Net Assets - End of Year	<u>\$ 1,152,163</u>	<u>\$ 1,360,924</u>	<u>\$ 2,513,087</u>	<u>\$ 1,471,189</u>	<u>\$ 1,522,164</u>	<u>\$ 2,993,353</u>

See accompanying notes to financial statements

PRAIRIE STATE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (480,266)	\$ 284,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Adjustments for certain noncash items:		
Depreciation	2,143	2,143
Contributions with permanent donor-imposed restrictions	(5,558)	(12,450)
Loss (Gain) on investment	401,188	(397,419)
Changes in operating assets and liabilities which provide (use) cash:		
Accounts payable	(2,635)	(8,259)
Payable due to the College	<u>(100,784)</u>	<u>(79,565)</u>
Net cash provided by operating activities	(185,912)	(211,522)
Cash flows from investing activities		
Purchase of investments	(1,169,843)	(778,076)
Sale of investments	1,406,861	897,533
Change in cash balance from investing	<u>36,996</u>	<u>(70,373)</u>
Net cash used by investing activities	274,014	49,083
Cash flows provided by financing activities		
Contributions restricted for permanent investment	<u>5,558</u>	<u>12,450</u>
Net Increase (Decrease) in Cash and Cash Equivalents	93,660	(149,989)
Cash and Cash Equivalents, Beginning of Year	<u>97,042</u>	<u>247,030</u>
Cash and Cash Equivalents, End of Year	<u>\$ 190,703</u>	<u>\$ 97,042</u>

NOTE 1 – NATURE OF BUSINESS

The Prairie State College Foundation (“Foundation”) was incorporated as an Illinois not-for-profit corporation on October 30, 1973 to be used exclusively for educational purposes to assist in developing and augmenting the facilities and carrying out the educational functions of Prairie State College (“the College”).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Financial Statement Presentation**

During the year ended September 30, 2019, the Foundation adopted Accounting Standards Update (ASU) 2016-14, Financial Statements of Not-for-Profit Organizations. This ASU requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Certain additional note disclosures are required including the amounts and purpose of net asset designations by the Board of Directors and liquidity information.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include deposits with one local financial institution. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 deposited at an FDIC-Insured bank. At various times throughout the fiscal year, the Foundation had cash deposits in excess of \$250,000. The Foundation did not incur any losses as of September 30, 2022 and 2021, respectively.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in pledge revenue. Pledges receivable are reviewed annually to determine if an allowance for uncollectible contributions receivable is needed. Based upon management’s judgement, considering such factors as prior collection history, type of contribution, and nature of fundraising activity, no allowance for uncollectable pledges receivable has been recorded as of the years September 30, 2022 and 2021, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Investments***

Investments are recorded at fair value. The fair value of investments is estimated based on quoted market price for those similar investments. The Foundation primarily invests in mutual funds, as well as cash equivalents that are part of the overall investment pool.

Property and Equipment

Property and equipment are stated at their estimated market value at the date donated or at cost, if purchased. Property and equipment are defined by the Foundation as assets with an initial cost greater than or equal to \$5,000 and an estimated useful life in excess of two years. Significant outlays for property and equipment improvements are capitalized as projects are constructed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are based on management's best estimate of how long the assets are expected to meet service demands.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings	4 - 40 years
Equipment	3 - 5 years

Classification of Net Assets

Net assets of the Foundation are classified as net assets with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Foundation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for services and related expenses associated with the core activities of the Foundation. In addition to these exchange transactions, changes in this category of net assets include unrestricted cash and contributions and property and equipment.

Net assets with donor restrictions include net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time, and net assets that are subject to donor-imposed restrictions to be maintained permanently by the Foundation. When donor-imposed restrictions are met through the passage of time or by actions of the Foundation, these amounts are reclassified to net assets without donor restrictions. At September 30, 2022, the Foundation had net assets subject to donor-imposed restrictions totaling \$1,360,924. Board designated net assets are net assets without donor-imposed restrictions subject to Board of Directors' imposed stipulations, set aside for specific programs. At September 30, 2022, the Foundation had no Board designated net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made and ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, contributions received are recorded as net assets with or without donor restrictions depending on the absence or existence and nature of any donor restrictions.

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

Amounts for services provided by the College are valued and reported as in-kind donations. Further information is provided in Note 9.

Fundraising

Fundraising costs are charged to expense as incurred.

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 of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from estimates.

Risks and Uncertainties

The investments of the Foundation are comprised of domestic equity, foreign equity, balanced and fixed income mutual funds that are exposed to various risks such as interest rates, market factors and other credit risks. Due to the level of risk associated with certain investment funds, it is at least reasonably possible that changes in the value of the mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. As of September 30, 2022 and 2021, all of the Foundation's bank balances were insured by the FDIC.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments. The Foundation limits its exposure to custodial credit risk by utilizing an independent, third-party institution, selected by the Foundation, to act as custodian for its securities.

Credit Risk

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The Foundation limits its exposure to credit risk by primarily investing in a variety of mutual funds, where the credit risk is marginal.

Interest Rate Risk

The interest rate risk is the chance that investments in bonds, also known as fixed-income securities, will suffer as the result of unexpected interest rate changes. The Foundation limits its exposure to interest rate risk by diversifying the Foundation's portfolio.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Foundation has a high percentage of their investments invested in one type of investment. The Foundation's investment policy requires diversification of investment to avoid unreasonable risk by stipulating various ratios of investment into differing classes of investments.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from the payment of income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Additionally, the Foundation has been determined not to be a private foundation under provisions of Internal Revenue Code Section 509(a). Therefore, management has not identified any uncertain income tax positions to be reported.

Liquidity and Availability of Financial Assets

The following represents the Foundation's financial assets at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 190,703	\$ 97,042
Contributions receivable	-	-
Investments	<u>2,083,694</u>	<u>2,758,897</u>
Total financial assets	2,274,397	2,855,939
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,360,924	1,522,164
Board-designated funds for future use	<u>-</u>	<u>-</u>
Financial assets available to meet general expenses over the next twelve months	<u>\$ 913,473</u>	<u>\$ 1,333,775</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Board has not designated an operating reserve as of September 30, 2022.

Subsequent Events

Management has reviewed subsequent events through April 26, 2023, the date on which the financial statements were available to be issued. There were no subsequent events that required adjustment to or disclosure in the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The bank balance of the Foundation's deposits at September 30, 2022 and 2021 were \$335,772 and \$116,286, respectively. The carrying value of the Foundation's deposits at September 30, 2022 and 2021 were \$190,703 and \$97,042, respectively.

NOTE 4 – INVESTMENTS

The details of the Foundation's investments at September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Investments		
Domestic equity mutual funds	\$ 1,020,376	\$ 1,368,943
Foreign equity mutual funds	257,496	373,109
Balanced Mutual Funds	98,408	150,274
Fixed income mutual funds	<u>707,414</u>	<u>866,571</u>
Total	<u>\$ 2,083,694</u>	<u>\$ 2,758,897</u>

Investment income related to the Foundation's investments includes the following at September 30:

	<u>2022</u>	<u>2021</u>
Realized gains (losses)	\$ 179,374	\$ 160,192
Unrealized gains (losses)	(580,532)	237,227
Interest and dividend income	48,609	42,383
Less: investment fees	<u>(10,593)</u>	<u>(10,772)</u>
Total	<u>\$ (363,142)</u>	<u>\$ 429,030</u>

NOTE 5 – FAIR MARKET VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis and the valuation techniques used by the Foundation to determine those fair values at September 30, 2022 and 2021, respectively.

Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Level 2 inputs use other inputs that are observable either directly or indirectly. These inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the assets.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset.

NOTE 5 – FAIR MARKET VALUE MEASUREMENTS (CONTINUED)

The Foundation's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no transfers between levels of the fair value hierarchy for the years ended September 30, 2022 and 2021.

Assets Measured at Fair Value on a Recurring Basis at September 30, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2022
Assets				
Investments				
Domestic equity mutual funds	\$ 1,020,376	\$ -	\$ -	\$ 1,020,376
Foreign equity mutual funds	257,496	-	-	257,496
Balance Mutual Funds	98,408	-	-	98,408
Fixed income mutual funds	707,414	-	-	707,414
Total assets	<u>\$ 2,083,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,083,694</u>
Assets Measured at Fair Value on a Recurring Basis at September 30, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2021
Assets				
Investments				
Domestic equity mutual funds	\$ 1,368,943	\$ -	\$ -	\$ 1,368,943
Foreign equity mutual funds	373,109	-	-	373,109
Balance Mutual Funds	150,274	-	-	150,274
Fixed income mutual funds	866,571	-	-	866,571
Total assets	<u>\$ 2,758,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,758,897</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 155,000	\$ 155,000
Buildings	200,000	200,000
Equipment	<u>15,000</u>	<u>15,000</u>
Total	370,000	370,000
Accumulated depreciation	<u>26,727</u>	<u>24,584</u>
Net carrying amount	<u>\$ 343,273</u>	<u>\$ 345,416</u>

Land and Building consists of a building donated to the Foundation in December of 2013 which is currently not being used by the Foundation, as such, the Foundation has chosen not to depreciate either any further. Depreciation expenses recognized for equipment was \$2,143 and \$2,143 for the years ended September 30, 2022 and 2021, respectively. See Note 2 for the Foundation's policies with regard to property and equipment.

NOTE 7 – DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, the net assets with donor-imposed restrictions are reclassified to net assets without donor-imposed restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation held net assets with donor-imposed restrictions of \$1,360,924 and \$1,522,164 for the years ending September 30, 2022 and 2021, respectively. These net assets will be used for scholarships for students of the College and expenses incurred by departments within the College that have funds held by the Foundation. The Foundation released from restrictions \$119,597 and \$133,022 for the years ended September 30, 2022 and 2021, respectively, for scholarships for students of the College and approved expenses of departments that have funds held and restricted with the Foundation.

The Foundation's endowment consists of donor-restricted endowment funds to function as endowments for the following purposes:

- Granting full and partial scholarships and awards for pursuit of a college education at the College.
- Receive gifts and grants for the general educational purposes of the College.

Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 7 – DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (CONTINUED)***Interpretation of Relevant Law***

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation considers permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gifts instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is considered temporarily restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. Both permanently and temporarily restricted net assets are reported as net assets with donor restrictions on the Statement of Financial Position. 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 purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment Net Asset Composition by type of fund as of
September 30,2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 1,077,165	\$ 1,077,165

Changes in Endowment Net Asset for the Fiscal Year Ended
September 30,2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 1,214,177	\$ 1,214,177
Investment returns:			
Investment income	-	(123,078)	(123,078)
New gifts	-	7,719	7,719
Appropriation for expenditure	-	(21,653)	(21,653)
Endowment net assets - End of year	<u>\$ -</u>	<u>\$ 1,077,165</u>	<u>\$ 1,077,165</u>

NOTE 7 – DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition by type of fund as of September 30,2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 1,214,177	\$ 1,214,177
Changes in Endowment Net Asset for the Fiscal Year Ended September 30,2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 1,106,141	\$ 1,106,141
Investment returns:			
Investment income	-	130,599	130,599
New gifts	-	16,319	16,319
Appropriation for expenditure	-	(38,882)	(38,882)
Endowment net assets - End of year	\$ -	\$ 1,214,177	\$ 1,214,177

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported within net assets with donor restrictions. There were no such deficiencies for the years ended September 30, 2022 and 2021.

Donor-restricted principal, unless otherwise directed by the donor, shall not be disbursed.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various indexes while assuming a low to moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return exceeding the Consumer Price index by 3 percent annually, depending on the type of security. Actual returns in any given year may vary from this amount. Funds are appropriated for spending on an annual basis, with funding determined by the number of scholarship applicants received, the amounts per scholarship as designated by the endowment instruments, and available endowment resources to fund such applications.

NOTE 7 – DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (CONTINUED)***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified assets allocation that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

As reported on the Statement of Activities, total expenses consisted of expenses relating to program services, support services, and fundraising in the following manner for the years ended September 30:

The costs of providing the program and support services are reported on a functional basis. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

	2022	2021
Program services	\$ 173,810	\$ 203,696
Support services	244,693	233,220
Fundraising	49,577	26,375
Total	<u>\$ 468,080</u>	<u>\$ 463,291</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The College provides office space, personnel, computers, materials, and other administrative services to the Foundation. A portion of compensation for Foundation personnel is paid for by the College. For the years ended September 30, 2022 and 2021 these amounts totaled \$211,589 and \$202,418, respectively. These amounts are recorded as contributed services and materials in the statement of activities.

The Foundation has a payable due to the College in the amount of \$97,043 and \$197,827, for the years ending September 30, 2022 and 2021, respectively. The amount payable to the College to be utilized for scholarships was \$46,775 and \$111,480, respectively. The amount payable for reimbursement of compensation for foundation personnel was \$50,268 and \$86,347, respectively.

NOTE 10 – TRANSFERS

There were no transfers between net asset classifications, for the years ending September 30, 2022 and 2021.

SUPPLEMENTARY INFORMATION

PRAIRIE STATE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 97,550	\$ 93,153	\$ 190,703
Total current assets	<u>97,550</u>	<u>93,153</u>	<u>190,703</u>
Investments	777,499	1,306,195	2,083,694
Property and Equipment (net of depreciation)	343,273	-	343,273
Total noncurrent assets	<u>1,120,772</u>	<u>1,306,195</u>	<u>2,426,967</u>
Total assets	<u>\$ 1,218,322</u>	<u>\$ 1,399,348</u>	<u>\$ 2,617,670</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 4,715	\$ 2,825	\$ 7,540
Accrued payroll	50,268	-	50,268
Payable due to the College	11,179	35,596	46,775
Total current liabilities	<u>66,162</u>	<u>38,421</u>	<u>104,583</u>
Net assets			
Without donor restrictions	1,152,160	-	1,152,160
With donor restrictions	-	1,360,927	1,360,927
Total net assets	<u>1,152,160</u>	<u>1,360,927</u>	<u>2,513,087</u>
Total liabilities and net assets	<u>\$ 1,218,322</u>	<u>\$ 1,399,348</u>	<u>\$ 2,617,670</u>

PRAIRIE STATE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 40,885	\$ 56,157	\$ 97,042
Total current assets	40,885	56,157	97,042
Investments	1,198,916	1,559,981	2,758,897
Property and Equipment (net of depreciation)	345,416	-	345,416
Total noncurrent assets	1,544,332	1,559,981	3,104,313
Total assets	<u>\$ 1,585,217</u>	<u>\$ 1,616,138</u>	<u>\$ 3,201,355</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 3,175	\$ 7,000	\$ 10,175
Accrued payroll	86,347	-	86,347
Payable due to the College	24,506	86,974	111,480
Total current liabilities	114,028	93,974	208,002
Net assets			
Without donor restrictions	1,471,189	-	1,471,189
With donor restrictions	-	1,522,164	1,522,164
Total net assets	<u>1,471,189</u>	<u>1,522,164</u>	<u>2,993,353</u>
Total liabilities and net assets	<u>\$ 1,585,217</u>	<u>\$ 1,616,138</u>	<u>\$ 3,201,355</u>