

NORTHEASTERN JUNIOR COLLEGE  
FOUNDATION, INC.



FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021



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## Independent Auditors' Report

Board of Trustees  
Northeastern Junior College Foundation, Inc.  
Sterling, Colorado

### **Opinions**

We have audited the financial statements of Northeastern Junior College Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northeastern Junior College Foundation as of June 30, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 the 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 the 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.

*Anderson & Whitney, P.C.*

September 8, 2022

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 690,445	\$ 499,903
Pledges receivable	65,275	7,695
Beneficial interest in assets held by:		
Community Foundation of Northern Colorado	7,193,086	7,978,342
Art collection	589,700	589,700
<b>TOTAL ASSETS</b>	<b>\$ 8,538,506</b>	<b>\$ 9,075,640</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 24,740	\$ 22,308
Contract liabilities	93,088	84,603
<b>Total Liabilities</b>	<b>117,828</b>	<b>106,911</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,612,383	2,396,840
With donor restrictions - purpose restricted	5,570,290	5,333,923
With donor restrictions - perpetual in nature	1,238,005	1,237,966
<b>Total Net Assets</b>	<b>8,420,678</b>	<b>8,968,729</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,538,506</b>	<b>\$ 9,075,640</b>

See Accompanying Notes to Financial Statements.

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## STATEMENTS OF ACTIVITIES

Years Ended June 30	2022	2021
Change in Net Assets Without Donor Restrictions:		
Revenue:		
Contributions	\$ 5,778	\$ 13,395
Contributed support	66,115	67,291
Fundraising income	30,954	2,581
Investment earnings (loss)	(749,808)	1,149,727
Interfund transfers	(25,500)	-
Net assets released from restrictions	396,137	411,857
<b>Total Revenue</b>	<b>(276,324)</b>	<b>1,644,851</b>
Expenses:		
Scholarships	307,587	303,950
Grants and pass-through awards	16,208	54,913
Accounting fees	9,906	2,969
Advertising and public relations	18,274	3,883
Bank charges	568	929
Professional fees	12,075	15,469
Fundraising	-	1,276
Insurance	6,552	12,183
Licenses	360	24,863
Management fee income	1,285	-
Meals	4,072	409
Office supplies	2,643	2,278
Salaries and benefits	115,619	116,776
Supplies and small office equipment	7,614	2,777
Travel and mileage	3,690	286
Training	1,680	3,910
<b>Total Expenses</b>	<b>508,133</b>	<b>546,871</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>(784,457)</b>	<b>1,097,980</b>
Change in Net Assets With Donor Restrictions:		
Contributions	536,737	630,350
Grants	80,574	86,955
Rental income	20,000	20,000
Fundraising events	16,802	4,185
Investment earnings (loss)	(47,070)	468,010
Interfund transfers	25,500	-
Net assets released from restrictions	(396,137)	(411,857)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>236,406</b>	<b>797,643</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(548,051)</b>	<b>1,895,623</b>
<b>Net Assets, Beginning of Year</b>	<b>8,968,729</b>	<b>7,073,106</b>
<b>Net Assets, End of Year</b>	<b>\$ 8,420,678</b>	<b>\$ 8,968,729</b>

See Accompanying Notes to Financial Statements.

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30	2022			
	Program Services	Management and General	Fundraising	Total
Scholarships	\$ 307,087	\$ 500	\$ -	\$ 307,587
Grants and pass-through awards	16,208	-	-	16,208
Accounting fees	-	9,906	-	9,906
Advertising and public relations	1,470	14,609	2,195	18,274
Bank charges	-	568	-	568
Professional fees	-	12,075	-	12,075
Fundraising	-	-	-	-
Insurance	2,966	3,586	-	6,552
Licenses	-	360	-	360
Management fee expense	1,285	-	-	1,285
Meals	3,092	980	-	4,072
Office supplies	38	2,605	-	2,643
Salaries and benefits	23,124	92,495	-	115,619
Supplies and small office equipment	7,283	331	-	7,614
Travel and mileage	-	3,690	-	3,690
Training	-	1,680	-	1,680
	\$ 362,553	\$ 143,385	\$ 2,195	\$ 508,133

See Accompanying Notes to Financial Statements.

2021			
Program Services	Management and General	Fundraising	Total
\$ 303,950	\$ -	\$ -	\$ 303,950
54,913	-	-	54,913
-	2,969	-	2,969
-	3,034	849	3,883
104	825	-	929
-	15,469	-	15,469
-	-	1,276	1,276
4,898	7,285	-	12,183
-	24,863	-	24,863
-	-	-	-
-	409	-	409
-	2,278	-	2,278
23,355	93,421	-	116,776
635	2,142	-	2,777
-	286	-	286
3,910	-	-	3,910
<u>\$ 391,765</u>	<u>\$ 152,981</u>	<u>\$ 2,125</u>	<u>\$ 546,871</u>

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

Years Ended June 30	2022	2021
Cash Flows from Operating Activities:		
Cash received from fundraising and other	\$ 641,750	\$ 714,466
Cash paid to suppliers and grantees	(439,586)	(461,019)
Dividends and interest	-	385
Net Cash Provided (Used) by Operating Activities	202,164	253,832
Cash Flows from Investing Activities:		
Purchase of investments	(11,622)	(718,910)
Purchase of beneficial interest in assets	-	(7,595,288)
Sale of investments	-	7,595,288
Net Cash Provided (Used) by Investing Activities	(11,622)	(718,910)
Cash Flows from Financing Activities:		
Contributions restricted to endowment	-	25,000
Net Cash Provided (Used) by Financing Activities	-	25,000
Net Increase (Decrease) in Cash	190,542	(440,078)
Cash, Beginning of Year	499,903	939,981
Cash, End of Year	\$ 690,445	\$ 499,903

### Reconciliation of Change in Net Assets to Net Cash

Provided (Used) by Operating Activities:		
Change in net assets	\$ (548,051)	\$ 1,895,623
Adjustments:		
Net unrealized and realized (gain) loss on investments	913,527	(1,488,638)
Interest and dividends on investments reinvested	(116,649)	(127,592)
Contributions restricted to endowment	-	(25,000)
(Increase) decrease in operating assets:		
Accounts receivable	(57,580)	6,445
Prepaid expenses	-	(18,851)
Increase (decrease) in operating liabilities:		
Accounts payable	2,432	290
Deferred revenue	8,485	11,555
Net Cash Provided (Used) by Operating Activities	\$ 202,164	\$ 253,832

See Accompanying Notes to Financial Statements.

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of Northeastern Junior College (NJC) Foundation, Inc. conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating Northeastern Junior College Foundation, Inc. financial statements.

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#### Organization:

The Northeastern Junior College Foundation, Inc. was organized in 1977 as a Colorado not-for-profit corporation for charitable, scientific, literacy or educational purposes designed to promote the welfare of Northeastern Junior College (the College), its programs and its students.

The Foundation operates on public funding through contributions received. These contributions are available for unrestricted use unless specifically restricted by the donor.

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#### Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donors may permit the use of all or part of the income earned to be used for general or specific purposes.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Cash and Cash Equivalents:

NJC Foundation considers all cash and highly-liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

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#### Investments:

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized, or as with donor restrictions based on donor imposed restrictions.

NJC Foundation has adopted a policy of allocating a minimum return of 3.5% on funds that are restricted for scholarship awards (except those that are restricted for scholarship awards at Northeastern Junior College, in which case those are allocated a return of .25%), and has also adopted a policy of charging a 1.5% administrative fee (except those that are restricted for scholarship awards at Northeastern Junior College, in which case those are charged a .25% administrative fee).

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#### Beneficial Interest in Assets Held by the Community Foundation of Northern Colorado:

The Foundation has two funds that are held by the Community Foundation of Northern Colorado (CFNC). Under the terms and conditions of these agreements, the NJC Foundation makes transfers of funds to the Community Foundation of Northern Colorado, and the Community Foundation of Northern Colorado provides investment management services. Distributions from the endowment fund, per the terms of the agreement, will be paid to NJC Foundation, subject to a spending policy. Distributions from the quasi-endowment fund are not subject to a spending policy, however NJC Foundation intends the fund to be long term and would like the funds to be invested accordingly.

In accordance with GAAP, funds transferred to the Community Foundation of Northern Colorado are not considered to be a contribution from NJC Foundation to the Community Foundation of Northern Colorado, but rather are accounted for as a reciprocal transfer. Accordingly, the assets are reflected in the Statement of Financial Position as a beneficial interest in assets held by the Community Foundation of Northern Colorado.

Net assets and investment income associated with the funds are classified and reported based on the existence or absence of donor-imposed restrictions. Community Foundation of Northern Colorado administrative fees reduced investment income.

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# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Concentrations of Credit Risk:

NJC Foundation cash accounts are held at financial institutions at which deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Balances in the bank accounts may, at times, exceed the FDIC insurance coverage.

NJC Foundation has significant investments in mutual funds and equity investments. Investments are managed by investment advisors who are instructed by the Foundation's Board of Trustees in accordance with the Foundation's investment policy. Though the market value of the investments is subject to fluctuations on a year-to-year basis, the Board of Trustees believe that the investment policy is prudent to the long-term welfare of the Foundation.

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#### Pledges and Other Receivables:

Contributions due in less than one year are recorded at their net realizable value upon receipt. Contributions due in more than one year are recorded at fair value on the date received. An allowance for doubtful collections is provided as applicable based on management's evaluation of potential uncollectible contributions at year-end.

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#### Contributions:

Contributions, including unconditional promises to give, if any, are recorded as received. Grants that are not exchange transactions where each party receives commensurate value directly are accounted for as contributions. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions whose restrictions are met in the same reporting period as donated are reported as unrestricted contributions. Conditional promises to contributions are recognized when the conditions on which they depend are substantially met.

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#### Contract Revenue:

The Foundation recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Contract Revenue (continued):

Payment terms for goods and services to grantors are billed monthly and are typically due in 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Foundation has determined that a significant financing component does not exist. The primary purpose of Foundation's invoicing terms is to provide grantors with simplified and predictable ways of obtaining services and not to receive financing from or providing financing to the grantors.

The timing of revenue recognition is based on a time-based measure of progress as the Foundation provides access to services continually over the course of the year. Opening balances of contract assets and liabilities as of July 1, 2020 were \$0 of contracts receivable and \$96,158 of contract liabilities.

Practical Expedients: The Foundation does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, or (ii) contracts for which the amount of revenue recognized is based on the amount to which the Foundation has the right to invoice the customer for services performed.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

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#### Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

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#### Tax Exempt Status:

Northeastern Junior College Foundation, Inc. has been granted an exemption from federal and Colorado income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

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#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – Summary of Significant Accounting Policies - Continued:

#### Reclassifications:

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on previously reported change in net assets.

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#### Functional Allocation of Expenses:

Whenever possible, the Foundation charges expenses directly to the benefitting program or support service based upon a reasonable and allocable basis. When this is difficult or impractical, costs are allocated to programs and support services based upon estimates.

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#### Contributed Services:

Contributed volunteer services are recognized at fair value if the services received either create or enhance long-lived assets; or require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by those volunteers. The amounts reflected in the accompanying financial statements, if any, are reported as contributed support and are offset by a like amount of expense.

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#### Art Collection:

The Foundation's art collection, consisting of works of art contributed since the Foundation's inception, is recognized as an asset on the statements of financial position. Items acquired in exchange transactions are recognized as assets in the period in which they are acquired and are measured at cost, while contributed items are recognized as assets and as contributions in the appropriate net asset class and are measured at fair value at contribution date. The Foundation has a policy of using the proceeds of deaccessioned collection items, if any, for the acquisition of more collection items or the direct care of existing collections.

Direct care is defined in the policy as investments in the existing collection that enhance or prolong their life, usefulness or quality, thereby insuring that current and future generations of the public will continue to benefit from them.

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# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Information Regarding Liquidity and Availability:

The Foundation strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The following table reflects the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the Statements of Financial Position date. Amounts not available to meet general expenditures within one year includes net assets with donor restrictions.

June 30	2022	2021
Financial Assets at Year End:		
Cash and cash equivalents	\$ 690,445	\$ 499,903
Beneficial interest in assets held by:		
Community Foundation of Northern Colorado	7,193,086	7,978,342
	7,883,531	8,478,245
Less: Net assets with donor restrictions	(6,808,295)	(6,571,889)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,075,236	\$ 1,906,356

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### NOTE 3 – Endowments:

The Board of Directors of the NJC Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation generally classifies as 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 gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the NJC Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the organization 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 organization.
- (7) The investment policies of the organization.

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 – Endowments – Continued:

The endowment funds may be invested in high quality, publicly-traded common and preferred stocks, convertible bonds, bank common funds, mutual funds, fixed income securities and other assets as authorized by the Board of Directors of NJC Foundation from time to time. The nature of the assets involved and the long-term objectives of the Foundation suggest utilizing a total return approach to investment management.

The NJC Foundation endowment seeks preservation of principal and to provide a dependable and reasonable rate of long term investment return consistent with moderate investment risk. The primary investment objective of the endowment is growth of both principal and income on a long-term basis sufficient to preserve and increase the purchasing power of the assets and protect the assets against inflation.

The Foundation has a policy of appropriating for distribution each year up to 4% of the average of the permanent endowment's market values for each of the three immediately preceding years, for designated program support as approved by the NJC Foundation Board, in accordance with the endowment mission and purpose.

The following are the changes in endowments for the year ended June 30, 2022 and 2021:

Year Ended June 30, 2022	Temporary	Perpetual
Endowment net assets, beginning of year	\$ 1,077,060	\$ 1,237,966
Contributions	58,964	--
Appropriation of endowment assets for expenditure	(69,440)	--
Management fees	(33,011)	--
Investment income	76,158	39
Reclassifications and transfers	26,827	--
<b>Endowment net assets, end of year</b>	<b>\$ 1,136,558</b>	<b>\$ 1,238,005</b>

  

Year Ended June 30, 2021	Temporary	Perpetual
Endowment net assets, beginning of year	\$ 798,592	\$ 1,192,928
Contributions	270,352	25,000
Appropriation of endowment assets for expenditure	(46,402)	--
Management fees	(32,050)	--
Investment income	73,952	38
Reclassifications and transfers	12,616	20,000
<b>Endowment net assets, end of year</b>	<b>\$ 1,077,060</b>	<b>\$ 1,237,966</b>

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# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Net Assets With Donor Restrictions – Purpose Restricted:

Net assets with donor restrictions are available for the following purposes:

June 30	2022	2021
Investment and Title III funds	\$ 372,796	\$ 341,878
Managed Scholarships	4,659,267	4,554,952
Ag Farm Building	251,518	251,123
Pass-through Grants	78,638	64,948
ATC Capital Expansion	143,478	82,473
Pass-through Scholarships	64,593	38,549
<b>Total</b>	<b>\$ 5,570,290</b>	<b>\$ 5,333,923</b>

### NOTE 5 – Beneficial Interest in Assets Held by Community Foundation of Northern Colorado:

In May 2021, Northeastern Junior College Foundation entered into agreements with Community Foundation of Northern Colorado (CFNC) to establish two funds to be administered by CFNC. These funds are not trusts or separate legal entities.

The funds are held and invested by CFNC for the benefit of Northeastern Junior College Foundation. Excess earnings, if any, are reinvested in the funds. The Foundation has selected the balanced investment option, which is approximately 60% equity investments.

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

	<u>Fair Value Measurements at June 30, 2022</u>		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Community Foundation of Northern Colorado			
NJC Foundation Fund	\$ --	\$ --	\$ 5,665,570
NJC Foundation Title III Scholarship Fund	--	--	1,527,516
<b>Total</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 7,193,086</b>

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – Beneficial Interest in Assets Held by Community Foundation of Northern Colorado – Continued:

Beneficial interest in assets held by Community Foundation of Northern Colorado	Fair Value Measurements at June 30, 2021		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
NJC Foundation Fund	\$ --	\$ --	\$ 6,281,641
NJC Foundation Title III Scholarship Fund	--	--	1,696,701
Total	\$ --	\$ --	\$ 7,978,342

The beneficial interest in assets held by Northern Colorado Community Foundation are recorded at the amount provided by the Community Foundation, which is based on the fair market value of the investments underlying the fund.

Northeastern Junior College Foundation intends the NJC Foundation Fund to be a long-term fund and it is invested accordingly. The fund is not endowed and is not subject to a spending policy.

Northeastern Junior College Foundation intends the NJC Foundation Title III Scholarship Fund to be an endowed fund and grants are limited to the sustainable annual amount defined by the Board of Trustees of the Northern Colorado Community Foundation.

### NOTE 6 – Title III Endowment Challenge Grant Program:

Under the Federal Title III Endowment Challenge Grant Program, the College was entitled to receive \$311,626 of federal matching funds since the Foundation had secured a like amount of contributions prior to September 30, 2009.

The grant proceeds and the Foundation's matching funds may not be spent for a period of time ending twenty years after the grant's award date. The funds are to be segregated from the Foundation's other funds. There are investment standards that place restrictions on the types of investments into which the funds may be invested. During the grant period, the Foundation may withdraw and spend up to fifty percent of the fund earnings, subject to certain restrictions. The Foundation is also required to maintain records and provide certain reports associated with the fund.

# NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7 – Related Party Activities:**

The Foundation charges incidental operating expenses through Northeastern Junior College. These expenses are itemized monthly and a reimbursement check is sent to the College. The amounts reimbursed are not included in the contributions to the College and are considered operating expenses by the Foundation.

The College provides a workspace and has assigned an employee to be the executive director of the Foundation. A portion of the salary of the executive director is paid by the Foundation of \$22,677 and \$23,056 and a portion is recognized as contributed support of \$59,979 and \$61,708 for the years ended June 30, 2022 and 2021, respectively. The College also contributed support for an office coordinator during the year ended June 30, 2022 and 2021 of \$5,942 and \$5,583, respectively.

The Foundation and the College entered into an informal agreement in 2002, whereby the College pays the Foundation for the use of its art collection. The Foundation retains ownership and is responsible for the upkeep and insuring of the art collection. The lease income, net of upkeep and insurance costs, is to be used by the Foundation for scholarship awards to students attending the College. The Foundation received \$20,000 from the College during each of the years ended June 30, 2022 and 2021 in connection with this lease agreement.

NJC Foundation, during the normal course of operations, may invest funds with financial institutions and agencies associated periodically with members of the Board of Trustees. All transactions and investments are made in accordance with the investment policies as adopted by the Board of Trustees.

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### **NOTE 8 – Charitable Remainder Trust:**

An individual donor established a trust in 1997 naming the Foundation as 50% beneficiary of a charitable remainder trust. Under a charitable remainder trust arrangement, a donor establishes a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the beneficiary receives an interest in the assets remaining in the trust. Distributions of the remaining assets are established by the trust agreement and generally call for a specified percentage of the trust's fair value as determined annually. As stipulated in the trust documents, the donor has reserved the right to amend or revoke all or any portion of the interest of any one or more charitable remaindermen. As such, the assets to be received under the revocable split-interest agreement will be recognized as contribution revenue only when the agreement becomes irrevocable or the assets become available for the Foundation for its unconditional use.

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# **NORTHEASTERN JUNIOR COLLEGE FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 9 – Contingencies:**

The Foundation receives financial assistance from various grant programs which are subject to final review and approval by the respective grantor agencies. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Foundation expects such amounts, if any, to be immaterial.

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