

**INVER HILLS COMMUNITY
COLLEGE FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

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TABLE OF CONTENTS

Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
Supplemental Information:	
Schedules of Program Services - Scholarships.....	20-21
Schedules of Program Services - Assistance to Individuals.....	22
Schedules of Program Services - College Programs.....	23
Schedule of Temporarily Restricted Assets.....	24-26
Schedule of Permanently Restricted Assets.....	27

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Inver Hills Community College Foundation
Inver Grove Heights, Minnesota

We have audited the accompanying financial statements of Inver Hills Community College Foundation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inver Hills Community College Foundation as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 to 27 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.

Report on Summarized Comparative Information

We have previously audited Inver Hills Community College Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Casey, Menden, Faust & Nelson, P.A.

September 28, 2017

INVER HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
					(Summarized)
ASSETS					
Current assets:					
Cash and cash equivalents, including interest bearing deposits	\$ 172,846	\$ 688,600	\$ 44,685	\$ 906,131	\$ 727,171
Investments, fair value	51,531	-	1,973,276	2,024,807	1,866,433
Pledges receivable, net	325	1,246	36,287	37,858	31,366
Accounts receivable	7,678	-	-	7,678	-
Prepaid insurance	976	-	-	976	976
Total current assets	233,356	689,846	2,054,248	2,977,450	2,625,946
Other assets					
Pledges receivable, noncurrent, net	5,291	71,268	109,753	186,312	289,525
Total Other Assets	5,291	71,268	109,753	186,312	289,525
Total Assets	\$ 238,647	\$ 761,114	\$ 2,164,001	\$ 3,163,762	\$ 2,915,471
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 17,761	\$ -	\$ -	\$ 17,761	\$ 2,125
Due to temporarily restricted	-	-	-	-	-
Total current liabilities	17,761	-	-	17,761	2,125
Net assets:					
Unrestricted	220,886	-	-	220,886	190,196
Temporarily restricted	-	761,114	-	761,114	782,397
Permanently restricted	-	-	2,164,001	2,164,001	1,940,753
Total net assets	220,886	761,114	2,164,001	3,146,001	2,913,346
Total liabilities and net assets	\$ 238,647	\$ 761,114	\$ 2,164,001	\$ 3,163,762	\$ 2,915,471

The accompanying notes are an integral part of these financial statements

INVER HILLS COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
					(Summarized)
Contributions:					
Contributions and gifts	\$ 193,591	\$ 542,718	\$ 101,271	\$ 837,580	\$ 1,198,193
Net assets released from restrictions	625,230	(564,916)	(60,314)	-	-
Total contributions	818,821	(22,198)	40,957	837,580	1,198,193
Revenues:					
Administrative fees	17,396	-	-	17,396	13,626
Celebrate Inver event, net	30,244	-	-	30,244	31,881
Other events, net of expenses	-	915	-	915	1,513
Dividends and interest income	3,709	-	30,403	34,112	35,600
Realized gain (loss) on investments	-	-	(5,223)	(5,223)	(5,427)
Unrealized gain (loss) on investments	5,812	-	157,111	162,923	(33,178)
Total revenues	57,161	915	182,291	240,367	44,015
Total contributions and revenues	875,982	(21,283)	223,248	1,077,947	1,242,208
Expenses:					
Program services:					
Scholarships	152,615	-	-	152,615	143,463
Assistance to individuals	55,395	-	-	55,395	66,301
College programs	407,313	-	-	407,313	192,787
Total program services	615,323	-	-	615,323	402,551
Supporting services:					
Management and general	133,772	-	-	133,772	133,802
Fund raising	96,197	-	-	96,197	158,844
Total supporting services	229,969	-	-	229,969	292,646
Total expenses	845,292	-	-	845,292	695,197
Change in net assets	30,690	(21,283)	223,248	232,655	547,011
Net Assets:					
Beginning of year	190,196	782,397	1,940,753	2,913,346	2,366,335
End of year	\$ 220,886	\$ 761,114	\$ 2,164,001	\$ 3,146,001	\$ 2,913,346

The accompanying notes are an integral part of these financial statements

INVER HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016
	Program Services	Management General	Fund Raising	Total	Total (Summarized)
Salaries	\$ -	\$ 65,965	\$ 47,520	\$ 113,485	\$ 126,625
Fringe benefits	-	22,537	16,079	38,616	40,368
Total personnel expense	-	88,502	63,599	152,101	166,993
Advertising	-	-	15	15	-
Assistance to individuals	55,395	-	-	55,395	66,301
Catering / dinner	-	328	388	716	491
Conferences	-	-	-	-	-
Donation to college programs	407,313	-	-	407,313	192,787
Fees	-	346	971	1,317	1,122
Insurance	-	1,620	-	1,620	1,611
Legal and audit	-	4,791	-	4,791	4,166
Membership	-	-	-	-	-
Other professional services	-	30,876	27,706	58,582	89,417
Postage/mailing	-	139	776	915	1,398
Printing	-	1,000	-	1,000	2,469
Scholarships	152,615	-	-	152,615	143,463
Software	-	5,323	3,443	8,766	14,107
Supplies	-	280	141	421	2,421
Travel	-	567	186	753	334
Bad debt expense	-	-	(1,029)	(1,029)	8,117
Total expenses	\$ 615,323	\$ 133,772	\$ 96,196	\$ 845,291	\$ 695,197

The accompanying notes are an integral part of these financial statements

INVER HILLS COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 232,655	\$ 547,011
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized investment (gains) losses	(157,697)	38,611
Allowance for doubtful accounts	(3,279)	(2,784)
Decrease (increase) in pledges receivable	99,999	(48,998)
Decrease (increase) in accounts receivable	(7,678)	-
Decrease in accrued investment income	-	132
Decrease (increase) in prepaid insurance	-	(8)
Increase (decrease) in accounts payable	15,637	(125)
Net cash from operating activities	179,637	533,839
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(259,829)	(881,692)
Proceeds from sales of investments	259,152	472,576
Net cash from investing activities	(677)	(409,116)
 Net Increase (Decrease) in Cash and Cash Equivalents	178,960	124,723
 Cash and Cash Equivalents at Beginning of Year	727,171	602,448
 Cash and Cash Equivalents at End of Year	\$ 906,131	\$ 727,171
 Supplemental disclosure:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Inver Hills Community College Foundation (Foundation) is a public charity established to secure funding for the benefit of Inver Hills Community College, its students, and the advancement of education. The Foundation's primary funding source is donor contributions.

Agreement with Inver Hills Community College

The Foundation operates under an agreement with Inver Hills Community College (College). Under this agreement the College provides support services and use of facilities. In return, the Foundation agrees to return annually to the College in the form of support for College programs and/or for its students an amount sufficient to cover the value of the facilities and equipment used by the Foundation and of time and related fringe benefits that would be earned by State employees performing services for the Foundation. The following summarizes the contract activity:

	<u>2017</u>	<u>2016</u>
<u>College Support of Foundation</u>		
Salaries and benefits	\$ 63,580	\$ 51,044
Advertising expense	-	-
Catering expense	328	175
Office expense	1,419	3,663
Professional services	500	16,389
Software expense	5,323	8,464
Travel	567	334
Indirect cost allocation	<u>45,630</u>	<u>50,263</u>
Total management and general	<u>\$ 117,347</u>	<u>\$ 130,332</u>

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agreement with Inver Hills Community College (Continued)

	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 63,599	\$ 91,879
Advertising	15	-
Catering expense	388	-
Office expense	917	999
Professional services	27,706	49,165
Software expense	3,443	5,643
Travel expense	186	317
Total fund raising	<u>96,254</u>	<u>148,003</u>
Total college contribution	<u>\$ 213,601</u>	<u>\$ 278,335</u>
<u>Foundation Support of College</u>		
Student scholarships	\$ 152,615	\$ 143,463
Assistance to individuals	55,395	66,301
College programs	<u>407,313</u>	<u>192,787</u>
Total foundation support	<u>\$ 615,323</u>	<u>\$ 402,551</u>

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

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Inver Hills Community College Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Net Asset Classification

In August 2008, The Financial Accounting Standards Board issued Staff Position No. ASC 958, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and enhanced Disclosures for All Endowed Funds (ASC 958). ASC 958 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 Act of 2006 (UPMIFA). The ASC 958 also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA. The State of Minnesota adopted UPMIFA effective August 1, 2008. The Foundation has adopted ASC 958 for the year ending June 30, 2009 and reclassified certain net assets to conform to required presentation. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the Investment Policy of Inver Hills Community College Foundation (the Investment Policy) and most contributions are subject to the terms of the Investment Policy. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the Investment Policy, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recorded as received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501 (c)(3) as a public charity and therefore has made no provision for federal income taxes.

The Foundation has reviewed for uncertain tax positions and feels there are none. Federal and state taxing authorities generally have the right to examine returns for three years from the date of filing. Any interest or penalties incurred by the Foundation would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the 2017 or 2016 financial statements.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Fair Value Measurements

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 1 includes various mutual funds, collective funds, and U.S. Treasury futures.

Level 2 - Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, equity futures and corporate debt securities.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Concentrations, Risks and Uncertainties

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations, Risks and Uncertainties (Continued)

Bank Balances

In 2010 the FDIC insured levels were permanently increased to \$250,000 per financial institution. One of the Foundations' banking relationships exceeded federally insured levels in fiscal years 2017 and 2016. In October 2015 this bank pledged \$1 million in securities as collateral to protect the Foundation for funds in excess of federally insured levels. In May 2017, the Foundation discontinued the collateral and implemented an Insured Cash Sweep for the Home Federal accounts.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. Changes in the valuation allowance have not been material to the financial statements.

\$50,000 or 22% of the pledges receivable at June 30, 2017 were from one donor. \$100,000 or 30% of the pledges receivable at June 30, 2016 were from this same donor.

Major Donors

Four donors contributed 54.32% of the fiscal year 2017 contributions. Three donors contributed 22.00% of the fiscal year 2016 contributions.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 2 - PLEDGES RECEIVABLE

Outstanding pledge contributions were as follows:

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Pledges due in:		
Less than one year	\$ 38,482	\$ 32,039
One to five years	193,522	292,090
More than five years	-	11,000
Sub-total pledges due	<u>232,004</u>	<u>335,129</u>
Less:		
Discount to net present value	(4,076)	(7,201)
Allowance for bad pledges	<u>(3,759)</u>	<u>(7,038)</u>
Net pledges receivable	<u>\$ 224,169</u>	<u>\$ 320,890</u>
Current	\$ 37,858	\$ 31,366
Noncurrent	<u>186,311</u>	<u>289,524</u>
	<u>\$ 224,169</u>	<u>\$ 320,890</u>

Pledges due in the next fiscal year are included in current assets. Noncurrent pledges are reported at fair value, using an approximate discount rate of 0.99% to 2.13% in fiscal year 2017 and 0.57% to 1.91% in fiscal year 2016. The allowance for bad pledges discount rate was 1.62% in fiscal year 2017 and 2.1% in fiscal year 2016.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 3 - INVESTMENTS

Investments were stated at fair value and consist of the following at June 30, 2017:

	2017		
	Basis	Fair value	Unrealized Gain (Loss)
Certificate of deposit and accrued interest	\$ -	\$ -	\$ -
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	776,775	984,001	207,226
Personal Wealth Partners, LLC	943,787	989,275	45,488
Vanguard Group mutual funds and accrued interest and dividends	30,400	51,531	21,131
Fair value	\$1,750,962	\$2,024,807	\$ 273,845

The certificate of deposit matured on September 5, 2016.

Investments were stated at fair value and consist of the following at June 30, 2016:

	2016		
	Basis	Fair value	Unrealized Gain (Loss)
Certificate of deposit and accrued interest	\$ 108,945	\$ 108,945	\$ -
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	757,144	848,471	91,327
Pakola, Steichen & Company, LLC	859,022	863,298	4,276
Vanguard Group mutual funds and accrued interest and dividends	30,400	45,719	15,319
Fair value	\$1,755,511	\$1,866,433	\$ 110,922

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 3 - INVESTMENTS (Continued)

A portion of the investments are invested in a beneficial interest in the assets held by the Minnesota Philanthropy Partners - St. Paul Foundation. Inver Hills Community College Foundation is the sole beneficiary of these funds.

Annual distributions are made at 5.00% (formerly 5.25%) of the investments' average market value over the preceding 16 calendar quarters. The Minnesota Philanthropy Partners - St. Paul Foundation charges a .35% administrative fee. Amounts distributed to the Inver Hills Community College Foundation from these investments totaled \$41,152 in fiscal year 2017 and \$38,008 in fiscal year 2016.

The Minnesota Philanthropy Partners - St. Paul Foundation was granted variance power to modify this agreement if, in the sole judgment of the Minnesota Philanthropy Partners - St. Paul Foundation, Inver Hills Community College Foundation were to become incapable of fulfilling its terms under this agreement. Inver Hills Community College Foundation has the ability to request termination of this agreement at any time. Upon termination the remainder of these funds would be returned to the Inver Hills Community College Foundation.

Summarized financial information regarding the Minnesota Philanthropy Partners - St. Paul Foundation is as follows:

	December 31,	
	2016	2015
Total assets	\$ 1,207,741,027	\$ 1,144,516,417
Total liabilities, including endowments held	\$ 188,749,696	\$ 178,798,612
Net assets	\$ 1,018,991,331	\$ 965,717,805
Total revenues	\$ 125,354,926	\$ 56,723,359
Total expenses	\$ 73,654,420	\$ 66,751,914
Change in net assets	\$ 51,700,506	\$ (10,028,555)

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 - Summary of Significant Accounting Policies.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 3 - INVESTMENTS (Continued)

Assets measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2017			
Assets:			
Certificates of deposit and accrued interest	\$ -	\$ -	\$ -
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	\$ -	\$ -	\$ 984,001
Personal Wealth Partners, LLC	\$ 989,275	\$ -	\$ -
Vanguard Group mutual funds and accrued interest and dividends	\$ 51,531	\$ -	\$ -
June 30, 2016			
Assets:			
Certificates of deposit and accrued interest	\$ -	\$ -	\$ 108,945
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	\$ -	\$ -	\$ 848,471
Pakola, Steichen & Company, LLC	\$ 863,298	\$ -	\$ -
Vanguard Group mutual funds and accrued interest and dividends	\$ 45,719	\$ -	\$ -

The Foundation has reflected its beneficial interest in the assets held by the Minnesota Philanthropy Partners - St. Paul Foundation as level 3 investments at June 30, 2016 and 2015. For its audited financial statements the Minnesota Philanthropy Partners - St. Paul Foundation indicated their investments fell into the fair value hierarchy as follows:

	December 31,	
	2016	2015
Level 1	87.9%	82.8%
Level 2	0.0%	7.9%
Level 3	12.1%	9.3%

Information is not available to the Foundation to determine which levels of the fair value hierarchy the Foundation's beneficial interest in the assets held by the Minnesota Philanthropy Partners - St. Paul Foundation would fall into.

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 3 - INVESTMENTS (Continued)

The following table provides summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended June 30, 2017 and 2016:

	<u>Level 3 Beginning Balance</u>	<u>Purchases, Sales, Settlements, Accrued Interest</u>	<u>Level 3 Ending Balance</u>	<u>Change in Unrealized Gain (Loss) on Investments Still Held</u>
Fiscal Year Ended June 30, 2017:				
Assets:				
Certificates of deposit and accrued interest	\$ 108,945	\$ (108,945)	\$ -	\$ -
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	\$ 848,471	\$ 19,631	\$ 984,001	\$ 115,899
Fiscal Year Ended June 30, 2016:				
Assets:				
Certificates of deposit and accrued interest	\$ 108,526	\$ 419	\$ 108,945	\$ -
Beneficial interest in the assets held by the Minnesota Philanthropy Partners	\$ 661,959	\$ 208,094	\$ 848,471	\$ (21,582)

(Continued)

INVER HILLS COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 4 - FUND RAISING ACTIVITIES

The following is a summary of revenue and expenses from fund raising activities:

	Years ended June 30,	
	2017	2016
Celebrate Inver event revenue:		
Auction	\$ 15,822	\$ 17,076
Event	7,070	6,580
Sponsors	22,600	23,600
Other	2,822	6,287
Celebrate Inver event revenues	<u>48,314</u>	<u>53,543</u>
Celebrate Inver event expenses	<u>18,070</u>	<u>\$ 21,662</u>
Revenue less expenses	<u>\$ 30,244</u>	<u>\$ 31,881</u>
Other Events:		
Revenues	\$ 1,090	\$ 2,123
Expenses	<u>175</u>	<u>610</u>
Revenue less expenses	<u>\$ 915</u>	<u>\$ 1,513</u>

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULES OF PROGRAM SERVICES - SCHOLARSHIPS

YEARS ENDED JUNE 30, 2017 AND 2016

Scholarship Fund	Year Ended June 30, 2017			Total	Year Ended
	Unrestricted	Temporarily Restricted	Permanently Restricted		June 30, 2016
					Summary
Expenses:					
Action Based Learning Experience (ABLE) Scholarships	1,065	-	-	1,065	350
Adult Learner Scholarship	-	-	-	-	500
Alumni Endowment Scholarship	3,500	-	-	3,500	4,000
ASAP Program & Scholarships	-	-	-	-	111
Barbara J Miller Scholarship	1,500	-	-	1,500	1,500
Ben & Mary Stephens Nursing Scholarship	3,600	-	-	3,600	1,000
BBF Scholarship Fund	4,000	-	-	4,000	7,500
CAEL/ASAP Fund	-	-	-	-	100
Canterbury Park Scholarship	-	-	-	-	500
Catherine and David DeSutter Scholarship	1,000	-	-	1,000	1,000
Cheryl Frank Emerging Leaders Scholarship	500	-	-	500	500
CHS Agricultural Sciences Scholarship	1,000	-	-	1,000	1,500
CHS Stewardship Scholarships	-	-	-	-	1,000
Connie McCoy Scholarship	1,000	-	-	1,000	1,000
Dakota Electric Scholarship Fund	30,829	-	-	30,829	34,000
Dave & Mecca Scholarship	500	-	-	500	-
Debi Malick Endowment Scholarship	1,000	-	-	1,000	750
Dennis Anderson Memorial Scholarship Endowment	2,000	-	-	2,000	2,000
Doffing Scholarships	7,500	-	-	7,500	7,500
Doug Differt Scholarship	6,000	-	-	6,000	-
Douglas Knapp Scholarship	500	-	-	500	500
Eagan Crime Prevention	1,500	-	-	1,500	-
Eagan Rotary Scholarships	1,000	-	-	1,000	1,000
Elaine Lucking Memorial Scholarship Fund	500	-	-	500	500
Ellen McGee Scholarships	2,500	-	-	2,500	3,000
Employee Scholarship Plus, Art	-	-	-	-	1,000
Employee Scholarship Plus, College Deans	-	-	-	-	220
Employee Scholarship Plus, General	2,000	-	-	2,000	3,000
Employee Scholarship Plus, Kroshus	500	-	-	500	1,000
Employee Scholarship Plus, Music	-	-	-	-	500
Employee Scholarship Plus, Scavenger Hunt	351	-	-	351	176
Employee Scholarship Plus, Vets	500	-	-	500	1,000

See Independent Auditor's Report

INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULES OF PROGRAM SERVICES - SCHOLARSHIPS

YEARS ENDED JUNE 30, 2017 AND 2016

Scholarship Fund	Year Ended June 30, 2017				Year Ended
	Temporarily		Permanently		June 30, 2016
	Unrestricted	Restricted	Restricted	Total	Summary
Flint Hills STEM Scholarships	-	-	-	-	833
Fraternal Order of Police Scholarships	1,000	-	-	1,000	1,000
Gordon Shumaker Scholarship	240	-	-	240	240
IME Bacas	11,032	-	-	11,032	-
Joan Costello Scholarship	-	-	-	-	92
John Thill Scholarship	3,000	-	-	3,000	3,500
Klas Family Scholarships	4,000	-	-	4,000	4,000
Kopp Scholarship Fund	10,000	-	-	10,000	14,000
Larry Margolis Scholarship	500	-	-	500	500
Leroy Nelson Nursing Scholarships	1,500	-	-	1,500	1,000
Mark A McAfee Scholarship	1,500	-	-	1,500	-
Mark & Judith Weigel Faculty Stipend Fund	450	-	-	450	-
Mark & Judith Weigel Staff/Admin Stipend Fund	800	-	-	800	-
Marti Breiter Scholarship	450	-	-	450	-
Phuong B Nguyen Scholarship	500	-	-	500	250
River Heights Chamber of Commerce Scholarship	500	-	-	500	-
Ruth & Art Gessner Scholarship	500	-	-	500	500
Sister Anna Health Care Scholarships	-	-	-	-	211
Slipka Accounting Scholarship	500	-	-	500	500
Student Life Scholarships	500	-	-	500	500
Thomson Reuters STEM Scholarships	967	-	-	967	6,000
Travelers Student Employment Initiative	17,500	-	-	17,500	7,130
US Federal Credit Union Scholarship	-	-	-	-	500
UTC Aerospace (Goodrich) Vets Scholarships	6,000	-	-	6,000	6,000
Walter & Ester Pechacek Scholarship	431	-	-	431	500
Weyerhaeuser Nursing Scholarship	6,500	-	-	6,500	6,500
Xcel STEM Scholarships	9,900	-	-	9,900	13,000
Total	\$ 152,615	\$ -	\$ -	\$ 152,615	\$ 143,463

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INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULES OF PROGRAM SERVICES - ASSISTANCE TO INDIVIDUALS

YEARS ENDED JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended
	Temporarily		Permanently		June 30, 2016
	Unrestricted	Restricted	Restricted	Total	Summary
Expenses:					
Acts of Kindness	\$ 25,695	\$ -	\$ -	\$ 25,695	\$ 23,802
Travelers Student Employment Initiative	-	-	-	-	3,498
Tuition Match Minnesota	29,700	-	-	29,700	39,000
Total	\$ 55,395	\$ -	\$ -	\$ 55,395	\$ 66,300

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INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULES OF PROGRAM SERVICES – COLLEGE PROGRAMS

YEARS ENDED JUNE 30, 2017 AND 2016

	Year Ended June 30, 2017				Year Ended
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	June 30, 2016 Summary
Expenses:					
Art Department	\$ 5,700	\$ -	\$ -	\$ 5,700	\$ -
Biology Equipment Fund	-	-	-	-	620
CHS Agricultural Sciences Pipeline	55,079	-	-	55,079	30,697
Cisco IT Essentials	-	-	-	-	734
Cisco Net Academy	-	-	-	-	5,000
Community Garden	1,000	-	-	1,000	1,180
Construction Management	1,000	-	-	1,000	-
EMS Program	-	-	-	-	4,804
EMS Program/Equipment Fund	21,774	-	-	21,774	30,347
Fine Arts Festival	775	-	-	775	-
Health Services Fund	4,508	-	-	4,508	-
Liberal Arts Fund	725	-	-	725	-
MAELC	-	-	-	-	12,419
Math Counts	-	-	-	-	925
Minnesota Campus Compact	-	-	-	-	4,000
Peer Tutoring	-	-	-	-	1,366
STEM Program and Equipment	15,183	-	-	15,183	-
St. Paul Foundation/United Way Burnsville Promise	86,671	-	-	86,671	5,000
Student Life Program	8,613	-	-	8,613	3,627
Travelers Student Employment Initiative	62,906	-	-	62,906	32,000
Tuition Match Minnesota Admin	141,750	-	-	141,750	57,675
Vets Lounge	1,629	-	-	1,629	2,093
Mark & Judith Weigel Faculty Stipend Fund	-	-	-	-	300
Total	\$ 407,313	\$ -	\$ -	\$ 407,313	\$ 192,787

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INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULE OF TEMPORARILY RESTRICTED ASSETS

YEAR ENDED JUNE 30, 2017

Fund	Beginning Balance 7/1/2016	Contributions Investments	Scholarships Programs	Ending Balance 6/30/2017
ABLE Scholarship	\$ 178	\$ 1,800	\$ 1,065	\$ 913
Accessibility Fund	1,000	-	-	1,000
Acts of Kindness	116,414	16,365	25,695	107,084
All-USA Today Academic Team Trans Scholarship	87	-	-	87
Alumni Scholarship Fund	3,897	4,080	3,500	4,477
Ann Deiman Scholarship	300	(300)	-	-
Anytime Fitness	-	412	-	412
Art Department	2,824	6,401	5,700	3,525
Art Scholarship	3,671	1,007	-	4,678
ASAP Program & Scholarship Fund	-	3,371	-	3,371.000
Barbara J Miller Memorial Endowed Scholarship	1,868	1,822	1,500	2,190
Ben & Mary Stephens Nursing Faculty Scholarship	4,010	5,200	3,600	5,610
Biology Department	419	1	-	420
Building Brighter Futures, School Fund	13,527	5,312	4,000	14,839
Burnsville Promise	47,500	118,504	86,671	79,333
Carol Juers Memorial Fund	247	15	-	262
Catherine & David DeSutter Opportunity Scholars	1,158	1,000	1,000	1,158
Cheryl Frank Emerging Leaders Scholarship	889	390	500	779
CHS Agricultural Sciences Pipeline Program	171,381	11,904	56,079	127,206
CHS Stewardship Scholarship Fund	1,121	903	-	2,024
Cisco Networking Academy	8,950	-	-	8,950
Cisco Networking Academy Fund-IT Essentials	12,382	-	-	12,382
Community Garden	7,395	1,648	1,000	8,043
Connie McCoy Scholarship	1,036	965	1,000	1,001
Construction Management	-	1,000	1,000	-
Dakota Electric Scholarship Fund	43,637	26,000	30,829	38,808
Dennis Anderson Memorial Endowed Scholarship	2,059	1,699	2,000	1,758
Dept of Corrections	50	-	-	50
Doffing Scholarship	7,500	7,500	7,500	7,500
Doug Differt Endowed Scholarship	7,270	9,271	6,000	10,541
Douglas Knapp Scholarship	753	501	500	754
Eagan Citizens Crime Prevention Scholarship	1,500	500	1,500	500
Eagan Rotary Scholarship	-	1,500	1,000	500
Economics Program Fund	-	1,000	-	1,000
Elaine Lucking Memorial Scholarship Fund	825	750	500	1,075
Ellen McGee Scholarship Endowment	2,766	2,542	2,500	2,808
Employee Scholarship Plus-General	3,149	2,470	2,000	3,619
Employee Scholarship Plus-Kroshus Memorial	1,421	178	500	1,099
Employee Scholarship Plus-Peer Tutoring	4,461	(4,461)	-	-

See Independent Auditor's Report

INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULE OF TEMPORARILY RESTRICTED ASSETS

YEAR ENDED JUNE 30, 2017

Fund	Beginning Balance 7/1/2016	Contributions Investments	Scholarships Programs	Ending Balance 6/30/2017
Employee Scholarship Plus-Scavenger Hunt	3	351	351	3
Employee Scholarship Plus-Vets	748	327	500	575
EMS Academy	14,750	-	-	14,750
EMS Program & Equipment Fund	2,000	25,673	21,774	5,899
EMS Scholarship	-	2,000	-	2,000
Engineering Tech Fund	6,978	(2,346)	-	4,632
English Department	-	445	-	445
Eva Morgan Scholarship Endowment	412	-	-	412
Fine Arts Festival	275	500	775	-
Flint Hills STEM Scholarship	-	5,000	-	5,000
Fraternal Order of Police MN Lodge #1	1,327	1,766	1,000	2,093
Garden Plots	75	-	-	75
Gordon Shumaker Scholarship Endowment	283	326	240	369
Great Lakes Career Ready Grant	-	15,065	-	15,065
Health Care Prof Deve & Learning Initiative	5,000	5,000	-	10,000
Health Services Support Fund	4,508	-	4,508	-
Human Resources Mgmt Scholarship	200	500	-	700
IME Fellowship	7,032	5,505	11,032	1,505
Joan Costello Scholarship	17	26	-	43
John T Thill Endowed Scholarship	3,327	3,124	3,000	3,451
Klas Family Scholarship Fund	4,121	4,061	4,000	4,182
Kopp Scholarship Fund	10,109	15,000	10,000	15,109
Larry Margolis Scholarship Endowment	516	362	500	378
Learning Center	-	2,538	-	2,538
Leroy Nelson Nursing Scholarship	1,412	1,300	1,500	1,212
Liberal Arts Program Fund	-	13,462	725	12,737
Malick Foundation Scholarship Endow	648	465	1,000	113
Marco Scholarship	-	919	-	919
Mark & Judith Weigel Fac Stipend Fund	7,250	450	450	7,250
Mark & Judith Weigel Staff/Admin Stipend Fund	2,850	(725)	800	1,325
Mark A McAfee Scholarship Endowment	1,500	1,519	1,500	1,519
Marti Breiter Endowed Scholarship	450	436	450	436
Math Counts	311	-	-	311
Math Program	928	2	-	930
Mecca and Dave Page Endowed Scholarship	776	447	500	723
Music Fund	1,807	375	-	2,182
Nursing Program	150	1,214	-	1,364
Paralegal Program	390	773	-	1,163
Phuong B Nguyen Scholarship	543	322	500	365
Pipeline Partner Development Program	-	5,946	-	5,946
River Heights Chamber of Commerce Scholarship	2,442	1,250	500	3,192

See Independent Auditor's Report

INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULE OF TEMPORARILY RESTRICTED ASSETS

YEAR ENDED JUNE 30, 2017

Fund	Beginning Balance 7/1/2016	Contributions Investments	Scholarships Programs	Ending Balance 6/30/2017
Ruth & Art Gessner Memorial Scholarship Endow	739	661	500	900
Sister Anna Health Care Scholarship	112	50	-	162
Slipka Accounting Scholarship Fund	844	514	500	858
STEM Program and Equipment Fund	-	28,116	15,183	12,933
Stephanie Atkinson Scholarship Endowment	300	-	-	300
Student Life Program	2,068	17,911	8,612	11,367
Student Life Scholarship	954	443	500	897
Syngenta Community Grant	6,510	(6,510)	-	-
Theodore von Karment Engineering Scholarship	300	(300)	-	-
Thomson Reuters IT Pathway	-	4,650	-	4,650
Thomson Reuters STEM Scholarship	967	4,750	967	4,750
Travelers Employment Initiative	96,460	60,450	80,407	76,503
TRIO	-	2,097	-	2,097
Tuition Match Minnesota	17,842	40,493	29,700	28,635
Tuition Match Minnesota Admin Support	70,372	71,466	141,750	88
UTC Aerospace (Goodrich) Veterans Scholarship	19,000	-	6,000	13,000
Vets Resource Fund	1,328	6,202	1,630	5,900
Walter & Ester Pechacek Endowed Scholarship	431	433	430	434
Weyerhaeuser Nursing Endowed Scholarship	7,175	5,971	6,500	6,646
Xcel STEM	433	11,006	9,900	1,539
Allowance for uncollected pledges	(2,221)	1,009	-	(1,212)
Total Temporarily Restricted Fund	\$ 782,397	\$ 594,040	\$ 615,323	\$ 761,114

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INVER HILLS COMMUNITY COLLEGE FOUNDATION

SCHEDULE OF PERMANENTLY RESTRICTED ASSETS

YEAR ENDED JUNE 30, 2017

Fund	Beginning Balance 7/1/2016	Contributions Investments	Distributions for Scholarships	Ending Balance 6/30/2017
Anytime Fitness Scholarship Endowment	\$ 9,000	\$ 10,288	\$ 412	\$ 18,876
Alumni Scholarship Endowment	141,483	12,996	4,080	150,399
Barbara J Miller Memorial Scholarship Endowment	63,498	5,816	1,822	67,492
Building Brighter Futures Scholarship Endow	176,927	15,865	5,137	187,655
Carl Richards Scholarship Endowment	9,731	8,752	-	18,483
Catherine & David DeSutter Opportunity Scholarship	35,788	4,609	1,000	39,397
Cheryl Frank Emerging Leaders Scholarship Endowment	13,831	1,615	390	15,056
CHS Stewardship Scholarship Endowment	30,062	2,747	903	31,906
Dennis Anderson Memorial Scholarship Endowment	54,943	5,022	1,648	58,317
Doug Differt Scholarship Endowment	471,470	94,156	9,271	556,355
Douglas Knapp Memorial Scholarship Endowment	19,478	2,244	501	21,221
Ellen McGee Scholarship Endowment	84,689	7,735	2,542	89,882
Employee Scholarship Plus Scholarship Endowment	48,446	7,005	1,285	54,166
Eva Morgan Scholarship Endowment	8,447	839	-	9,286
Fraternal Order of Police MN Lodge #1 Scholarship	106,735	9,178	1,766	114,147
Gordon Shumaker Scholarship Endowment	15,814	3,351	326	18,839
John T Thill Scholarship Endowment	103,626	9,472	3,124	109,974
Klas Family Scholarship Endowment	135,243	12,373	4,061	143,555
Larry Margolis Scholarship Endowment	16,066	2,181	362	17,885
Linda Lee Harder Scholarship Endowment	4,904	5,388	-	10,292
Malicki Scholarship Endowment	15,925	2,029	465	17,489
Mark A McAfee Scholarship Endowment	49,972	5,350	1,519	53,803
Marti Breiter Scholarship Endowment	14,518	1,332	436	15,414
Mecca & Dave Page Scholarship Endowment	20,321	1,617	447	21,491
Phuong B Nguyen Scholarship Endowment	10,820	996	322	11,494
Ruth & Art Gessner Memorial Scholarship Endowment	25,732	7,632	661	32,703
Slipka Accounting Scholarship Endowment	17,136	1,567	514	18,189
Walter & Ester Pechacek Scholarship Endowment	22,819	7,544	433	29,930
Weyerhaeuser Nursing Scholarship Endowment	217,722	21,006	5,970	232,758
Allowance for uncollected pledges	(4,393)	1,940	-	(2,453)
Total Permanently Restricted Fund	\$ 1,940,753	\$ 272,645	\$ 49,397	\$ 2,164,001

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