

**Anoka Technical College Foundation**

**Financial Statements**

**June 30, 2020 and 2019**



**Anoka Technical College Foundation**  
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**Independent Accountant's Review Report**

To the Board of Directors  
Anoka Technical College Foundation  
Anoka, Minnesota

We have reviewed the accompanying financial statements of Anoka Technical College Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***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.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Report on 2019 Financial Statements***

The June 30, 2019 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 17, 2019. We have not performed any auditing procedures since that date.

*BergankDV, Ltd.*

St. Cloud, Minnesota  
September 14, 2020

## **FINANCIAL STATEMENTS**

**Anoka Technical College Foundation**  
**Statements of Financial Position**  
**As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
	(Reviewed)	(Audited)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 986,160	\$ 1,656,126
Certificates of deposit, at cost	-	52,728
Current portion of contributions receivable	<u>44,000</u>	<u>40,000</u>
Total current assets	<u>1,030,160</u>	<u>1,748,854</u>
 Equipment, net	 <u>45,555</u>	 <u>66,183</u>
 Other assets		
Investments, at fair value	727,059	386,979
Contributions receivable, less current portion	<u>27,532</u>	<u>43,855</u>
Total other assets	<u>754,591</u>	<u>430,834</u>
 Total assets	 <u><u>\$ 1,830,306</u></u>	 <u><u>\$ 2,245,871</u></u>
 <b>Liabilities and Net Assets</b>		
Current liabilities		
Scholarships payable	\$ 70,500	\$ 78,500
Accrued liabilities	<u>25,000</u>	<u>92,253</u>
Total current liabilities	95,500	170,753
 Forgivable debt	 <u>55,000</u>	 <u>65,000</u>
Total liabilities	<u>150,500</u>	<u>235,753</u>
 Net assets		
Without donor restrictions	137,856	123,218
With donor restrictions	<u>1,541,950</u>	<u>1,886,900</u>
Total net assets	<u>1,679,806</u>	<u>2,010,118</u>
 Total liabilities and net assets	 <u><u>\$ 1,830,306</u></u>	 <u><u>\$ 2,245,871</u></u>

See accompanying notes to financial statements.

**Anoka Technical College Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	(Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenues</b>			
Public support			
Contributions and private grants	\$ 9,449	\$ 167,880	\$ 177,329
In-kind contributions	185,517	398,891	584,408
Total public support	194,966	566,771	761,737
 Revenues			
Special event			
Gross	4,500	-	4,500
Less direct costs	(1,953)	-	(1,953)
Investment income, net	23,382	7,970	31,352
Total revenues	25,929	7,970	33,899
Net assets released from restrictions	920,691	(920,691)	-
Total public support and revenues	1,141,586	(345,950)	795,636
 <b>Expenses</b>			
Program expenses			
Scholarship and grants	963,629	-	963,629
Supporting services			
Management and general	110,581	-	110,581
Fundraising	51,738	-	51,738
Total supporting services	162,319	-	162,319
Total expenses	1,125,948	-	1,125,948
Change in net assets	15,638	(345,950)	(330,312)
 <b>Net Assets</b>			
Beginning of year	123,218	1,886,900	2,010,118
Transfers between net asset categories	(1,000)	1,000	-
End of year	\$ 137,856	\$ 1,541,950	\$ 1,679,806

See accompanying notes to financial statements.

**Anoka Technical College Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	(Audited)		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Public Support and Revenues</b>			
Public support			
Contributions and private grants	\$ 27,253	\$ 542,455	\$ 569,708
In-kind contributions	263,829	221,613	485,442
Total public support	<u>291,082</u>	<u>764,068</u>	<u>1,055,150</u>
Revenues			
Special event			
Gross	26,900	-	26,900
Less direct costs	(13,410)	-	(13,410)
Investment income (loss), net	63,854	(42,206)	21,648
Total revenues	<u>77,344</u>	<u>(42,206)</u>	<u>35,138</u>
Net assets released from restrictions	631,749	(631,749)	-
Total public support and revenues	<u>1,000,175</u>	<u>90,113</u>	<u>1,090,288</u>
<b>Expenses</b>			
Program expenses			
Scholarship and grants	660,798	-	660,798
Supporting services			
Management and general	201,468	-	201,468
Fundraising	70,864	-	70,864
Total supporting services	<u>272,332</u>	<u>-</u>	<u>272,332</u>
Total expenses	<u>933,130</u>	<u>-</u>	<u>933,130</u>
Change in net assets	67,045	90,113	157,158
<b>Net Assets</b>			
Beginning of year	80,724	1,772,236	1,852,960
Transfers between net asset categories	(24,551)	24,551	-
End of year	<u>\$ 123,218</u>	<u>\$ 1,886,900</u>	<u>\$ 2,010,118</u>

See accompanying notes to financial statements.

**Anoka Technical College Foundation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

<b>Expenses</b>	(Reviewed)				
	Scholarships and Grants	Supporting Services		Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising		
Scholarships and grants	\$ 462,324	\$ -	\$ -	\$ -	\$ 462,324
In-kind program	398,891	-	-	-	398,891
Salary	81,018	38,716	45,909	-	165,643
Occupancy/utilities	-	7,065	-	1,000	8,065
Professional fees	-	36,678	-	-	36,678
Office expense	767	755	895	63	2,480
Donor recognition	-	-	4,934	-	4,934
Insurance	-	768	-	-	768
Depreciation	20,629	-	-	-	20,629
Software	-	26,286	-	-	26,286
Miscellaneous	-	313	-	890	1,203
Total expenses	963,629	110,581	51,738	1,953	1,127,901
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	\$ -	\$ -	\$ -	\$ (1,953)	\$ (1,953)
Total expenses included in the expense section on the statement of activities	\$ 963,629	\$ 110,581	\$ 51,738	\$ -	\$ 1,125,948

**Anoka Technical College Foundation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

<b>Expenses</b>	(Audited)				
	Scholarships and Grants	Supporting Services		Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising		
Scholarships and grants	\$ 333,721	\$ -	\$ -	\$ -	\$ 333,721
In-kind program	221,613	-	-	1,350	222,963
Salary	83,303	103,191	67,088	-	253,582
Occupancy/utilities	-	17,982	-	1,450	19,432
Professional fees	-	38,419	-	300	38,719
Office expense	1,532	827	1,234	-	3,593
Donor recognition	-	-	2,542	-	2,542
Insurance	-	839	-	-	839
Depreciation	20,629	-	-	-	20,629
Catering	-	2,983	-	10,310	13,293
Software	-	34,275	-	-	34,275
Travel	-	10	-	-	10
Miscellaneous	-	2,942	-	-	2,942
Total expenses	660,798	201,468	70,864	13,410	946,540
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	\$ -	\$ -	\$ -	\$ (13,410)	\$ (13,410)
Total expenses included in the expense section on the statement of activities	\$ 660,798	\$ 201,468	\$ 70,864	\$ -	\$ 933,130

∞ See accompanying notes to financial statements.

**Anoka Technical College Foundation**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
	(Reviewed)	(Audited)
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ (330,312)	\$ 157,158
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	20,628	20,629
Change in forgiveable debt	(10,000)	-
Change in net present value discount on contributions receivable	(4,972)	(1,807)
Change in operating assets and liabilities		
Contributions receivable	17,295	76,668
Scholarships payable	(8,000)	27,000
Accrued liabilities	(67,253)	25,114
Total adjustments	(52,302)	147,604
Net cash flows - operating activities	(382,614)	304,762
<b>Cash Flows - Investing Activities</b>		
Purchases of certificates of deposit and negotiable certificates of deposit	-	(12,332)
Sales of negotiable certificates of deposit	52,728	503,130
Purchases of investments	(652,671)	(435,934)
Proceeds on sales of investments	312,591	48,955
Net cash flows - investing activities	(287,352)	103,819
Net change in cash and cash equivalents	(669,966)	408,581
<b>Cash and Cash Equivalents</b>		
Beginning of year	1,656,126	1,247,545
End of year	\$ 986,160	\$ 1,656,126

See accompanying notes to financial statements.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Anoka Technical College Foundation (the "Foundation") is incorporated under the Minnesota Nonprofit Corporation Act. The purpose of the Foundation is to partner with community members to obtain and distribute the resources necessary to support the students, faculty, programs, and vision of Anoka Technical College (the "College").

**Description of Programing**

The primary activity for the Foundation is soliciting funds from individuals, businesses, and industries and foundations for the purposes of:

- Academic excellence scholarships to students
- Program funds to enhance the learning experience of students
- Crisis grants to students

These activities are supported through the use of committees that include board members and College faculty and staff.

Committees include:

Executive – Members include the President, Vice President, Treasurer, and past President. They will provide leadership for the Foundation, select a team to recommend a slate of candidates for the Board of Directors and officer positions and provide feedback for Executive Director review.

Allocations – Develops the criteria and supervises the awarding of scholarships, tuition reimbursement and crisis grants, and loans.

Finance – Oversees the financial operation of the Foundation.

Development – Identifies prospective donors and recommends strategies for cultivation and solicitation of those donors. The Development Committee also assists with fundraising events.

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded as incurred. The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations.

**Estimates**

The preparation of the financial statements in conformity with U.S. GAAP 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 these estimates.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

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

For 2020 and 2019, no amounts were paid for taxes or interest.

**Certificates of Deposit and Investments**

Certificates of deposit are carried at cost. The Foundation considers financial instruments with a maturity greater than three months to be investments. Investments are valued using fair value measurement methods described in Note 6.

**Contributions Receivable**

Unconditional contributions receivable are recorded as contribution revenue and classified as either current or long-term assets, depending on the estimated collection date. Management reviews the current status of the contributions receivable and currently charges off all contributions receivable which are determined to be uncollectible, accordingly no allowance for doubtful contributions was deemed necessary. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate of 3.5% and 5.5%, respectively, in 2020 and 2019, applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

**Equipment**

Equipment is valued at cost and is being depreciated over the estimated useful lives using the straight-line method. Depreciation expense for both 2020 and 2019 was \$20,629. The useful life is estimated at seven years.

**Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. The Foundation has determined that no impairment existed at June 30, 2020 and 2019.

**Net Assets**

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

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Net Assets With Donor Restrictions*

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

**Transfers Between Net Asset Categories**

Transfers were made between net asset categories in 2020 and 2019 as previously donor-imposed restrictions were removed.

**Revenue and Revenue Recognition**

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. There were no conditional contributions at June 30, 2020 and 2019.

Grant awards without substantial conditions are recognized in the period in which they are approved by the governing bodies. Grants with substantial conditions are not recognized until the conditions on which they depend are met. There were no conditional grants at June 30, 2020 and 2019.

The Foundation records special event revenue equal to the cost of direct benefit to donors, and contribution revenue for the difference. The Foundation receives sponsorships for which revenue is recognized as both a contract with a customer and a contribution. In such instances, the Foundation determines the fair value of the benefit provided to the sponsor and records that portion as earned revenue and remaining portion as a contribution. A decision was made for fiscal year ending June 30, 2020, to cancel the special event due to COVID-19 outbreak.

**In-Kind Contributions**

Gifts in-kind that can be used or sold will be recognized at fair value at the time of donation. In determining fair value the Foundation will consider applicable discounts, current market conditions, and a determination of what the institution would be willing to pay for goods and/or services.

The Foundation received in-kind contributions from the College and other sources for various programs, including the use of a facility. For in-kind facility, the Foundation recognizes an in-kind contribution for the fair value of rent.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries, occupancy/utilities, and printing/copying which are allocated based on the basis of estimates of time and effort.

**Tax Status**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from Minnesota franchise and income tax.

The Foundation is required to assess whether any uncertain tax positions exist and if there should be recognition of a related benefit or liability in the financial statements. The Foundation has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

**Subsequent Events**

The Foundation has evaluated subsequent events through September 14, 2020, the date which the financial statements were available to be issued.

**Recently Adopted Accounting Pronouncements**

*Revenue Recognition*

On July 1, 2019, the Foundation adopted FASB ASU No. 2014-09 (Topic 606) - *Revenue from Contracts with Customers* ("ASU No. 2014-09" or "Topic 606"), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification "ASC" Topic 605, Revenue Recognition ("Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The Foundation adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results for reporting periods beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605. The impact of the adoption of the new standard was insignificant to the financial statements.

*Clarifying Guidance for Contributions Received and Contributions Made*

On July 1, 2019, FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* became effective. This update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The impact of the update was insignificant to the financial statements.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Issued Accounting Pronouncement**

*Leases*

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using either the retrospective approach or modified retrospective approach. The Foundation is currently evaluating the impact this standard will have on its financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2020	2019
Financial assets, at year end		
Cash and cash equivalents	\$ 986,160	\$ 1,656,126
Certificates of deposit, at cost	-	52,728
Investments, at fair value	727,059	386,979
Contributions receivable	71,532	83,855
	1,784,751	2,179,688
Less net assets with donor restrictions	(1,541,950)	(1,886,900)
Total financial assets available for general expenditure	\$ 242,801	\$ 292,788

The Foundation is primarily funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner of in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

	2020	2019
Checking account	\$ 978,896	\$ 1,233,081
Money market accounts	7,264	423,045
Total	\$ 986,160	\$ 1,656,126

**NOTE 4 – INVESTMENTS**

	2020	2019
Equities	\$ 476,793	\$ 265,751
Fixed income	250,266	121,228
Total	\$ 727,059	\$ 386,979

Investments include a donor restricted endowment of \$132,062 and \$138,279 at June 30, 2020 and 2019.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

**NOTE 5 – CONTRIBUTIONS RECEIVABLE**

	2020	2019
Contributions receivable due in		
Less than one year	\$ 44,000	\$ 40,000
One to five years	30,000	51,295
	74,000	91,295
Less discounts to net present value	(2,468)	(7,440)
Net contributions receivable	\$ 71,532	\$ 83,855

	2020	2019
Contributions receivable		
Current	\$ 44,000	\$ 40,000
Long-term	27,532	43,855
Net contributions receivable	\$ 71,532	\$ 83,855

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 6 – FAIR VALUE MEASUREMENTS**

The fair value measurements topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Equities and Fixed Income Investments - fair value is determined by reference to quoted market prices.

Fair values of assets measured on a recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2020				
Equities	\$ 476,793	\$ -	\$ -	\$ 476,793
Fixed income	250,266	-	-	250,266
Total	<u>\$ 727,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,059</u>
June 30, 2019				
Equities	\$ 265,751			\$ 265,751
Fixed Income	121,228		-	121,228
Total	<u>\$ 386,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,979</u>

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 7 – EQUIPMENT**

	2020	2019
Equipment	\$ 144,400	\$ 144,400
Less accumulated depreciation	(98,845)	(78,217)
Equipment, net	\$ 45,555	\$ 66,183

**NOTE 8 – FORGIVABLE DEBT**

In May 2015, the Foundation entered into a deferred loan agreement with the Anoka County Housing and Redevelopment Authority for \$25,000, to close the funding gap on a piece of equipment for the College. The loan is zero interest and no regular monthly payments are required under the terms of the agreement. The principal loan amount shall be forgiven in \$5,000 increments for every fifty students who undergo training on the equipment. The deferred loan has been recorded as a long-term liability, until such point as the Foundation meets the requirements for forgiveness under the terms of the agreement. The loan amounts will be recorded as revenues in the years in which they are forgiven. If the Foundation transfers or sells the equipment prior to the loan being fully forgiven, the Foundation is required to reimburse the outstanding loan balance. During 2020 and 2019, \$5,000 and \$0, respectively, was forgiven and recorded as income.

In March 2018, the Foundation entered into a deferred loan agreement with the Anoka County Housing and Redevelopment Authority for \$50,000, to close the funding gap on a piece of equipment for the College. The loan is zero interest and no regular monthly payments are required under the terms of the agreement. The principal loan amount shall be forgiven in \$5,000 increments for every fifty students who undergo training on the equipment. The deferred loan has been recorded as a long-term liability, until such point as the Foundation meets the requirements for forgiveness under the terms of the agreement. The loan amounts will be recorded as revenues in the years in which they are forgiven. If the Foundation transfers or sells the equipment prior to the loan being fully forgiven, the Foundation is required to reimburse the outstanding loan balance. During 2020 and 2019, \$5,000 and \$0, respectively, was forgiven and recorded as income.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

	2020	2019
Purpose restrictions:		
Programs	\$ 284,697	\$ 481,530
Scholarships	381,498	510,746
Crisis grants	116,629	137,086
Loan program	626,896	618,925
Endowment fund interest - restricted to scholarships	7,524	9,325
CARE	169	334
Endowments:		
US Bank Endowment	10,000	10,000
Leo Ducharme Endowment	18,064	18,064
Rosenwinkel Endowment	96,473	96,473
Alumni Scholarship Endowment	-	4,417
Total	\$ 1,541,950	\$ 1,886,900

**NOTE 10 – NET ASSETS RELEASED FROM RESTRICTION**

	2020	2019
Programs	\$ 282,515	\$ 181,688
In-kind program	398,891	221,613
Scholarships	227,870	208,900
Crisis grants	7,250	19,123
Endowment fund interest	4,000	-
CARE	165	425
Total	\$ 920,691	\$ 631,749

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 11 – IN-KIND CONTRIBUTIONS**

In-kind contributions and related expenses recognized in the statements of activities and statements of functional expenses were as follows:

	<u>2020</u>	<u>2019</u>
In-kind programs	\$ 398,891	\$ 221,613
ATC in-kind	<u>185,517</u>	<u>263,829</u>
Total	<u>\$ 584,408</u>	<u>\$ 485,442</u>

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Foundation receives staff and other support from the College. Total support received during 2020 and 2019 was \$185,517 and \$263,829, respectively.

**NOTE 13 – CONCENTRATION**

At various times during the year, the Foundation had cash on deposit with its financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation has not experienced any losses from such deposits.

**NOTE 14 – RISKS AND UNCERTAINTIES**

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the Foundation may be both direct and indirect and will vary based on the duration of the outbreak and various other factors.

**NOTE 15 – ENDOWMENTS**

The endowments consist of approximately 4 individual funds established by donors to provide annual funding for specific activities and general operations.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 15 – ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law**

The State of Minnesota enacted UPMIFA. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment to maintain the fair value of the original gift.

The remaining portion of the donor-restricted endowment fund is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence described by UPMIFA.

**Investment Policy for the Endowment Funds**

In accordance with UPMIFA, the Foundation's policy considers and defines the following factors in managing and investing their investments, including their endowment (institutional) funds:

1. General economic conditions,
2. Possible effect of inflation or deflation,
3. Expected tax consequences, if any, of investment decision or strategies,
4. Role that each investment within the investment portfolio,
5. Expected total return from income and the appreciation of investments,
6. Other resources of the institution, and,
7. Asset's relationship or special value, if any, to the charitable purpose of the institution.

The Foundation has an investment policy for all investments, including endowments. It is the Foundation's intent to:

- Establish reasonable expectations, objectives, and guidelines for the investment of the Foundation's assets.
- Set forth an investment structure(s) detailing practices and procedures for the 1) investment of endowment assets and for 2) investment management of donor-restricted funds and surplus general funds.
- Create guidelines for acceptable asset classes and expected allocations among those asset classes, for each investment structure.
- Encourage effective communication between the Foundation Board of Directors and its advisors and fiduciaries.
- Create portfolio(s) of a diversified asset mix that can be expected to generate acceptable returns vis-à-vis level of risk for each respective fund that is acceptable to the directors of the Foundation.

**Anoka Technical College Foundation  
Notes to Financial Statements**

**NOTE 15 – ENDOWMENTS (CONTINUED)**

**Investment Policy for the Endowment Funds (Continued)**

The principle objective of the portfolio is to provide capital growth without exposure to undue risk. The assets must be invested with the care, skill, and diligence that a prudent person would undertake. All investments shall be made with the goal of insuring quality, marketability, and diversification of the assets. The Board of Directors reviews the investment policy on an ongoing basis.

**Spending Policy for the Appropriation of Endowment Assets for Expenditure**

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

1. The duration and preservation of the endowment fund,
2. Purposes of the Foundation and the endowment fund,
3. General economic conditions,
4. Possible effect of inflation or deflation,
5. Expected total return from income and the appreciation of investments,
6. Other resources of the institution, and,
7. Investment policy of the institution.

It is the Board's objectives to preserve the endowment fund in perpetuity in support of the mission of the Foundation and to establish a payout rate from endowment accounts that provides a stable predictable level of spending for the endowed purposes, and that provides for a rate of growth in the endowment that meets or exceeds the rate of inflation.

Each scholarship cycle, before any promotion of the scholarships, the Foundation will review each endowment to see if there are sufficient funds to award a scholarship. If there are sufficient funds, those funds will be transferred to the checking account to insure the proper funds are available before any marketing of the scholarship. If there are not sufficient funds in the endowment for an award, that endowment will not be given out and no money transferred.

The policy states on an annual basis the Board will ratify a spending policy for the Foundation's institution funds with two following goals in mind; 1) maintaining the purchasing power of the fund's principal over the long-term; and 2) spending at a rate that, over the long term, will reflect the donor's intentions.

**Composition of the Endowments**

	<u>2020</u>	<u>2019</u>
Endowment net asset composition		
Donor restricted endowment funds	<u>\$ 132,062</u>	<u>\$ 138,279</u>

**Anoka Technical College Foundation**  
**Notes to Financial Statements**

**NOTE 15 – ENDOWMENTS (CONTINUED)**

**Composition of the Endowments (Continued)**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	\$ -	\$ 138,279	\$ 138,279
Contributions	-	2,200	2,200
Amounts appropriated for expenditure	-	(4,000)	(4,000)
Transfers from	-	(4,417)	(4,417)
	-	(4,417)	(4,417)
Endowment net assets, June 30, 2020	\$ -	\$ 132,062	\$ 132,062
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	\$ -	\$ 137,067	\$ 137,067
Contributions	-	1,100	1,100
Net investment income	-	112	112
	-	112	112
Endowment net assets, June 30, 2019	\$ -	\$ 138,279	\$ 138,279

**NOTE 16 – RECLASSIFICATIONS**

The financial statements for 2019 was reclassified to conform to the presentation used for the 2020 financial statements.