

EASTERN ILLINOIS UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF EASTERN ILLINOIS UNIVERSITY)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eastern Illinois University Foundation
Charleston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Illinois University Foundation which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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 Eastern Illinois University Foundation as of June 30, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020, on our consideration of Eastern Illinois University Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eastern Illinois University Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Illinois University Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
November 4, 2020



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Eastern Illinois University Foundation
Charleston, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Illinois University Foundation which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Illinois University Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Illinois University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Illinois University Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Illinois University Foundation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Peoria, Illinois
November 4, 2020

EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 12,735,623	\$ 9,183,229
Other Receivables	13,484	20,097
Grain Inventory	4,089	32,111
Prepaid Expenses	41,352	13,314
Pledges Receivable	527,121	201,059
Investments	77,463,262	75,102,313
Investment in Real Estate	3,354,546	3,354,546
Assets Held Under Split-Interest Agreements	238,965	273,687
Beneficial Interest in Split-Interest Agreements	3,731,237	3,928,859
Beneficial Interest in Trusts	1,270,523	1,298,046
Property and Equipment, Net	1,614,000	1,642,643
Cash Surrender Value of Life Insurance	40,580	179,434
	<u>\$ 101,034,782</u>	<u>\$ 95,229,338</u>
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 58,572	\$ 95,799
Deferred Revenue	10,006	75
Obligations Under Split-Interest Agreements	110,394	124,074
Total Liabilities	<u>178,972</u>	<u>219,948</u>
NET ASSETS		
Without Donor Restrictions	4,747,446	4,311,024
With Donor Restrictions	96,108,364	90,698,366
Total Net Assets	<u>100,855,810</u>	<u>95,009,390</u>
	<u>\$ 101,034,782</u>	<u>\$ 95,229,338</u>
Total Liabilities and Net Assets		

See accompanying Notes to Financial Statements.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 38,391	\$ 6,209,731	\$ 6,248,122
Special Events	-	3,900	3,900
Investment Income, Net of Fees	72,506	2,132,745	2,205,251
Realized Gains	-	634,026	634,026
Unrealized Gains	8,002	690,672	698,674
Change in Value of Split Interest Agreements	-	333,729	333,729
Service Contract With University	216,432	-	216,432
Other Operating Revenue	63,938	49,394	113,332
Net Assets Released from Restrictions	4,644,199	(4,644,199)	-
Total Revenue, Support, and Gains	5,043,468	5,409,998	10,453,466
EXPENSES			
Program Services	4,005,315	-	4,005,315
Management and General	569,220	-	569,220
Fundraising	32,511	-	32,511
Total Expenses	4,607,046	-	4,607,046
CHANGE IN NET ASSETS	436,422	5,409,998	5,846,420
Net Assets - Beginning of Year	4,311,024	90,698,366	95,009,390
NET ASSETS - END OF YEAR	\$ 4,747,446	\$ 96,108,364	\$ 100,855,810

See accompanying Notes to Financial Statements.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 37,031	\$ 2,596,942	\$ 2,633,973
Special Events	-	51,137	51,137
Investment Income, Net of Fees	81,959	2,458,886	2,540,845
Realized Gains	-	4,671,603	4,671,603
Unrealized Losses	(13,221)	(6,822,365)	(6,835,586)
Change in Value of Split Interest Agreements	-	(254,344)	(254,344)
Service Contract With University	222,297	-	222,297
Other Operating Revenue	56,820	50,551	107,371
Net Assets Released from Restrictions	5,056,827	(5,056,827)	-
Total Revenue, Support, and Gains	<u>5,441,713</u>	<u>(2,304,417)</u>	<u>3,137,296</u>
EXPENSES			
Program Services	4,494,951	-	4,494,951
Management and General	600,879	-	600,879
Fundraising	35,634	-	35,634
Total Expenses	<u>5,131,464</u>	<u>-</u>	<u>5,131,464</u>
CHANGE IN NET ASSETS	310,249	(2,304,417)	(1,994,168)
Net Assets - Beginning of Year	<u>4,000,775</u>	<u>93,002,783</u>	<u>97,003,558</u>
NET ASSETS - END OF YEAR	<u>\$ 4,311,024</u>	<u>\$ 90,698,366</u>	<u>\$ 95,009,390</u>

See accompanying Notes to Financial Statements.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarship Awards	\$ 1,362,816	\$ -	\$ -	\$ 1,362,816
Personnel Services	19,801	377,336	23,700	420,837
Occupancy	6,575	40,231	2,348	49,154
Professional Fees	-	52,159	-	52,159
Software Licensing and Maintenance	3,139	-	-	3,139
Telephone Expense	-	12,263	5,541	17,804
Supplies	-	6,197	-	6,197
Postage	-	4,341	5	4,346
Printing	-	5,443	-	5,443
Dues, Subscriptions, and Promotions	-	10,424	-	10,424
Meetings and Receptions	1,114	19,197	-	20,311
Insurance	803	15,380	287	16,470
Grants to University	2,543,107	-	-	2,543,107
Distribution per Court Order	66,196	-	-	66,196
Depreciation	1,764	26,249	630	28,643
	<u>\$ 4,005,315</u>	<u>\$ 569,220</u>	<u>\$ 32,511</u>	<u>\$ 4,607,046</u>
Total Expenses by Function				
Functional Expense Percentage	86.9%	12.4%	0.7%	100.0%

See accompanying Notes to Financial Statements.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarship Awards	\$ 1,189,969	\$ -	\$ -	\$ 1,189,969
Personnel Services	24,046	378,349	25,431	427,826
Occupancy	6,103	39,327	1,489	46,919
Professional Fees	-	66,982	-	66,982
Software Licensing and Maintenance	35,320	-	-	35,320
Telephone Expense	-	10,642	7,386	18,028
Supplies	-	13,965	-	13,965
Postage	-	5,448	762	6,210
Printing	-	10,580	-	10,580
Dues, Subscriptions, and Promotions	-	9,911	-	9,911
Meetings and Receptions	2,068	21,510	-	23,578
Insurance	600	17,664	146	18,410
Grants to University	2,657,123	-	-	2,657,123
Distribution per Court Order	578,000	-	-	578,000
Depreciation	1,722	26,501	420	28,643
	<u>\$ 4,494,951</u>	<u>\$ 600,879</u>	<u>\$ 35,634</u>	<u>\$ 5,131,464</u>
Total Expenses by Function				
Functional Expense Percentage	87.6%	11.7%	0.7%	100.0%

See accompanying Notes to Financial Statements.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions, Gifts, and Pledges	\$ 4,398,505	\$ 1,718,768
Special Events	3,900	51,137
Payments of Scholarships and Grants/Awards to Others	(1,333,222)	(1,181,447)
Payments to Suppliers, Vendors, and Others	(550,907)	(1,002,146)
Grants to the University	(2,543,107)	(2,657,123)
Other Receipts	113,332	107,371
Net Cash Provided (Used) by Operating Activities	88,501	(2,963,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From the Sale of Investments	2,193,742	2,757,021
Earnings On Investments, Net of Investment Expense	2,937,785	1,980,008
Purchase of Investments, Including Reinvested Income	(3,187,251)	(2,997,198)
Net Cash Provided by Investing Activities	1,944,276	1,739,831
CASH FLOWS FROM FINANCING ACTIVITIES		
Private Gifts For Endowment Purposes	1,540,099	959,568
Payments to Annuitants	(20,482)	(340,713)
Net Cash Provided by Financing Activities	1,519,617	618,855
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,552,394	(604,754)
Cash and Cash Equivalents - Beginning of Year	9,183,229	9,787,983
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,735,623	\$ 9,183,229
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,846,420	\$ (1,994,168)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	28,643	28,643
Change in Split Interest Receivable	-	54,633
Investment Income (Net of Fees)	(2,205,251)	(2,540,845)
Realized Gain On Sale of Investments	(634,026)	(4,671,603)
Unrealized (Gain) Loss on Investments	(698,674)	6,835,586
Change in Split Interest Agreements	(333,729)	254,344
Private Gifts For Endowment Purposes	(1,540,099)	(959,568)
Changes in Operating Assets and Liabilities:		
Other Receivables	6,613	(304)
Pledges Receivable	(326,062)	(8,041)
Prepaid Expenses	(28,038)	(2,382)
Accounts Payable	(37,227)	42,190
Deferred Revenue	9,931	(1,925)
Net Cash Provided (Used) by Operating Activities	\$ 88,501	\$ (2,963,440)

See accompanying Notes to Financial Statements.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Eastern Illinois University Foundation (the Foundation), located in Charleston, Illinois, was incorporated under the laws of the state of Illinois as a nonprofit organization. The primary function of the Foundation is to assist in developing and increasing the facilities of Eastern Illinois University for broader educational opportunities for its students, alumni, and citizens of the state of Illinois by encouraging gifts of money, property, works of art, and other materials having educational, artistic, or historical value. These gifts are to be administered with the primary objective of serving purposes other than those for which the state of Illinois ordinarily makes sufficient appropriations.

Financial Reporting Entity

The Foundation is a component unit of Eastern Illinois University, and the Foundation's financial statements are also included as part of Eastern Illinois University's financial statements and the State of Illinois Comprehensive Annual Financial Report.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions can be temporary in nature, which includes contributed net assets for which donor-imposed time and/or purpose restrictions have not been met. Other donor-imposed restrictions are permanent in nature, which includes contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Illinois Funds are considered cash equivalents.

Investments

The Foundation is authorized by the board of directors to invest funds in compliance with stated investment policies. Investments are carried at their fair value, as determined by quoted market prices for investments that have readily available fair value. For investments for which a readily determinable fair value does not exist (e.g. private equities and alternative investments), the investments are valued at estimated fair values based on information provided by the fund managers. Because of the inherent uncertainty of valuation relating to the Foundation's investments in investee funds and their underlying investments, the estimate of fair value may differ from the values that would have been used had a ready market existed, and any difference could be material.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

If a donor has not provided specific instructions, Illinois Compiled Statutes (760 ILCS 51/4) permits the board of directors to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the board of directors is required to consider the Foundation's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The long-term objective of the endowment funds, as determined by the board of directors, is to achieve a total return in excess of its current spending rate policy over a twenty-year time horizon. The current rate of the spending rate policy is 5% per year, comprised of a 4.25% spending rate and 0.75% for administrative expenses. In addition to achieving the 5% spending rate policy, the policy asset allocation is designed to cover the costs of inflation, investment management/consulting fees, and other related costs. The spending allowance calculation is determined by taking the spending rate (currently 5%) times the investment portfolio's trailing twelve-quarter average market value, as of June 30th of each year. Any remaining return over the 5% spending rate will be retained for use in future years.

The Foundation maintains pooled investment accounts for its endowments and charitable gift annuities. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments and charitable gift annuities based on the relationship of the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Receivables

Unconditional promises to give (pledges) are recorded as an asset and contribution in the period in which they are received. Conditional promises to give are recorded in the period in which conditions have been met. Matching gift expectancies are not accrued as receivable but are recognized upon receipt.

Promises to give that are collectable beyond one year are recorded at fair value of their estimated future cash flows. Pledges have been adjusted for all known uncollectible amounts and no allowance for bad debts is considered necessary for the years ended June 30, 2020 and 2019.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements

Split-interest agreements are valued at fair value at the time of donation with a corresponding liability recorded for the present value of the expected payments due to the donors or third-party beneficiaries with the difference recorded as contributions in the net asset type based on the donor's restriction. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the present value of the estimated annuity payments and changes in actuarial assumptions are included in the statements of activities.

Beneficial Interest in Split-Interest Agreements

The Foundation is the beneficiary of certain split-interest agreements held by independent trustees. Contribution revenue is recognized at the date a trust has been established with an initial valuation based on the expected present value of the Foundation's interest in a trust's assets. Present value computations consider, among other factors, appropriate interest rates and estimated donor mortality which are assessed annually for reasonableness. Subsequent to initial valuation, changes are recognized separately in the statements of activities.

Beneficial Interest in Trusts

The Foundation recognizes beneficial interest in trusts as contribution income upon receipt based on the Foundation's share of fair value of the underlying trust assets. Subsequent to initial contribution recognition, changes in fair value of the underlying trust assets are recognized separately in the statements of activities.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The Foundation's capitalization threshold for property and equipment is as follows: equipment \$5,000 or greater, land \$100,000 or greater, buildings \$100,000 or greater, and building improvements \$25,000 or greater.

Renovations to buildings and equipment that significantly increase the value or extend the useful life of the asset are capitalized in accordance with the capitalization policy described above. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 to 20 years for building improvements and 4 to 7 years for equipment.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair market value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Cash Surrender Value of Life Insurance

Cash surrender value of life insurance represents the surrender value of insurance policies where donors have transferred ownership of the policies to the Foundation, and the Foundation is named as beneficiary. Life insurance policies are carried at net cash surrender value. Changes in value (realized and unrealized) are recorded in the statements of activities.

Panther Club

The purpose of the Panther Club, a division of the Foundation, is to raise funds for the University's Athletic Department. The amounts raised are recorded as gifts. The costs of the Panther Club are paid through its fund-raising activities.

Revenue Recognition

Revenue from contracts with customers is recognized when the services are performed in an amount that reflects the consideration expected to be entitled in exchange for these services.

The timing of revenue recognition, billings, and cash collections can result in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the statements of financial position. The Foundation does not have significant contract assets or liabilities.

The following table represents the Foundation's significant revenue streams disaggregated according to the timing of the transfer of services by source for the years ending June 30:

Revenue Recognized at a Point in Time:	2020	2019
Contributions	\$ 6,248,122	\$ 2,633,973
Special Events	3,900	51,137
Total	<u>\$ 6,252,022</u>	<u>\$ 2,685,110</u>
Revenue Recognized Over Time:		
Service Contract with University	<u>\$ 216,432</u>	<u>\$ 222,297</u>

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized at fair value in the period in which the pledges are made. Contributions are distinguished between those that increase net assets with donor restrictions and without donor restrictions. Net assets with donor restrictions result from donor restrictions that the contributions are to be used for restricted purposes. When the restriction has been met, the net assets with donor restrictions are released to net assets without donor restrictions.

Real estate and other objectively measurable assets that are available for financial support are recorded at their fair value at the date of contribution. Nonmonetary assets, art objects, equipment, and various services contributed directly to Eastern Illinois University through the Foundation for direct benefit of an Eastern Illinois University department are not included in the financial statements, although donors receive recognition for such contributions.

The value of contributed services of a number of volunteers is not reflected in the financial statements since the services are not specialized services that would otherwise be purchased

Special Events

Special event revenue consists of the income raised from special fundraising events. Revenue for special events is recognized during the fiscal year for which the event is held. The remaining special event revenue for events to be held in future fiscal years are deferred and then recognized in the fiscal year for which that event will take place.

Service Contract with University

The Foundation has an agreement with Eastern Illinois University to receive, hold and administer gifts of property, real or personal, financial or otherwise, to be used for and on behalf of Eastern Illinois University, its faculty, students and staff in accordance with the terms specified by the donor. The University provides the Foundation with in-kind services in an amount not to exceed the Foundation's cost of coordinating these activities.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and accounts payable and other liabilities approximate fair value due to the short maturity of these financial instruments. Receivables are initially recorded at fair value using an appropriate discount rate and approximate fair value at year-end. Investments, assets held under split-interest agreements, beneficial interest in split-interest agreements, beneficial interest in trusts, and obligations under split-interest agreements are carried at fair value.

Use of Estimates

The preparation of 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 contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private Foundation.

Accounting for Uncertain Tax Positions

The Foundation accounts for uncertainty in income taxes in accordance with FASB ASC 740-10, which provides guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions when it is more likely than not that the positions will be sustained upon examination of tax authorities.

The Foundation files informational returns in the U.S. federal jurisdiction and the state of Illinois. The Foundation's federal and state informational returns are subject to possible examination by the regulatory authorities until the related statutes of limitations on those information returns have expired. The Foundation is not currently under an examination by those regulatory authorities. As of June 30, 2020, the Foundation has no unrecognized tax benefits.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Foundation. The Foundation uses a percentage of time spent on the direct conduct or supervision of programs that fulfill the Foundation's mission compared to the time spent on administrative duties to allocate salaries. Depreciation and insurance expenses are allocated based on the percentage of the employee's time spent on the direct conduct or supervision of program services. All other program and supporting service allocations are determined by management on an equitable basis.

Subsequent Events

Management has considered subsequent events occurring through November 4, 2020, which is the date these financial statements were available to be issued. Management believes no such events require any additional disclosures.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The Foundation's cash and cash equivalents on the statements of financial position total \$12,735,623 and \$9,183,229 at June 30, 2020 and 2019, respectively. The cash deposits are held with Eastern Illinois University, with the majority of the cash balances being held with The Illinois Funds. Investments in The Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the Foundation's fair value of the pool.

Carrying amount of cash and cash equivalents at June 30:

	<u>2020</u>	<u>2019</u>
Unrestricted Cash and Cash Equivalents	\$ 833,779	\$ 809,884
Restricted Cash and Cash Equivalents	<u>11,901,844</u>	<u>8,373,345</u>
Total	<u>\$ 12,735,623</u>	<u>\$ 9,183,229</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 INVESTMENTS

Investments at June 30, consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents (Money Market Mutual Funds)	\$ 1,292,138	\$ 1,169,252
Investments Administered By Charles Schwab & Co., Inc.:		
Open Ended Mutual Bond funds	9,119,205	10,411,451
Open Ended Mutual Equity funds	29,050,048	22,814,584
Corporate Equity - Student Investment	357,871	316,234
Fixed Income - Student Investment	965	990
Alternative Investments:		
Investments Administered by Corbin Pinehurst	-	4,040,752
Investments Administered by Mercer	947,828	1,102,194
Investments Administered by Neuberger Berman	1,660,258	1,555,150
Investments Administered by Park Street Capital	269,145	431,417
Investments Administered by Goldman Sachs	109,335	192,420
Investments Administered by Portfolio Advisors	2,489,830	2,492,450
Investments Administered by Montauk	218,175	186,517
Investments Administered by Harvest	1,831,270	1,456,483
Investments Administered by RWC Emerging Markets	4,354,669	4,447,250
Investments Administered by ABS	3,644,035	3,473,354
Investments Administered by BlackRock	4,228,257	4,169,852
Investments Administered by Evanston	4,670,065	4,262,467
Investments Administered by FEG Select	12,673,405	12,853,183
Investments administered by Accolade	130,912	-
Investments administered by Falcon	7,104	-
Investments administered by Edge Principal Investments IV	440,042	-
Investments administered by RPC Fund XIV	(8,675)	-
Investments administered by BPC Opportunities Fund IV	216,345	-
Cash Surrender Value of Life Insurance	40,580	179,434
Investment in Real Estate	3,354,546	3,354,546
Beneficial Interest in Split-Interest Agreements	3,731,237	3,928,859
Beneficial Interest in Trusts	1,270,523	1,298,046
Total	<u>\$ 86,099,113</u>	<u>\$ 84,136,885</u>

Total investment return is comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 2,325,859	\$ 2,694,142
Investment Fees	(120,608)	(153,297)
Realized Investment Gains	634,026	4,671,603
Unrealized Investment Gains (Losses)	698,674	(6,835,586)
Net Investment Gain	<u>\$ 3,537,951</u>	<u>\$ 376,862</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 ASSETS HELD AND OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

Split-interest agreements are agreements where donors enter into a trust or other arrangement under which the Foundation is the beneficiary. Charitable gift annuities are agreements in which the Foundation accepts a contribution and agrees to an obligation to make periodic stipulated payments to donors or third-party beneficiaries of a specified time. Charitable lead trust are agreements in which the Foundation accepts contribution and receives all income generated by the investment during the life of the donor. Upon death of the donor, the annuity is then transferred to the beneficiary.

On an annual basis, the Foundation revalues the liability to make distributions to the designed beneficiaries based on actuarial assumptions. Adjustments to reflect the present value of the estimated annuity payments and changes in actuarial assumptions are included in the statements of activities. The present value of estimated future payments is calculated using an actuarial discount rate and applicable mortality tables.

Assets held under split-interest agreements consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Charitable Remainder Trust:		
Cash and Cash Equivalents (Money Market Mutual Funds)	\$ 1,360	\$ 221
Mutual Bond Funds	76,664	40,296
Mutual Equity Funds	39,244	75,471
Total Charitable Remainder Trust	<u>117,268</u>	<u>115,988</u>
Charitable Gift Annuities:		
Cash and Cash Equivalents (Money Market Mutual Funds)	4	5
Mutual Bond Funds	66,185	82,574
Mutual Equity Funds	55,508	75,120
Total Charitable Gift Annuities	<u>121,697</u>	<u>157,699</u>
Total Assets Held Under Split-Interest Agreements	<u>\$ 238,965</u>	<u>\$ 273,687</u>

NOTE 5 BENEFICIAL INTEREST IN TRUSTS

As of June 30, 2020 and 2019, the Foundation has recorded its beneficial interest in two charitable trusts. In one of the trusts, the Foundation has a one-quarter interest in the earnings of the trust and the Foundation has a one-sixth interest in the earnings of the other trust.

The beneficial interest in the trusts is valued at the lower of the fair value of the underlying assets or the estimated value of the expected future cash flows. The value of these interests are \$1,270,523 and \$1,298,046 at June 30, 2020 and 2019, respectively. The trustee does not have variance power to redirect the interest in the trust to other entities. The net decrease in the value of the beneficial interest in trust totaled \$(27,523) and \$(8,449) for the years ended June 30, 2020 and 2019, respectively.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS

The Foundation has been named the beneficiary of one charitable lead unitrust and three charitable remainder trusts which are managed by third parties. Under the terms of the charitable lead unitrust, the third-party trustee pays 6% of the fair market value of the trust at December 31, annually, to eight organizations, of which the Foundation receives 20.125% of this annual distribution, during the agreement's terms.

The Foundation is the beneficiary of a 5% interest of two of the charitable remainder trusts' assets. The value of these interest are \$3,731,237 and \$3,928,859 at June 30, 2020 and 2019, respectively. Upon the death of the survivor beneficiary, both of the charitable remainder unitrusts will mature and these assets will be distributed to the Foundation. The third charitable remainder unitrust has the Foundation listed as the sole beneficiary upon the death of the surviving beneficiary. The net decrease in the value of the split-interest agreements totaled \$(197,622) and \$(251,604) for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 FAIR VALUE MEASUREMENTS

The Foundation follows FASB ASC 820-10 *Fair Value Measurements*, which provides a framework for measuring fair value under U.S. GAAP. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

Level 1 – Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

During fiscal years 2020 and 2019, there were no changes in valuation techniques that would have a significant impact on the results.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2020</u>				
Investments by Fair Value Level:				
Money Market Mutual Funds	\$ 1,290,774	\$ 1,290,774	\$ -	\$ -
Mutual Bond Funds	8,976,356	8,976,356	-	-
Mutual Equity Funds	28,955,296	28,955,296	-	-
Common Stocks	357,871	357,871	-	-
Corporate Bonds	965	965	-	-
Total Investments by Fair Value Level	<u>39,581,262</u>	<u>\$ 39,581,262</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV):				
Park Street Capital Private Equity Funds VII, LP	\$ 141,685			
Park Street Natural Resources Fund IV	127,460			
Portfolio Advisors Private Equity Fund VI	530,807			
Portfolio Advisors Private Equity Fund VII	575,368			
Portfolio Advisors Private Equity Fund VIII	1,383,655			
Mercer Private Investment Partners III	947,828			
Goldman Sachs & Company GS Distressed Opportunities Fund IV, L.P.	109,335			
Montauk TriGuard V	218,175			
Neuberger Berman Secondary Opportunities Fund II	176,786			
Neuberger Berman Crossroads Fund XXI	1,483,472			
Accolade Partners VII	130,912			
PIMCO RAE International Equity (FEG Select)	5,079,759			
PIMCO RAE US Equity (FEG Select)	7,593,646			
Harvest MLP Income Fund II	1,831,270			
RWC Emerging Markets	4,354,669			
ABS Offshore SPC Global	3,644,035			
BlackRock Appreciation Fund IV	4,228,257			
Evanston Weatherlow Offshore Fund, Ltd Class IA	4,670,065			
Falcon Private Credit Partners, VI L.P	7,104			
RCP Fund XIV	(8,675)			
Edge Principal Investment IV L.P	440,042			
BPC Opportunities Fund	216,345			
Total Investments Measured at the NAV	<u>37,882,000</u>			
Total Investments	<u>\$ 77,463,262</u>			
Assets Held Under Split-Interest Agreements Measured at Fair Value:				
Money Market Mutual Funds	\$ 1,364			
Mutual Bond Funds	142,849			
Mutual Equity Funds	94,752			
Total	<u>\$ 238,965</u>			
Beneficial Interests in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,270,523</u>
Beneficial Interests in Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,731,237</u>
Obligations Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,394)</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2019</u>				
Investments by Fair Value Level:				
Money Market Mutual Funds	\$ 1,169,026	\$ 1,169,026	\$ -	\$ -
Mutual Bond Funds	10,288,581	10,288,581	-	-
Mutual Equity Funds	22,663,993	22,663,993	-	-
Common Stocks	316,234	316,234	-	-
Corporate Bonds	990	990	-	-
Total Investments by Fair Value Level	<u>34,438,824</u>	<u>\$ 34,438,824</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the Net Asset Value (NAV):				
Pinehurst Institutional, Ltd.	4,040,752			
Park Street Capital Private Equity Funds VII, LP	245,607			
Park Street Natural Resources Fund IV	185,810			
Portfolio Advisors Private Equity Fund VI	647,058			
Portfolio Advisors Private Equity Fund VII	584,803			
Portfolio Advisors Private Equity Fund VIII	1,260,589			
Mercer Private Investment Partners III	1,102,194			
Goldman Sachs & Company GS Distressed Opportunities Fund IV, L.P.	192,420			
Montauk TriGuard V	186,517			
Neuberger Berman Secondary Opportunities Fund II	275,116			
Neuberger Berman Crossroads Fund XXI	1,280,034			
Accolade Partners VII	-			
PIMCO RAE International Equity (FEG Select)	5,249,595			
PIMCO RAE US Equity (FEG Select)	7,603,588			
Harvest MLP Income Fund II	1,456,483			
RWC Emerging Markets	4,447,250			
ABS Offshore SPC Global	3,473,354			
BlackRock Appreciation Fund IV	4,169,852			
Evanston Weatherlow Offshore Fund, Ltd Class IA	4,262,467			
Total Investments Measured at the NAV	<u>40,663,489</u>			
Total Investments	<u>\$ 75,102,313</u>			
Assets Held Under Split-Interest Agreements Measured at Fair Value:				
Money Market Mutual Funds	\$ 226			
Mutual Bond Funds	122,870			
Mutual Equity Funds	150,591			
Total	<u>\$ 273,687</u>			
Beneficial Interests in Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,046</u>
Beneficial Interests in Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,928,859</u>
Obligations Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124,074)</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The following table represents a reconciliation of all Level 3 assets and liabilities measured at fair value on a recurring basis for the years ended June 30, 2020 and 2019:

	Beneficial Interest in Trusts	Beneficial Interests in Split-Interest Agreements	Obligations Under Split-Interest Agreements
<u>Year Ended June 30, 2020</u>			
Balance - Beginning of Year	\$ 1,298,046	\$ 3,928,859	\$ (124,074)
Investment Income	4,078	11,012	-
Net Appreciation	(6,120)	368,894	(6,802)
Contributions	48,750	761	-
Payments to Beneficiaries	<u>(74,231)</u>	<u>(578,289)</u>	<u>20,482</u>
Balance - End of Year	<u>\$ 1,270,523</u>	<u>\$ 3,731,237</u>	<u>\$ (110,394)</u>
<u>Year Ended June 30, 2019</u>			
Balance - Beginning of Year	\$ 1,306,495	\$ 4,180,463	\$ (190,876)
Investment Income	52,451	12,466	-
Net Appreciation	(27,507)	(14,818)	7,130
Contributions	30,752	10,993	-
Payments to Beneficiaries	<u>(64,145)</u>	<u>(260,245)</u>	<u>59,672</u>
Balance - End of Year	<u>\$ 1,298,046</u>	<u>\$ 3,928,859</u>	<u>\$ (124,074)</u>

Investments Measured at the Net Asset Value (NAV)

As part of the Foundation's investment portfolio, there are investments in entities in which purchases and withdrawals within these entities are not made in an open market. Instead, the purchases and withdrawals occur with the entities, and in certain circumstances, those transactions are entirely controlled and/or restricted by the entity. The fair value of these investments is determined by the management of the entities and is reported to the Foundation as the Foundation's proportionate share of the net asset fair value of the entity.

The tables below provide information relative to these types of investments. The additional information that follows the tables provides information associated with these investments. None of the investments are probable of being sold at an amount different from net asset value per share.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured at the Net Asset Value (NAV) (Continued)

For the investments shown below, the Foundation is not able to redeem the investments until the termination date of the fund. As such, there is no redemption frequency or redemption notice period shown below. The final termination date of each fund is presented in the table. This termination date is estimated as most funds have an option of extending the fund for an additional period of time, if needed or desired.

Category	Fair Value		Unfunded Commitments	Termination Date of Fund
	2020	2019		
Park Street Capital Private Equity Funds VII, LP	\$ 141,685	\$ 245,607	\$ 20,000	4/14/2018 to 4/14/2019
Park Street Natural Resources Fund IV	127,460	185,810	13,750	9/30/2024
Portfolio Advisors Private Equity Fund VI	530,807	647,058	251,114	7/30/2022 to 7/30/2024
Portfolio Advisors Private Equity Fund VII	575,368	584,803	247,591	4/18/2024 to 4/15/2026
Portfolio Advisors Private Equity Fund VIII	1,383,655	1,260,589	435,894	10/15/2026 to 10/15/2028
Mercer Private Investment Partners III	947,828	1,102,194	317,500	7/10/2027
Goldman Sachs & Company GS Distressed Opportunities Fund IV, L.P.	109,335	192,420	469,650	5/15/2018
Montauk TriGuard V	218,175	186,517	120,000	7/1/2023 to 7/1/2025
Neuberger Berman Secondary Opportunities Fund III	176,786	275,116	145,618	1/5/2022
Neuberger Berman Crossroads Fund XXI	1,483,472	1,280,034	405,000	10/23/2025 to 10/23/2027
Accolade Partners VII, L.P.	130,912	-	854,720	5/21/2029
Falcon Private Credit Partners VI, L.P.	7,104	-	1,000,000	3/31/2029 to 3/31/2032
Edge Principal Investment IV	440,042	-	560,873	7/1/2029 to 7/1/2031
BPC Opportunities Fund IV	216,345	-	1,301,803	5/1/2026
Rivercrest II	-	-	1,000,000	7/1/2030
RCP Fund XIV	(8,675)	-	1,980,000	12/20/2031
Total	<u>\$ 6,480,299</u>	<u>\$ 5,960,148</u>	<u>\$ 9,123,513</u>	

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured at the Net Asset Value (NAV) (Continued)

The following investments are also valued at the Foundation's proportionate share of the net asset value of the entity. However, this fund is liquid and can be redeemed with the required notification period.

Category	Fair Value		Redemption Frequency	Redemption Notice Period
	2020	2019		
PIMCO RAE International Equity (FEG Select)	\$ 5,079,759	\$ 5,249,595	Daily	5 Days
PIMCO RAE US Equity (FEG Select)	7,593,646	7,603,588	Daily	5 Days
Harvest MLP Income Fund II	1,831,270	1,456,483	Monthly	5 Days
RWC Emerging Markets	4,354,669	4,447,250	Quarterly	45 Days
ABS Offshore SPC Global (G)	3,644,035	3,473,354	Quarterly	45 Days
BlackRock Appreciation Fund IV	4,228,257	4,169,852	Monthly	0 Days
Evanston Weatherlow Offshore Funds, Ltd Class IA	4,670,065	4,262,467	Quarterly	65 Days
Pinehurst Institutional, Ltd.	-	4,040,752	25% Quarterly Full 12/31	100 Days
Total	\$ 31,401,701	\$ 34,703,341		

Park Street Capital Private Equity Fund VII, LP – a fund of funds that uses private equity to invest in venture capital, buyout equity, and growth equity.

Park Street Natural Resources Fund IV – is invested in 10 to 15 natural resource funds with a goal of long term appreciation over the expected 15 year life of the funds.

Portfolio Advisors Private Equity Fund VI (PAPEF VI) – fund of funds that invests in private equity partnerships for buyouts, venture capital and special situations with a term of 12 to 14 years.

Portfolio Advisors Private Equity Fund VII (PAPEF VII) – a fund of funds that invests in private equity partnerships for buyouts, venture capital and special situations with a term of 12 to 14 years.

Portfolio Advisors Private Equity Fund VIII – a diversified private equity fund of funds with a menu based offering which allows investors to allocate among 3 distinct portfolios. The Foundation has chosen 55% diversified buyouts, 30% diversified venture capital and 15% diversified special situations.

Goldman Sachs & Company GS Distressed Opportunities Fund IV, L.P. – invests in funds engaging in distressed debt and equity opportunities by purchasing debt, or equity to take control and either reorganize or introduce new management to turn around long term performance.

Montauk TriGuard V – invests in secondary interests of other private equity funds and constructs its portfolio in niche areas of the secondary market.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured at the Net Asset Value (NAV) (Continued)

Neuberger Berman Secondary Opportunities Fund III – a secondary fund which invests in diversified global buyout opportunities.

Neuberger Berman Crossroads Fund XXI – a diversified private equity fund of funds with a menu based offering which allows investors to allocate among 4 distinct portfolios. The Foundation has chosen 40% small cap/mid cap buyouts, 10% large cap buyouts, 25% special situations and 25% venture/growth capital.

Pinehurst Institutional, Ltd. – a fund of funds that primarily invests in financial services, consumer retail, software, energy and communications industries. A redemption request was submitted in November 2018 to redeem 100% of the Foundation's interest in this investment.

Mercer Private Investment Partners III – a fund of funds investing in diversified private equity partnerships.

Accolade Partners VII, L.P. – a fund of funds that primarily invests in information technology and healthcare industries.

Falcon Private Credit Partners VI, L.P. – a fund of funds invests opportunistically across a wide variety of industry sectors and transaction types with both private equity sponsored and nonsponsored companies with an emphasis on nonsponsored.

FEG Select (PIMCO RAE International Equity) – this is a smart beta fund that focuses exclusively on long only international developed based equities.

FEG Select (PIMCO RAE US Equity) – this is a smart beta fund that focuses exclusively on long only U.S. based equities.

Harvest MLP Income Fund II – the fund is focused on managing portfolios of publicly-traded midstream energy securities.

RWC Emerging Markets – an opportunistic global emerging markets fund that pursues capital appreciation with a focus on emerging and frontier markets.

ABS Offshore SPC Global – the fund of fund specializes in investing in equity long/short strategies with hedge fund managers located in the United States, as well as managers domiciled outside of the United States.

BlackRock Appreciation Fund IV – the fund is a diversifying strategies hedge fund of funds that targets a long-term commensurate with that of equities but with roughly half the volatility and a low equity market beta.

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured at the Net Asset Value (NAV) (Continued)

Evanston Weatherlow Offshore Funds, Ltd Class AI – the fund focuses on investing in long term and short term equity investments as well as event driven, relative value, and global macro strategies.

BPC Opportunities Fund IV - the fund’s strategy focuses on middle market businesses in one of 3 areas: (1) companies lacking access to traditional capital, (2) companies experiencing stress/credit dislocations and (3) companies in distress.

RCP Fund XIV - the fund of funds is a private equity fund of fund managers providing an opportunity to purchase private equity interests in North American, lower middle market buyout firms.

Rivercrest II - the Fund’s goal is to generate premium returns relative to the public market in minerals investing by acquiring and owning mineral and royalty interest in oil and gas properties.

Edge Principal Investment IV: is a private real estate fund that seeks to invest across a broad range of property types, including multifamily, hospitality, industrial, self-storage, and senior living, where it believes it can leverage its internal investment and operational capabilities.

NOTE 8 INVESTMENTS IN REAL ESTATE

Gifts of real property received by the Foundation are valued and recorded based on the current fair value on the date received. Values are determined from publications, appraisals and other sources that assist in establishing a fair value.

Investments in real estate consist of the following at June 30:

	2020	2019
Land Held for Restricted Purposes	\$ 45,546	\$ 45,546
Land Held in Endowments	3,309,000	3,309,000
Total	\$ 3,354,546	\$ 3,354,546

**EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 LIQUIDITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions which are used for program funding needs.

The Foundation has financial assets available within one year of the statement of financial position date in the amounts of \$14,666,159 and \$11,047,063 as of June 30, 2020 and 2019, respectively. Of these amounts, \$13,368,335 and \$9,772,097 as of June 30, 2020 and 2019, respectively, are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Foundation invests cash in excess of daily requirements in various investments.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing and major to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, and grants to Eastern Illinois University commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation's financial assets available within one year of the statement of financial position date are as follows at June 30:

	2020	2019
Cash and Cash Equivalents	\$ 12,735,623	\$ 9,183,229
Accounts Receivable, Current Portion	172,031	119,564
Short-Term Investments	1,758,505	1,744,270
Total	<u>\$ 14,666,159</u>	<u>\$ 11,047,063</u>

NOTE 10 PLEDGES RECEIVABLE

Unconditional pledges receivable consists of the following at June 30:

	2020	2019
Gross Unconditional Pledges Receivable	\$ 571,200	\$ 214,000
Less: Unamortized Discount	(44,079)	(12,941)
Net Unconditional Pledges Receivable	<u>\$ 527,121</u>	<u>\$ 201,059</u>
Amounts Due in:		
Less Than One Year	\$ 158,547	\$ 99,467
One to Five Years	362,475	101,592
More than Five Years	6,099	-
Total	<u>\$ 527,121</u>	<u>\$ 201,059</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
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NOTE 10 PLEDGES RECEIVABLE (CONTINUED)

Unconditional pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rate of 3.25%.

Uncollectible amounts for unconditional pledges receivable are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts. Pledges receivable valued at \$24,843 and \$53,451 were determined to be uncollectible and written off during the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 11 PROPERTY AND EQUIPMENT

Property and equipment activity for the years ended June 30, 2020 and 2019 were as follows:

	Beginning of Year	Additions	Deletions	End of Year
<u>June 30, 2020</u>				
Land	\$ 695,930	\$ -	\$ -	\$ 695,930
Buildings and Improvements	1,432,145	-	-	1,432,145
Less: Accumulated Depreciation	(485,432)	(28,643)	-	(514,075)
Property and Equipment, Net	<u>\$ 1,642,643</u>	<u>\$ (28,643)</u>	<u>\$ -</u>	<u>\$ 1,614,000</u>
<u>June 30, 2019</u>				
Land	\$ 695,930	\$ -	\$ -	\$ 695,930
Buildings and Improvements	1,432,145	-	-	1,432,145
Less: Accumulated Depreciation	(456,789)	(28,643)	-	(485,432)
Property and Equipment, Net	<u>\$ 1,671,286</u>	<u>\$ (28,643)</u>	<u>\$ -</u>	<u>\$ 1,642,643</u>

Depreciation expense was \$28,643 for the years ended June 30, 2020 and 2019.

NOTE 12 SIGNIFICANT TRANSACTIONS WITH THE PRIMARY GOVERNMENT

The Foundation has a contract with Eastern Illinois University (University) in which the Foundation has agreed to aid and assist the University in achieving its education, research, and service goals, by developing and administering gifts made to the Foundation to be used for the benefit of the University for scholarships, grants, and other supporting programs. The University agreed, as a part of this contract, to furnish certain services necessary to the operation of the Foundation which are to be repaid by the Foundation in either the form of money or its equivalent in services or resources.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 12 SIGNIFICANT TRANSACTIONS WITH THE PRIMARY GOVERNMENT (CONTINUED)

During the years ended June 30, 2020 and 2019, the Foundation provided the University \$2,543,107 and \$2,657,123 respectively, of cash, unrestricted or restricted only as to department, which were generally for on-going operations of the University. Also, the Foundation provided the University restricted scholarships, grants, and awards of \$1,362,816 and \$1,189,969 during the years ended June 30, 2020 and 2019, respectively. In addition, the Foundation provided use of its facilities at no charge to the University for both years. The value of the facilities were \$87,798 and \$68,699 for the years ended

The University provided in-kind support in the form of personnel and office space valued at \$216,432 and \$222,297 for the years ended June 30, 2020 and 2019, respectively. This information is shown as revenue under the caption of "Service Contract with the University," and expenses are allocated between "Program Services" and "Management and General" captions on the statements of activities. Also, the Foundation received \$2,122 and \$1,293 for the years ended June 30, 2020 and 2019, respectively, in gifts from the University's restricted gift accounts with donor's consent.

NOTE 13 H. OGDEN BRAINARD RESIDUARY TRUST

The Foundation has been named Trustee and Executor of the Residuary Trust (the Trust) as stipulated in the Last Will and Testament of H. Ogden Brainard. It is the responsibility of the Trustee to hold and administer the Trust for the uses and purposes stipulated in the will. The Foundation's responsibilities as trustee include paying certain bequests (which were disbursed in March 1993) and paying the net income of the Trust to certain charities as stipulated in the Trust, not less frequently than semi-annually. The Foundation holds no variance power to change the beneficiaries of the trust and holds a 1/6 interest in the trust.

The Foundation has recorded its interest in this trust at the lower of the underlying fair value of the assets or the estimated value of the expected future cash flows of the trust. Their interest was recorded in the beneficial interest in trusts classification on the statements of net position and totaled \$261,036 and \$262,828 at June 30, 2020 and 2019, respectively. The Foundation's interest is held in donor-restricted net assets on the statements of financial position. The Foundation's share of income was \$21,969 and \$10,513 for the years ended June 30, 2020 and 2019, respectively.

NOTE 14 RISK MANAGEMENT

The Foundation is exposed to various risks of loss including, but not limited to, general liability, property casualty and director and officer liability. The Foundation is liable for up to \$500/year deductible for property damage. No significant reduction in insurance coverage from the prior year occurred. Insurance settlements did not exceed coverage in each of the past three fiscal years.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 NET ASSETS

Net assets with donor restrictions which are restricted for time or purpose consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Scholarship	\$ 15,379,883	\$ 14,238,898
Academic and Research Support	15,921,383	13,177,207
Capital Projects	1,248,916	425,312
Other, EIU, and Community Programs	4,765,088	4,517,196
Total	<u>\$ 37,315,270</u>	<u>\$ 32,358,613</u>

The Foundation also has net assets with donor restrictions which are restricted in perpetuity. The income from these restricted net assets is expendable to support the following at June 30:

	<u>2020</u>	<u>2019</u>
Scholarship	\$ 30,897,214	\$ 30,480,321
Academic and Research Support	8,596,767	8,590,919
Capital Projects	104,012	103,091
Other, EIU, and Community Programs	19,195,101	19,165,422
Total	<u>\$ 58,793,094</u>	<u>\$ 58,339,753</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the other events specified by donors.

NOTE 16 ENDOWMENT FUNDS

The Foundation's endowment consists of approximately 699 individual funds established for a variety of purposes. The endowment includes funds with donor restrictions and without donor restrictions (board-designated) endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Foundation has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted in perpetuity (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.

The remaining portion of the endowment fund is considered restricted for time or purpose and is included in the net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 ENDOWMENT FUNDS (CONTINUED)

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

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

Endowment net assets as of June 30 were as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		For Time or Purpose	In Perpetuity	
<u>June 30, 2020</u>				
Donor-Restricted Endowment Funds	\$ -	\$ 20,578,761	\$ 54,696,372	\$ 75,275,133
Donor-Restricted Quasi-Endowment Funds	-	830,524	-	830,524
Board Designated Quasi-Endowment Funds	450,561	-	-	450,561
Total	<u>\$ 450,561</u>	<u>\$ 21,409,285</u>	<u>\$ 54,696,372</u>	<u>\$ 76,556,218</u>
<u>June 30, 2019</u>				
Donor-Restricted Endowment Funds	\$ -	\$ 19,527,391	\$ 52,871,880	\$ 72,399,271
Donor-Restricted Quasi-Endowment Funds	-	827,348	-	827,348
Board Designated Quasi-Endowment Funds	428,130	-	-	428,130
Total	<u>\$ 428,130</u>	<u>\$ 20,354,739</u>	<u>\$ 52,871,880</u>	<u>\$ 73,654,749</u>

Changes in endowment, not total, net assets for the fiscal years ended June 30, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		For Time or Purpose	In Perpetuity	
<u>June 30, 2020</u>				
Endowment Investments - Beginning of Year	\$ 428,130	\$ 20,354,739	\$ 52,871,880	\$ 73,654,749
Investment Income	11,843	1,979,679	-	1,991,522
Net Appreciation (Depreciation)	12,989	(651,308)	-	(638,319)
Contributions	298	-	1,565,471	1,565,769
Appropriations of Endowment Assets for Expenditure	(2,699)	(273,825)	-	(276,524)
Other Additions (Reductions)	-	-	259,021	259,021
Endowment Investments - End of Year	<u>\$ 450,561</u>	<u>\$ 21,409,285</u>	<u>\$ 54,696,372</u>	<u>\$ 76,556,218</u>

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 16 ENDOWMENT FUNDS (CONTINUED)

	Without Donor Restrictions	With Donor Restrictions		Total
		For Time or Purpose	In Perpetuity	
<u>June 30, 2019</u>				
Endowment Investments - Beginning of Year	\$ 457,476	\$ 23,679,705	\$ 51,202,973	\$ 75,340,154
Investment Income	13,642	2,237,331	-	2,250,973
Net Appreciation (Depreciation)	(43,287)	(4,324,713)	-	(4,368,000)
Contributions	299	-	937,307	937,606
Appropriations of Endowment Assets for				
Expenditure	-	(595,427)	-	(595,427)
Other Additions (Reductions)	-	(642,157)	731,600	89,443
Endowment Investments - End of Year	<u>\$ 428,130</u>	<u>\$ 20,354,739</u>	<u>\$ 52,871,880</u>	<u>\$ 73,654,749</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to the donor stipulation or UPMIFA. Deficiencies of this nature aggregated to \$8,890 and \$16,424 as of June 30, 2020 and 2019, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the Foundation board of directors.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that seek an average total return of spending net of inflation and administrative cost. The Foundation expects its endowment funds to provide an average rate of return of approximately 7.2% annually over time. Actual returns in any given year may vary from this amount.

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

The Foundation's board of directors has adopted a hybrid approach spending policy to determine the spending distribution. This approach takes into consideration the duration and preservation of the endowments, purpose of the endowment funds, general economic conditions, the possible effect of inflation or deflation, expected total return from income and investment policy.

The spending distribution calculation is based upon 4.25% spending rate policy of a trailing twelve quarter average market value for the last audited figures.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 17 ADMINISTRATIVE FEES

The Foundation receives a fee of .75% on endowment funds which is distributed annually on July 1, by using the fair value of the pool as of the prior June 30. The fee was \$513,716 and \$496,656 for the years ended June 30, 2020 and 2019, respectively.

NOTE 18 CHANGE IN ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2018. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Foundation's financial statements.

NOTE 19 DISTRIBUTION PER COURT ORDER

The Foundation disclaimed a gift of real property from Dr. Wesley Whiteside that included a botanical garden. Dr. Whiteside had previously established an endowed fund with the Foundation to maintain the botanical gardens, but the endowment was determined to be inadequate for the Foundation to do so. As a result, the Foundation disclaimed the gift of real property and sought court approval to discharge the endowment and release the restriction that it be maintained as an endowed fund. The Court approved the petition. The gift of real property and the balance of the former endowment now reside with the Douglas-Hart Foundation. Total distributions per court order were \$66,196 and \$578,000 for the years ended June 30, 2020 and 2019, respectively.

EASTERN ILLINOIS UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 20 RISKS AND UNCERTAINTIES

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including, but not limited to, costs for emergency preparedness, shortages of personnel, and investment performance. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.