



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

**TRINITY ROSELLE FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

MUELLER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trinity Roselle Foundation
Roselle, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Trinity Roselle Foundation as of June 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Roselle Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 of the financial statements, for the year ended June 30, 2019, Trinity Roselle Foundation adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of financial position by fund and activities by fund on pages 22 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Muller & Co., LLP

Elgin, Illinois
February 6, 2020

TRINITY ROSELLE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Cash and cash equivalents	\$ 74,612	104,741
Accounts receivable	976	880
Investments	1,680,798	1,532,583
Loan to Trinity Lutheran Church	100,000	105,039
Notes receivable	27,445	24,167
Interest receivable	-	3,284
Cash surrender value of life insurance policy	30,119	28,660
Prepaid expenses	-	1,361
Investment in real estate	22,600	22,600
	\$ 1,936,550	1,823,315

LIABILITIES AND NET ASSETS

Liabilities -		
Accrued expenses	\$ 15,250	10,050
Net assets:		
Without donor restrictions:		
Undesignated	925,527	780,254
Board designated:		
General support	95,698	101,138
Endowment funds	650,001	648,219
	745,699	749,357
Total without donor restrictions	1,671,226	1,529,611
With donor restrictions:		
Endowment funds	208,562	243,342
Purpose restrictions	41,512	40,312
Total with donor restrictions	250,074	283,654
Total net assets	1,921,300	1,813,265
	\$ 1,936,550	1,823,315

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Support and revenue:			
Contributions	\$ 2,789	5,720	8,509
Investment income	159,668	-	159,668
Change in cash surrender value of life insurance	1,459	-	1,459
	<u>163,916</u>	<u>5,720</u>	<u>169,636</u>
Net assets released from restrictions	<u>39,300</u>	<u>(39,300)</u>	<u>-</u>
Total support and revenue	<u>203,216</u>	<u>(33,580)</u>	<u>169,636</u>
Expenses:			
Program services:			
Tuition and school assistance	39,300	-	39,300
Contributions to local ministry	6,448	-	6,448
Total program services	<u>45,748</u>	<u>-</u>	<u>45,748</u>
Supporting services - Management and general	<u>15,853</u>	<u>-</u>	<u>15,853</u>
Total supporting services	<u>15,853</u>	<u>-</u>	<u>15,853</u>
Total expenses	<u>61,601</u>	<u>-</u>	<u>61,601</u>
Change in net assets	141,615	(33,580)	108,035
Net assets, beginning of year	<u>1,529,611</u>	<u>283,654</u>	<u>1,813,265</u>
Net assets, end of year	<u>\$ 1,671,226</u>	<u>250,074</u>	<u>1,921,300</u>

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
Support and revenue:			
Contributions	\$ 1,320	14,264	15,584
Legacy gifts	15,344	-	15,344
Investment income	112,790	-	112,790
Change in cash surrender value of life insurance	1,247	-	1,247
	<u>130,701</u>	<u>14,264</u>	<u>144,965</u>
Net assets released from restrictions	<u>51,100</u>	<u>(51,100)</u>	<u>-</u>
Total support and revenue	<u>181,801</u>	<u>(36,836)</u>	<u>144,965</u>
Expenses:			
Program services:			
Tuition and school assistance	51,100	-	51,100
Contributions to local ministry	19,400	-	19,400
Total program services	<u>70,500</u>	<u>-</u>	<u>70,500</u>
Supporting services - Management and general	<u>16,054</u>	<u>-</u>	<u>16,054</u>
Total supporting services	<u>16,054</u>	<u>-</u>	<u>16,054</u>
Total expenses	<u>86,554</u>	<u>-</u>	<u>86,554</u>
Change in net assets	95,247	(36,836)	58,411
Net assets, beginning of year	<u>1,434,364</u>	<u>320,490</u>	<u>1,754,854</u>
Net assets, end of year	<u>\$ 1,529,611</u>	<u>283,654</u>	<u>1,813,265</u>

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES		TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
	SCHOOL SCHOLARSHIP AWARDS	CONTRIBUTIONS TO LOCAL MINISTRY			
Legal fees	\$ -	-	-	722	722
Office supplies and expenses	-	-	-	2,700	2,700
Bank fees	-	-	-	10	10
Promotional costs	-	-	-	58	58
Audit fees	-	-	-	6,000	6,000
Insurance expense	-	-	-	1,363	1,363
Gift planning contract	-	-	-	5,000	5,000
Tuition and school assistance	39,300	-	39,300	-	39,300
Contributions to local ministry	-	6,448	6,448	-	6,448
	<u>\$ 39,300</u>	<u>6,448</u>	<u>45,748</u>	<u>15,853</u>	<u>61,601</u>

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES		TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
	SCHOOL SCHOLARSHIP AWARDS	CONTRIBUTIONS TO LOCAL MINISTRY			
Legal fees	-	-	-	797	797
Office supplies and expenses	-	-	-	1,879	1,879
Promotional costs	-	-	-	2,760	2,760
Audit fees	-	-	-	5,050	5,050
Insurance expense	-	-	-	1,818	1,818
Gift planning contract	-	-	-	3,750	3,750
Tuition and school assistance	51,100	-	51,100	-	51,100
Contributions to local ministry	-	19,400	19,400	-	19,400
	<u>51,100</u>	<u>19,400</u>	<u>70,500</u>	<u>16,054</u>	<u>86,554</u>

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 108,035	58,411
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Net realized and unrealized gain on investments	(24,350)	(6,801)
Net increase in cash surrender value of life insurance policy	(1,459)	(1,246)
Changes in:		
Accounts receivable	(96)	(880)
Prepaid expenses	1,361	-
Accrued expenses	5,200	5,050
	<u>88,691</u>	<u>54,534</u>
Cash provided by (applied to) investing activities:		
Proceeds from sale of investments	-	210,000
Purchase of investments	(123,865)	(62,633)
Loan to Trinity Lutheran Church	-	(130,000)
Loan payments received from Trinity Lutheran Church	5,039	24,961
Issuance of notes receivable	(5,000)	(25,000)
Proceeds from notes receivable	1,722	833
Change in interest receivable from notes receivable	3,284	(3,284)
	<u>(118,820)</u>	<u>14,877</u>
Net (decrease) increase in cash and cash equivalents	(30,129)	69,411
Cash and cash equivalents, beginning of year	<u>104,741</u>	<u>35,330</u>
Cash and cash equivalents, end of year	<u>\$ 74,612</u>	<u>104,741</u>

The accompanying notes are an integral part of the financial statements.

TRINITY ROSELLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Trinity Roselle Foundation (Foundation) is a charitable foundation dedicated to expanding the Lord's work among His people, primarily through financial contributions to Trinity Evangelical Lutheran Congregation of Roselle, Illinois.

The Foundation seeks funds to support five main areas of outreach:

- 1) The School Endowment Fund – to provide grant funding to the school of Trinity Evangelical Lutheran Congregation of Roselle, Illinois.
- 2) Mission/Ministries – as these areas have been identified for focus by the local and national church.
- 3) Human Care – to assist in benevolence, disaster relief, and mercy for people in need.
- 4) Continuing Education – career, vocational skills development and redirection support.
- 5) Capital Improvement – building new facilities, upgrading existing facilities and equipment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Foundation carries its accounts receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the length of time the receivables are outstanding and the anticipated future collectible amounts based on historical experience. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. At June 30, 2019 and 2018, an allowance for doubtful accounts was not deemed necessary.

TRINITY ROSELLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

Investments are measured at fair value, determined by quoted market price, in the statements of financial position. Investment income or loss (including gains and losses on investments and interest) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investment in Real Estate

Investment in real estate is carried at cost and adjusted for any impairment in value (See Note 6). The Foundation is required to evaluate assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. If the cost of the real estate exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

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-imposed restrictions. The board of directors of the Foundation (Board) has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-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. 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.

Revenue and Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are restricted as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

TRINITY ROSELLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue and Revenue Recognition, Continued

The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. All expenses are directly charged to their natural classification.

Accounting Estimates

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

Change in Accounting Principle – Financial Statement Presentation

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU No. 2016-14 and has adjusted the presentation in these financial statements accordingly.

The primary differences between these and previously-issued consolidated financial statements, as they relate to the Foundation, are: 1) the renaming of the captions in the statement of financial position and statement of activities from unrestricted and temporarily restricted net assets to net assets without donor restrictions and net assets with donor restrictions, respectively; 2) the inclusion of a statement of functional expenses; and 3) the new footnote disclosure of quantitative and qualitative information concerning the Foundation's liquidity.

TRINITY ROSELLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Revenue from Contracts

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Foundation is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

New Accounting Standard – Contributions Received and Made

In June 2018, FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. The update also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019. The Foundation is currently evaluating the methods of adoption permitted by ASU No. 2018-08 and the effect that ASU No. 2018-08 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Going Concern Evaluation

In accordance with ASU No. 2014-15 management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Foundation's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any conditions or events raising substantial doubt about the Foundation's ability to continue as a going concern for the period from February 6, 2020 to February 6, 2021.

Subsequent Events

Subsequent events have been evaluated through February 6, 2020 the date that the financial statements were available for issue.

TRINITY ROSELLE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 - 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 the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 74,612
Accounts receivable	976
Investments	1,680,798
Loan to Trinity Lutheran Church	100,000
Notes receivable	<u>27,445</u>
	<u>1,883,831</u>
Less: amounts not available for general expenditures within one year, due to:	
Notes receivable, scheduled to be collected in excess of one year	25,445
Donor-restricted for a specific purpose	250,074
Board designated	<u>745,699</u>
	<u>1,021,218</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>862,613</u></u>

NOTE 4 - NOTES RECEIVABLE

Notes receivable at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Note agreement with a former church employee, maturing December 2032, principal only payments years 1-2, interest at Prime – 1.0% (Prime rate at June 30, 2019 was 5.5%) in year 3 and interest at rate of Prime in years 4-15, plus monthly principal payment of \$139.	\$ 22,500	24,167
Note agreement with a church employee, maturing April 2034, principal only payments years 1-2, interest at Prime – 1.0% (Prime rate at June 30, 2019 was 5.5%) in year 3 and interest at rate of Prime in years 4-15, plus monthly principal payment of \$28.	<u>4,945</u>	<u>-</u>
	<u>\$ 27,445</u>	<u>24,167</u>

TRINITY ROSELLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 5 - INVESTMENTS

Investments at June 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Mutual funds	\$ <u>1,680,798</u>	<u>1,532,583</u>

Investment income for the years ending June 30, 2019 and 2018 was comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 135,318	105,989
Realized gain	-	26,643
Unrealized gain (loss)	<u>24,350</u>	<u>(19,842)</u>
	\$ <u>159,668</u>	<u>112,790</u>

NOTE 6 - INVESTMENT IN REAL ESTATE

Investment in real estate includes a 20% interest in a residential property. There is a stipulation in the agreement that if any party wishes to sell or if the property owners are no longer employed by Trinity Evangelical Lutheran Congregation UAC (Church), that the parties have the first right to purchase the interest of the other party.

As of June 30, 2019 and 2018, no impairment loss was recognized to date.

TRINITY ROSELLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 7 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides 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 three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

TRINITY ROSELLE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 7 - FAIR VALUE MEASUREMENTS, CONTINUED

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, 2019 and 2018.

Mutual funds: Valued at the closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Cash surrender value of life insurance - Fair value is measured at the daily NAV of the underlying investment. The NAV is provided by the trustee which is based on annual actuarial reports which compute present value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019 and 2018:

Assets at Fair Value as of June 30, 2019					
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets -					
Mutual funds	\$	<u>1,680,798</u>	<u>-</u>	<u>-</u>	1,680,798
Assets measured at NAV ^(a)					<u>30,119</u>
				\$	<u>1,710,917</u>

Assets at Fair Value as of June 30, 2018					
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:					
Mutual funds	\$	<u>1,532,583</u>	<u>-</u>	<u>-</u>	1,532,583
Assets measured at NAV ^(a)					<u>28,660</u>
				\$	<u>1,561,243</u>

TRINITY ROSELLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 7 - FAIR VALUE MEASUREMENTS, CONTINUED

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

For the years ended June 30, 2019 and 2018, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of June 30, 2019 and 2018, respectively.

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Cash Surrender Value of Life Insurance	\$ 30,119	N/A	N/A	N/A
<u>June 30, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Cash Surrender Value of Life Insurance	\$ 28,660	N/A	N/A	N/A

NOTE 8 - TAX STATUS

The Foundation has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Foundation has evaluated the tax positions taken for all open tax years. Currently, the 2015, 2016 and 2017 tax years are open and subject to examination by the Internal Revenue Service; however, the Foundation is not currently under audit nor has the Foundation been contacted by this jurisdiction.

Based on the evaluation of the Foundation's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2019 and 2018.

TRINITY ROSELLE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation receives substantial support from the members of Trinity Evangelical Lutheran Congregation UAC (Church) and supports the ministry of the Church through grant awards. The Church is not consolidated in these financial statements because it does not meet the criteria for consolidation.

Support given to the Church from the Foundation totaled \$39,300 and \$51,100 for the years ended June 30, 2019 and 2018, respectively. During the years ending June 30, 2019, and 2018, board members contributed \$2,060 and \$1,955 to the Foundation, respectively. The Church collects donations from church services that donors stipulate are for the Foundation. The church treats these donations as an agency fund and remits the collections on a quarterly basis. The balance receivable of these donations as of June 30, 2019 and 2018 were \$976 and \$880, respectively.

The Foundation extended a one-year line of credit to the Church during October 2017 with a limit of \$200,000 and a rate of Prime minus 1.00% (Prime rate at June 30, 2018 was 5.0%). On September 30, 2018, the line of credit was converted into a promissory note without interest and matured on September 30, 2019. The balance receivable of this loan as of June 30, 2019 and 2018 was \$100,000 and \$105,039, respectively. The note was paid in full in August 2019.

NOTE 10 - BOARD DESIGNATED NET ASSETS

The Board of Directors designated net assets without donor restrictions for the following purposes for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Foundation discretionary grants	\$ 95,698	101,138
School support and tuition	343,274	342,383
Church support	<u>306,727</u>	<u>305,836</u>
	<u>\$ 745,699</u>	<u>749,357</u>

TRINITY ROSELLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
General school support and tuition	\$ 197,427	232,207
Ministry support services	11,312	11,312
Church support	11,135	11,135
Charles & Audrey Prange Mueller Fund	<u>30,200</u>	<u>29,000</u>
	\$ <u><u>250,074</u></u>	<u><u>283,654</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
General school support and tuition	\$ <u><u>39,300</u></u>	<u><u>51,100</u></u>

NOTE 12 - ENDOWMENT

The Foundation's endowment consists of funds established by donors to provide annual funding for specific activities and general operations of the Foundation. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board.

Interpretation of Relevant Law

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on December 31, 2009. The Board has adopted a spending policy that requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

As a result of this policy, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence described by UPMIFA.

TRINITY ROSELLE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - ENDOWMENT, CONTINUED

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 donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating annually no more than 5% of the fair market value of the endowment, including any capital appreciation and/or current yield. In establishing this policy, the Foundation considered the long-term expected return on its endowments. This is consistent with the Foundation's objective to maintain the fair value of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return. Donor-restricted endowments are spent in accordance with the donors' requirements; distributions are made for purposes that conform to the donors' stated intentions.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments).

There were no such deficiencies at June 30, 2019 or 2018.

Endowment net asset composition by type of fund as of June 30, 2019:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Undesignated endowment funds	\$ 695,857	-	695,857
Board-designated endowment funds	650,001	-	650,001
Donor-restricted endowment funds	-	208,562	208,562
	\$ <u>1,345,858</u>	<u>208,562</u>	<u>1,554,420</u>

TRINITY ROSELLE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 12 - ENDOWMENT, CONTINUED

Changes in endowment net assets for the year ended June 30, 2019:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, July 1, 2018	\$ <u>1,219,868</u>	<u>243,342</u>	<u>1,463,210</u>
Investment income	135,734	-	135,734
Appropriation of endowment assets for expenditures	(11,525)	(39,300)	(50,825)
Contributions	<u>1,781</u>	<u>4,520</u>	<u>6,301</u>
	<u>125,990</u>	<u>(34,780)</u>	<u>91,210</u>
Endowment net assets, June 30, 2019	\$ <u><u>1,345,858</u></u>	<u><u>208,562</u></u>	<u><u>1,554,420</u></u>

Endowment net assets composition by type of fund as of June 30, 2018:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Undesignated endowment funds	\$ 571,649	-	571,649
Board-designated endowment funds	648,219	-	648,219
Donor-restricted endowment funds	<u>-</u>	<u>243,342</u>	<u>243,342</u>
	\$ <u><u>1,219,868</u></u>	<u><u>243,342</u></u>	<u><u>1,463,210</u></u>

Changes in endowment net assets for the year ended June 30, 2018:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, July 1, 2017	\$ <u>1,127,732</u>	<u>284,178</u>	<u>1,411,910</u>
Investment income	91,070	-	91,070
Appropriation of endowment assets for expenditures	(11,728)	(51,100)	(62,828)
Contributions	<u>12,794</u>	<u>10,264</u>	<u>23,058</u>
	<u>92,136</u>	<u>(40,836)</u>	<u>51,300</u>
Endowment net assets, June 30, 2018	\$ <u><u>1,219,868</u></u>	<u><u>243,342</u></u>	<u><u>1,463,210</u></u>

TRINITY ROSELLE FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 13 - SUBSEQUENT EVENT

The T-Fund was established in fiscal year 2020 as a Donor-Advised Endowment, for \$100,000. The donor generously established this endowment as thanksgiving to God and members of Trinity for their past support, which allowed the donor's children to attend Trinity. The purpose of the T-Fund is to assist current school families with tuition assistance, resulting in growth for both the school and the church. Trinity members meeting certain criteria will be eligible for a T-Fund tuition reduction in proportion to the tuition that they pay. Other donors may contribute to the T-Fund in order to sustain the endowment through future school years.

S U P P L E M E N T A R Y I N F O R M A T I O N

TRINITY ROSELLE FOUNDATION
STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2019

ASSETS

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	CHARLES & AUDREY PRANGE MUELLER FUND	OTHER DEDICATED FUNDS	TOTAL
Cash and cash equivalents	\$ 1,448	(9,545)	28,363	37,834	5,200	11,312	74,612
Accounts receivable	492	20	423	41	-	-	976
Investments	213,397	679,776	334,581	415,127	37,917	-	1,680,798
Loan to Trinity Lutheran Church	20,000	20,000	20,000	40,000	-	-	100,000
Notes receivable	27,445	-	-	-	-	-	27,445
Cash surrender value of life insurance policy	30,119	-	-	-	-	-	30,119
Investment in real estate	22,600	-	-	-	-	-	22,600
	<u>\$ 315,501</u>	<u>690,251</u>	<u>383,367</u>	<u>493,002</u>	<u>43,117</u>	<u>11,312</u>	<u>1,936,550</u>

LIABILITIES AND NET ASSETS

Liabilities -							
Accrued expenses	\$ 3,050	3,050	3,050	6,100	-	-	15,250
Net assets:							
Without donor restrictions:							
Undesignated	216,753	384,735	142,082	169,040	12,917	-	925,527
Board designated:							
General support	95,698	-	-	-	-	-	95,698
Endowment funds	-	175,835	167,439	306,727	-	-	650,001
	<u>95,698</u>	<u>175,835</u>	<u>167,439</u>	<u>306,727</u>	<u>-</u>	<u>-</u>	<u>745,699</u>
Total without donor restrictions	<u>312,451</u>	<u>560,570</u>	<u>309,521</u>	<u>475,767</u>	<u>12,917</u>	<u>-</u>	<u>1,671,226</u>
With donor restrictions:							
Endowment funds	-	126,631	70,796	11,135	-	-	208,562
Purpose restrictions	-	-	-	-	30,200	11,312	41,512
Total with donor restrictions	<u>-</u>	<u>126,631</u>	<u>70,796</u>	<u>11,135</u>	<u>30,200</u>	<u>11,312</u>	<u>250,074</u>
Total net assets	<u>312,451</u>	<u>687,201</u>	<u>380,317</u>	<u>486,902</u>	<u>43,117</u>	<u>11,312</u>	<u>1,921,300</u>
	<u>\$ 315,501</u>	<u>690,251</u>	<u>383,367</u>	<u>493,002</u>	<u>43,117</u>	<u>11,312</u>	<u>1,936,550</u>

The accompanying notes are an integral part of the financial statements. See Independent Auditor's Report.

TRINITY ROSELLE FOUNDATION
STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2018

ASSETS

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	CHARLES & AUDREY PRANGE MUELLER FUND	OTHER DEDICATED FUNDS	TOTAL
Cash and cash equivalents	\$ 9,995	14,872	30,812	33,750	4,000	11,312	104,741
Accounts receivable	417	-	463	-	-	-	880
Investments	194,605	619,916	305,118	378,571	34,373	-	1,532,583
Loan to Trinity Lutheran Church	21,008	21,008	21,008	42,015	-	-	105,039
Notes receivable	24,167	-	-	-	-	-	24,167
Interest receivable	656	656	656	1,316	-	-	3,284
Cash surrender value of life insurance policy	28,660	-	-	-	-	-	28,660
Prepaid expenses	272	272	272	545	-	-	1,361
Investment in real estate	22,600	-	-	-	-	-	22,600
	<u>\$ 302,380</u>	<u>656,724</u>	<u>358,329</u>	<u>456,197</u>	<u>38,373</u>	<u>11,312</u>	<u>1,823,315</u>

LIABILITIES AND NET ASSETS

Liabilities-							
Accrued expenses	\$ 2,010	2,010	2,010	4,020	-	-	10,050
Net assets:							
Without donor restrictions:							
Undesignated	199,232	323,263	113,180	135,206	9,373	-	780,254
Board designated:							
General support	101,138	-	-	-	-	-	101,138
Endowment funds	-	175,390	166,993	305,836	-	-	648,219
	<u>101,138</u>	<u>175,390</u>	<u>166,993</u>	<u>305,836</u>	<u>-</u>	<u>-</u>	<u>749,357</u>
Total without donor restrictions	<u>300,370</u>	<u>498,653</u>	<u>280,173</u>	<u>441,042</u>	<u>9,373</u>	<u>-</u>	<u>1,529,611</u>
With donor restrictions:							
Endowment funds	-	156,061	76,146	11,135	-	-	243,342
Purpose restrictions	-	-	-	-	29,000	11,312	40,312
Total with donor restrictions	<u>-</u>	<u>156,061</u>	<u>76,146</u>	<u>11,135</u>	<u>29,000</u>	<u>11,312</u>	<u>283,654</u>
Total net assets	<u>300,370</u>	<u>654,714</u>	<u>356,319</u>	<u>452,177</u>	<u>38,373</u>	<u>11,312</u>	<u>1,813,265</u>
	<u>\$ 302,380</u>	<u>656,724</u>	<u>358,329</u>	<u>456,197</u>	<u>38,373</u>	<u>11,312</u>	<u>1,823,315</u>

The accompanying notes are an integral part of the financial statements. See Independent Auditor's Report.

TRINITY ROSELLE FOUNDATION
STATEMENT OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2019

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	CHARLES & AUDREY PRANGE MUELLER FUND	OTHER DEDICATED FUNDS	TOTAL
Support and revenue:							
Contributions	\$ 1,008	1,015	4,395	891	1,200	-	8,509
Investment income	20,390	64,352	31,783	39,599	3,544		159,668
Change in cash surrender value of life insurance	1,459	-	-	-	-	-	1,459
Total support and revenue	22,857	65,367	36,178	40,490	4,744	-	169,636
Expenses:							
Program services:							
Tuition and school assistance	-	30,000	9,300	-	-	-	39,300
Contributions to local ministry	6,448	-	-	-	-	-	6,448
Total program services	6,448	30,000	9,300	-	-	-	45,748
Supporting services - Management and general	4,328	2,880	2,880	5,765	-	-	15,853
Total supporting services	4,328	2,880	2,880	5,765	-	-	15,853
Total expenses	10,776	32,880	12,180	5,765	-	-	61,601
Change in net assets	12,081	32,487	23,998	34,725	4,744	-	108,035
Net assets, beginning of year	300,370	654,714	356,319	452,177	38,373	11,312	1,813,265
Net assets, end of year	\$ 312,451	687,201	380,317	486,902	43,117	11,312	1,921,300

The accompanying notes are an integral part of the financial statements. See Independent Auditor's Report.

TRINITY ROSELLE FOUNDATION
STATEMENT OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2018

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	CHARLES & AUDREY PRANGE MUELLER FUND	OTHER DEDICATED FUNDS	TOTAL
Support and revenue:							
Contributions	\$ 800	1,883	8,427	474	4,000	-	15,584
Legacy gifts	3,069	3,069	3,069	6,137	-	-	15,344
Investment income	19,537	42,038	21,403	27,627	2,185	-	112,790
Change in cash surrender value of life insurance	1,247	-	-	-	-	-	1,247
Total support and revenue	24,653	46,990	32,899	34,238	6,185	-	144,965
Expenses:							
Program services:							
Tuition and school assistance	-	43,000	8,100	-	-	-	51,100
Contributions to local ministry	19,400	-	-	-	-	-	19,400
Total program services	19,400	43,000	8,100	-	-	-	70,500
Supporting services - Management and general	4,326	2,932	2,932	5,864	-	-	16,054
Total supporting services	4,326	2,932	2,932	5,864	-	-	16,054
Total expenses	23,726	45,932	11,032	5,864	-	-	86,554
Interfund transfer	-	13,000	-	(13,000)	-	-	-
Change in net assets	927	14,058	21,867	15,374	6,185	-	58,411
Net assets, beginning of year	299,443	640,656	334,452	436,803	32,188	11,312	1,754,854
Net assets, end of year	\$ <u>300,370</u>	<u>654,714</u>	<u>356,319</u>	<u>452,177</u>	<u>38,373</u>	<u>11,312</u>	<u>1,813,265</u>

The accompanying notes are an integral part of the financial statements. See Independent Auditor's Report.