



MUELLER & CO., LLP

*Certified Public Accountants – Business & Financial Advisors*

ASSURANCE

TRINITY ROSELLE FOUNDATION  
COMPILED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020

MUELLER

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Trinity Roselle Foundation  
Roselle, Illinois

Management is responsible for the accompanying financial statements of Trinity Roselle Foundation (a nonprofit organization), 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 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

### Supplementary Information

The supplementary information contained on pages 22 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion nor provide any assurance on such information.

### Other Matter

The fiscal 2019 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated February 6, 2020. We have not performed any auditing procedures since that date.

### Emphasis of Matter

As discussed in Note 2 of the financial statements, for the year ended June 30, 2020, Trinity Roselle Foundation adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Elgin, Illinois  
March 1, 2021

**TRINITY ROSELLE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

**ASSETS**

	<u>COMPILED 2020</u>	<u>AUDITED 2019</u>
Cash and cash equivalents	\$ 106,540	74,612
Accounts receivable	457	976
Investments	1,889,222	1,680,798
Loan to Trinity Lutheran Church	-	100,000
Notes receivable	4,611	27,445
Cash surrender value of life insurance policy	32,306	30,119
Investment in real estate	<u>22,600</u>	<u>22,600</u>
	<u>\$ 2,055,736</u>	<u>1,936,550</u>

**LIABILITIES AND NET ASSETS**

**Liabilities -**

Accrued expenses	\$ <u>6,200</u>	<u>15,250</u>
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**Net assets:**

Without donor restrictions:

Undesignated	<u>224,747</u>	<u>216,753</u>
Board designated:		
General support	88,827	95,698
Endowment funds	<u>1,412,133</u>	<u>1,358,775</u>
	<u>1,500,960</u>	<u>1,454,473</u>

Total without donor restrictions	<u>1,725,707</u>	<u>1,671,226</u>
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With donor restrictions:

Endowment funds	312,517	238,762
Purpose restrictions	<u>11,312</u>	<u>11,312</u>

Total with donor restrictions	<u>323,829</u>	<u>250,074</u>
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Total net assets	<u>2,049,536</u>	<u>1,921,300</u>
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	<u>\$ 2,055,736</u>	<u>1,936,550</u>
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See Independent Accountant's Compilation Report.  
The accompanying notes are an integral part of the financial statements.

**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF ACTIVITIES (COMPILED)**  
**YEAR ENDED JUNE 30, 2020**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Support and revenue:</b>			
Contributions	\$ 3,145	117,555	120,700
Investment income	76,887	-	76,887
Change in cash surrender value of life insurance	2,187	-	2,187
	82,219	117,555	199,774
Net assets released from restrictions	43,800	(43,800)	-
Total support and revenue	126,019	73,755	199,774
<b>Expenses:</b>			
Program services:			
Tuition and school assistance	43,800	-	43,800
Contributions to local ministries	7,500	-	7,500
Total program services	51,300	-	51,300
Supporting services - Management and general	20,238	-	20,238
Total supporting services	20,238	-	20,238
Total expenses	71,538	-	71,538
Change in net assets	54,481	73,755	128,236
Net assets, beginning of year	1,671,226	250,074	1,921,300
Net assets, end of year	\$ 1,725,707	323,829	2,049,536

See Independent Accountant's Compilation Report.  
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**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF ACTIVITIES (AUDITED)**  
**YEAR ENDED JUNE 30, 2019**

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

See Independent Accountant's Compilation Report.  
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**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES (COMPILED)**  
**YEAR ENDED JUNE 30, 2020**

	PROGRAM SERVICES		TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
	TUITION AND SCHOOL ASSISTANCE	CONTRIBUTIONS TO LOCAL MINISTRIES			
Legal fees	\$ -	-	-	192	192
Office supplies and expenses	-	-	-	2,141	2,141
Filing fees	-	-	-	10	10
Promotional costs	-	-	-	623	623
Audit fees	-	-	-	12,272	12,272
Gift planning contract	-	-	-	5,000	5,000
Tuition and school assistance	43,800	-	43,800	-	43,800
Contributions to local ministries	-	7,500	7,500	-	7,500
	<u>\$ 43,800</u>	<u>7,500</u>	<u>51,300</u>	<u>20,238</u>	<u>71,538</u>

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

**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES (AUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	PROGRAM SERVICES		TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
	TUITION AND SCHOOL ASSISTANCE	CONTRIBUTIONS TO LOCAL MINISTRIES			
Legal fees	\$ -	-	-	722	722
Office supplies and expenses	-	-	-	2,700	2,700
Filing 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 ministries	-	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>

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



**TRINITY ROSELLE FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	COMPILED 2020	AUDITED 2019
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ 128,236	108,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	10,081	(24,350)
Net increase in cash surrender value of life insurance policy	(2,187)	(1,459)
Changes in:		
Accounts receivable	519	(96)
Prepaid expenses	-	1,361
Accrued expenses	(9,050)	5,200
	<u>127,599</u>	<u>88,691</u>
<b>Cash provided by (applied to) investing activities:</b>		
Purchase of investments	(218,505)	(123,865)
Loan payments received from Trinity Lutheran Church	100,000	5,039
Issuance of notes receivable	-	(5,000)
Proceeds from notes receivable	22,834	1,722
Change in interest receivable from notes receivable	-	3,284
	<u>(95,671)</u>	<u>(118,820)</u>
Net increase (decrease) in cash and cash equivalents	31,928	(30,129)
Cash and cash equivalents, beginning of year	<u>74,612</u>	<u>104,741</u>
Cash and cash equivalents, end of year	<u>\$ 106,540</u>	<u>74,612</u>

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

**TRINITY ROSELLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**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 provides funding to support the following 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.
- 6) T-Fund – to assist current school families with tuition assistance, resulting in growth for both the school and the church.

**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.

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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, 2020 and 2019, an allowance for doubtful accounts was not deemed necessary.

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 endowments.

*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.

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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 net assets with donor restrictions 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.

The Foundation reports gifts of goods and equipment as net assets without donor restrictions 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 net assets with donor restrictions. 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.

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Change in Accounting Principle – Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. ASU No. 2018-08 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. In 2020, the Foundation adopted ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. ASU No. 2018-08 has been applied using the modified prospective method.

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statements of financial position and the liabilities for the obligations under the lease also be recognized on the statements of financial position. ASU No. 2016-02 requires disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and related updates and the effect they are expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, 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 March 1, 2021 to March 1, 2022.

Subsequent Events

Subsequent events have been evaluated through March 1, 2021, the date that the financial statements were available for issue.

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(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:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 106,540	74,612
Accounts receivable	457	976
Investments	1,889,222	1,680,798
Notes receivable	4,611	27,445
Loan to Trinity Lutheran Church	-	100,000
	<u>2,000,830</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	4,278	25,445
Donor restricted for a specific purpose	323,829	250,074
Board designated	<u>1,412,133</u>	<u>1,358,775</u>
	<u>1,740,240</u>	<u>1,634,294</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>260,590</u>	<u>249,537</u>

The Foundation's board-designated endowment of \$1,412,133 and \$1,358,775 at June 30, 2020 and 2019, respectively is subject to an annual spending rate of 5% as described in Note 12. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget and approval and appropriation), these amounts could be made available, if necessary.

**NOTE 4 - NOTES RECEIVABLE**

Notes receivable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Note agreement with a former church employee, maturing December 2032, principal only payments years 1-2, interest at Prime less 1.0% (Prime rate at June 30, 2020 was 3.25%) in year 3 and interest at rate of Prime in years 4-15, plus monthly principal payment of \$139. During 2020 the note was paid in full. \$	-	22,500

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 4 - NOTES RECEIVABLE, CONTINUED**

	<u>2020</u>	<u>2019</u>
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, 2020 was 3.25%) in year 3 and interest at rate of Prime in years 4-15, plus monthly principal payment of \$28.	<u>4,611</u>	<u>4,945</u>
	\$ <u><u>4,611</u></u>	<u><u>27,445</u></u>

**NOTE 5 - INVESTMENTS**

Investments reported at fair value at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ <u><u>1,889,222</u></u>	<u><u>1,680,798</u></u>

Investment income for the years ended June 30, 2020 and 2019 was comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 86,968	135,318
Unrealized gain (loss)	( <u>10,081</u> )	<u>24,350</u>
	\$ <u><u>76,887</u></u>	<u><u>159,668</u></u>

**NOTE 6 - INVESTMENT IN REAL ESTATE**

Investment in real estate includes a 14.3% 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, 2020 and 2019, no impairment loss was recognized to date.

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(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, 2020 and 2019.

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, 2020 and 2019:

<b>Assets at Fair Value as of June 30, 2020</b>				
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Assets -				
Mutual funds	\$ <u>1,889,222</u>	<u>-</u>	<u>-</u>	1,889,222
Assets measured at NAV <sup>(a)</sup>				<u>32,306</u>
			\$	<u>1,921,528</u>

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

**TRINITY ROSELLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019  
(CONTINUED)**

**NOTE 7 - FAIR VALUE MEASUREMENTS, CONTINUED**

<sup>(a)</sup> 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, 2020 and 2019, 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, 2020 and 2019, respectively.

<u>June 30, 2020</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	\$ 32,306	N/A	N/A	N/A

<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

**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 2016, 2017 and 2018 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, 2020 and 2019.

**TRINITY ROSELLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019  
(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 \$43,800 and \$39,300 for the years ended June 30, 2020 and 2019, respectively. During the years ended June 30, 2020, and 2019, board members contributed \$2,155 and \$2,060 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, 2020 and 2019 were \$290 and \$976, 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 was \$100,000. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General support	\$ 88,827	95,698
Endowment funds	<u>1,412,133</u>	<u>1,358,775</u>
	\$ <u>1,500,960</u>	<u>1,454,473</u>

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General school support and tuition	\$ 157,618	197,427
Ministry support services	11,312	11,312
Church support	11,135	11,135
Prange/Mueller Endowment Fund	43,764	30,200
T Fund	<u>100,000</u>	<u>-</u>
	\$ <u>323,829</u>	<u>250,074</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General school support and tuition	\$ <u>43,800</u>	<u>39,300</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**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(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. Board designated and donor-restricted endowments are spent in accordance with the boards' and 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, 2020 or 2019.

Endowment net asset composition by type of fund as of June 30, 2020:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Board designated endowment funds	\$ 1,412,133	-	1,412,133
Donor restricted endowment funds	<u>-</u>	<u>312,517</u>	<u>312,517</u>
	<u>\$ 1,412,133</u>	<u>312,517</u>	<u>1,724,650</u>

**TRINITY ROSELLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**  
**(CONTINUED)**

**NOTE 12 - ENDOWMENT, CONTINUED**

Changes in endowment net assets for the year ended June 30, 2020:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, July 1, 2019	\$ 1,358,775	238,762	1,597,537
Investment income	66,155	-	66,155
Appropriation of endowment assets for expenditures	( 15,313)	( 43,800)	( 59,113)
Contributions	2,516	117,555	120,071
	<u>53,358</u>	<u>73,755</u>	<u>127,113</u>
Endowment net assets, June 30, 2020	\$ <u>1,412,133</u>	<u>312,517</u>	<u>1,724,650</u>

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

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Board designated endowment funds	\$ 1,358,775	-	1,358,775
Donor restricted endowment funds	<u>-</u>	<u>238,762</u>	<u>238,762</u>
	<u>\$ 1,358,775</u>	<u>238,762</u>	<u>1,597,537</u>

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	\$ 1,229,239	272,343	1,501,582
Investment income	139,279	-	139,279
Appropriation of endowment assets for expenditures	( 11,525)	( 39,300)	( 50,825)
Contributions	1,782	5,719	7,501
	<u>129,536</u>	<u>( 33,581)</u>	<u>95,955</u>
Endowment net assets, June 30, 2019	\$ <u>1,358,775</u>	<u>238,762</u>	<u>1,597,537</u>

**TRINITY ROSELLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019  
(CONTINUED)**

**NOTE 13 - IMPACT OF COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. The extent of the impact of COVID-19 to the Foundation's financial condition will depend on certain developments, including the duration and spread of the outbreak and impact on our funders, and members and students of Trinity Lutheran Church and School, all of which are uncertain and cannot be predicted. At this time, the extent to which COVID-19 may impact the Foundation's financial condition or changes in net assets is uncertain however, as of March 1, 2021, COVID-19 has not had a significant impact on the financial condition of the Foundation.

**NOTE 14 - RECLASSIFICATIONS**

Certain amounts in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 presentation.

## **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 (COMPILED)

JUNE 30, 2020

**ASSETS**

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	T FUND	CHURCH ENDOWMENT FUND	PRANGE/MUELLER ENDOWMENT FUND	OTHER DEDICATED FUNDS	TOTAL
Cash and cash equivalents	\$ 23,998	(25,118)	27,477	1,168	53,414	14,289	11,312	106,540
Accounts receivable	167	50	240	-	-	-	-	457
Investments	231,132	713,661	356,512	93,831	450,194	43,892	-	1,889,222
Notes receivable	4,611	-	-	-	-	-	-	4,611
Cash surrender value of life insurance policy	32,306	-	-	-	-	-	-	32,306
Investment in real estate	22,600	-	-	-	-	-	-	22,600
	<u>\$ 314,814</u>	<u>688,593</u>	<u>384,229</u>	<u>94,999</u>	<u>503,608</u>	<u>58,181</u>	<u>11,312</u>	<u>2,055,736</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities -</b>								
Accrued expenses	\$ 1,240	1,240	1,240	-	2,480	-	-	6,200
<b>Net assets:</b>								
Without donor restrictions:								
Undesignated	224,747	-	-	-	-	-	-	224,747
Board designated:								
General support	88,827	-	-	-	-	-	-	88,827
Endowment funds	-	590,067	322,657	(5,001)	489,993	14,417	-	1,412,133
	<u>88,827</u>	<u>590,067</u>	<u>322,657</u>	<u>(5,001)</u>	<u>489,993</u>	<u>14,417</u>	<u>-</u>	<u>1,500,960</u>
Total without donor restrictions	<u>313,574</u>	<u>590,067</u>	<u>322,657</u>	<u>(5,001)</u>	<u>489,993</u>	<u>14,417</u>	<u>-</u>	<u>1,725,707</u>
With donor restrictions:								
Endowment funds	-	97,286	60,332	100,000	11,135	43,764	-	312,517
Purpose restrictions	-	-	-	-	-	-	11,312	11,312
Total with donor restrictions	<u>-</u>	<u>97,286</u>	<u>60,332</u>	<u>100,000</u>	<u>11,135</u>	<u>43,764</u>	<u>11,312</u>	<u>323,829</u>
Total net assets	<u>313,574</u>	<u>687,353</u>	<u>382,989</u>	<u>94,999</u>	<u>501,128</u>	<u>58,181</u>	<u>11,312</u>	<u>2,049,536</u>
	<u>\$ 314,814</u>	<u>688,593</u>	<u>384,229</u>	<u>94,999</u>	<u>503,608</u>	<u>58,181</u>	<u>11,312</u>	<u>2,055,736</u>

See Independent Accountant's Compilation Report.

**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION BY FUND (AUDITED)**  
**JUNE 30, 2019**

**ASSETS**

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	PRANGE/MUELLER ENDOWMENT 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**

<b>Liabilities-</b>							
Accrued expenses	\$ <u>3,050</u>	<u>3,050</u>	<u>3,050</u>	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>15,250</u>
<b>Net assets:</b>							
Without donor restrictions:							
Undesignated	<u>216,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,753</u>
Board designated:							
General support	95,698	-	-	-	-	-	95,698
Endowment funds	<u>-</u>	<u>560,570</u>	<u>309,521</u>	<u>475,767</u>	<u>12,917</u>	<u>-</u>	<u>1,358,775</u>
	<u>95,698</u>	<u>560,570</u>	<u>309,521</u>	<u>475,767</u>	<u>12,917</u>	<u>-</u>	<u>1,454,473</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	30,200	-	238,762
Purpose restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,312</u>	<u>11,312</u>
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>

See Independent Accountant's Compilation Report.

**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF ACTIVITIES BY FUND (COMPILED)**  
**YEAR ENDED JUNE 30, 2020**

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	T FUND	CHURCH ENDOWMENT FUND	PRANGE/MUELLER ENDOWMENT FUND	OTHER DEDICATED FUNDS	TOTAL
<b>Support and revenue:</b>								
Contributions	\$ 629	1,284	3,965	100,000	1,258	13,564	-	120,700
Investment income	10,732	32,696	16,334	(5,001)	20,626	1,500	-	76,887
Change in cash surrender value of life insurance	2,187	-	-	-	-	-	-	2,187
Total support and revenue	13,548	33,980	20,299	94,999	21,884	15,064	-	199,774
<b>Expenses:</b>								
Program services:								
Tuition and school assistance	-	30,000	13,800	-	-	-	-	43,800
Contributions to local ministries	7,500	-	-	-	-	-	-	7,500
Total program services	7,500	30,000	13,800	-	-	-	-	51,300
Supporting services - Management and general	4,925	3,828	3,827	-	7,658	-	-	20,238
Total supporting services	4,925	3,828	3,827	-	7,658	-	-	20,238
Total expenses	12,425	33,828	17,627	-	7,658	-	-	71,538
Change in net assets	1,123	152	2,672	94,999	14,226	15,064	-	128,236
Net assets, beginning of year	312,451	687,201	380,317	-	486,902	43,117	11,312	1,921,300
Net assets, end of year	\$ 313,574	687,353	382,989	94,999	501,128	58,181	11,312	2,049,536

See Independent Accountant's Compilation Report.

**TRINITY ROSELLE FOUNDATION**  
**STATEMENT OF ACTIVITIES BY FUND (AUDITED)**  
**YEAR ENDED JUNE 30, 2019**

	GENERAL FOUNDATION	SCHOOL ENDOWMENT FUND	SCHOOL TUITION FUND	CHURCH ENDOWMENT FUND	PRANGE/MUELLER ENDOWMENT FUND	OTHER DEDICATED FUNDS	TOTAL
<b>Support and revenue:</b>							
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
<b>Expenses:</b>							
Program services:							
Tuition and school assistance	-	30,000	9,300	-	-	-	39,300
Contributions to local ministries	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

See Independent Accountant's Compilation Report.