
NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

RICHARD  CPAS

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northshore College Enhancement Foundation
Lacombe, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northshore College Enhancement Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northshore College Enhancement Foundation as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northshore College Enhancement Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, on page 20, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, 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 Schedule of Compensation, Benefits, and Other Payments to the Agency Head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of the 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 the Foundation's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 24, 2024

FINANCIAL SECTION

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>		
	2023	2022
<u>CURRENT ASSETS</u>		
Cash, without restrictions	\$ 49,570	\$ 26,903
Account receivable	5,000	50,445
Prepaid expense	-	1,022
Total current assets	54,570	78,370
<u>LONG-TERM ASSETS</u>		
Cash and cash equivalents - restricted	625,522	361,875
Certificate of deposit - restricted	37,000	-
Investments - restricted	1,242,865	767,275
Total long-term assets	1,905,387	1,129,150
<u>TOTAL ASSETS</u>	\$ 1,959,957	\$ 1,207,520
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 88,165	\$ -
Unearned revenue	750	-
Total current liabilities	88,915	-
<u>NON-CURRENT LIABILITIES</u>		
Amounts invested for others	394,008	255,457
Total non-current liabilities	394,008	255,457
Total liabilities	482,923	255,457
<u>NET ASSETS</u>		
Without donor restrictions	47,393	45,840
With donor restrictions	1,429,641	906,223
Total net assets	1,477,034	952,063
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 1,959,957	\$ 1,207,520

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

NORTSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUES</u>						
Contributions	\$ 56,067	\$ 988,260	\$ 1,044,327	\$ 49,700	\$ 232,511	\$ 282,211
In-kind contributions	30,010	-	30,010	21,985	-	21,985
Investment return, net	2,509	68,438	70,947	(1,711)	(113,207)	(114,918)
Other income	-	-	-	848	-	848
Net assets released from restrictions	533,280	(533,280)	-	89,220	(89,220)	-
Total support and revenues	<u>621,866</u>	<u>523,418</u>	<u>1,145,284</u>	<u>160,042</u>	<u>30,084</u>	<u>190,126</u>
 <u>EXPENSES</u>						
Program expenses	564,884	-	564,884	88,951	-	88,951
Fundraising expenses	33,039	-	33,039	20,305	-	20,305
Management and general	22,390	-	22,390	49,703	-	49,703
Total expenses	<u>620,313</u>	<u>-</u>	<u>620,313</u>	<u>158,959</u>	<u>-</u>	<u>158,959</u>
<u>CHANGE IN NET ASSETS</u>	1,553	523,418	524,971	1,083	30,084	31,167
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	<u>45,840</u>	<u>906,223</u>	<u>952,063</u>	<u>44,757</u>	<u>876,139</u>	<u>920,896</u>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 47,393</u>	<u>\$ 1,429,641</u>	<u>\$ 1,477,034</u>	<u>\$ 45,840</u>	<u>\$ 906,223</u>	<u>\$ 952,063</u>

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

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Fundraising	Management and General	Totals	Program Services	Fundraising	Management and General	Totals
Advertising and sponsorship	\$ 140	\$ 1,316	\$ 2,906	\$ 4,362	\$ 148	\$ 2,671	\$ 2,675	\$ 5,494
Bank charges and fees	434	345	99	878	358	187	75	620
Event catering and food	9,895	16,643	1,638	28,176	4,086	10,836	2,450	17,372
Faculty and student grants	2,244	-	1,000	3,244	8,545	-	-	8,545
Gifts, donations and promotional	700	700	1,867	3,267	-	1,540	4,921	6,461
Insurance	-	1,460	1,715	3,175	3,175	-	-	3,175
Office supplies	34,181	5,852	3,071	43,104	3,614	1,789	1,218	6,621
Professional fees	54,325	152	604	55,081	-	304	32,224	32,528
Rent	4,878	-	350	5,228	-	-	-	-
Scholarship distribution	21,000	5,500	5,500	32,000	24,034	-	3,500	27,534
Stipends and student support	426,410	67	-	426,477	43,141	-	-	43,141
Other expenses	10,677	1,004	3,640	15,321	1,850	2,978	2,640	7,468
Total expenses	\$ 564,884	\$ 33,039	\$ 22,390	\$ 620,313	\$ 88,951	\$ 20,305	\$ 49,703	\$ 158,959

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

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 524,971	\$ 31,167
Less: Endowed contributions and investment income	<u>(537,697)</u>	<u>(90,880)</u>
Change in net assets as adjusted	(12,726)	(59,713)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	(5,044)	(9,810)
Unrealized (gain) loss on investments	(57,219)	125,401
Changes in operating assets and liabilities:		
Accounts receivable	45,445	(14,695)
Prepaid expense	1,022	(373)
Accounts payable	88,165	-
Unearned revenue	<u>750</u>	<u>-</u>
Net cash provided by operating activities	<u>60,393</u>	<u>40,810</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of certificate of deposit	(37,000)	-
Purchases of investments	(468,158)	(222,899)
Proceeds from sales of investments	88,410	187,023
Amounts invested for others - noncurrent	104,972	30,787
Net cash used in investing activities	<u>(311,776)</u>	<u>(5,089)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Endowed contributions and investment income	<u>537,697</u>	<u>90,880</u>
Net cash provided by financing activities	<u>537,697</u>	<u>90,880</u>
Net change in cash and cash equivalents	286,314	126,601
Cash and cash equivalents, beginning of year	<u>388,778</u>	<u>262,177</u>
Cash and cash equivalents, end of year	<u>\$ 675,092</u>	<u>\$ 388,778</u>
Cash and cash equivalents:		
Without restrictions	\$ 49,570	\$ 45,795
With restrictions	<u>625,522</u>	<u>342,983</u>
Total	<u>\$ 675,092</u>	<u>\$ 388,778</u>

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

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Significant Accounting Policies

Operations

Northshore College Enhancement Foundation (the “Foundation”) is a nonprofit corporation organized in September 2016 to provide progressive support to the work of Northshore Technical Community College to increase transformational opportunities for the institution, the community, and the people. The Foundation’s main office is located in Lacombe, Louisiana.

Basis of Accounting

The accompanying statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. Contributions are recognized when received or when unconditionally promised.

Financial Statement Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Cash and Cash Equivalents

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

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Significant Accounting Policies (continued)

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund, and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Endowments

FASB Accounting Standard Codification 958-205, Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. This standard also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not yet subject to an enacted version of UPMIFA.

Interest earned on donor-restricted investments is reported on the existence or absence of donor-imposed restrictions. The Foundation's endowments provide for any earnings not withdrawn to remain in endowment for investment purposes and reported as increases in donor restricted net assets. The return of these earnings is reported in donor restricted net assets and are available to the Foundation for distribution in accordance with the endowment agreement or may be returned to the endowment by the Foundation for perpetual investment.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Significant Accounting Policies (continued)

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted support or donor-restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Donated Services and In-kind Support

The Foundation receives donated services without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. For the years ended December 31, 2023 and 2022, the Foundation recorded donated services that totaled \$30,010 and \$21,985, respectively. These donated services mainly consisted of administrative services, accounting services and other services deemed essential for the operation of the Foundation from Northshore Technical Community College.

Income Taxes

Northshore College Enhancement Foundation is a nonprofit corporation exempt from federal income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3), respectively, and therefore, no provision has been made for federal and state income taxes. It qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the code. It is exempt from Louisiana income tax under the authority of R.S.47:121(5).

Northshore College Enhancement Foundation applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore the implementation of this standard has not had a material effect of the Foundation.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All other costs are charged directly to the appropriate functional category.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Significant Accounting Policies (continued)

Use of 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 at the date of the financial statements and the reported amounts of additions to and reduction of net assets during the reported period. Accordingly, actual results may differ from those estimates, and those differences may be material.

New Accounting Pronouncements – Adopted

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard is effective for the Foundation's year ending December 31, 2022, and did not have a material impact on the financial statements.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 49,570	\$ 26,903
Accounts receivable	5,000	50,445
Long-term assets	<u>1,905,387</u>	<u>1,129,150</u>
Total financial assets	<u>\$ 1,959,957</u>	<u>\$ 1,206,498</u>
Less: funds not available to be used within one year or unavailable for general expenditures:		
Assets with donor-imposed restrictions	<u>(1,905,387)</u>	<u>(1,129,150)</u>
Total available financial assets	<u>\$ 54,570</u>	<u>\$ 77,348</u>

The Foundation's endowment funds consist of donor-restricted funds. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Liquidity and Availability (continued)

As part of the liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. Investments

Investments at December 31, 2023 and 2022, are composed of the following:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 901,413	\$ 767,275
U.S. Treasuries	99,561	-
Louisiana Asset Management Pool	241,891	-
Cash and cash equivalents	119,799	18,892
	<u>\$ 1,362,664</u>	<u>\$ 786,167</u>

Investment return, net, for the years ended December 31, 2023 and 2022, are composed of the following:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 5,293	\$ 1,015
Dividend income	10,688	8,441
Realized gain/(loss)	5,044	9,810
Unrealized gain/(loss)	57,219	(125,401)
Investment fees	(7,297)	(8,783)
	<u>\$ 70,947</u>	<u>\$ (114,918)</u>

LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities and certain related not for profits having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

LAMP is a 2a7- like investment pool. The following facts are relevant for 2a7- like investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. Investments (continued)

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7- like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820*, Fair Value Measurements and Disclosures, provides the 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 under ASC 820 are described as follows:

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

Level 2: Inputs to the valuation methodology include:

- 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.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Fair Value Measurements (continued)

The asset 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. Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish its daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

U.S. Treasuries: Valued by the custodians of the securities using pricing models based on credit quality, time of maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The Trust have no Level 3 investments.

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 the Foundation 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 reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2023, and 2022. There have been no changes in the methodologies used at December 31, 2023.

<u>Balance at December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Louisiana Asset Management Pool	\$ 241,891	\$ -	\$ -	\$ 241,891
Mutual Funds				
Emerging markets	35,738	-	-	35,738
Global real estate	37,260	-	-	37,260
Bond funds	317,111	-	-	317,111
Foreign large blend	184,635	-	-	184,635
US large blend	224,753	-	-	224,753
US small cap equity	36,853	-	-	36,853
Multi asset growth	65,063	-	-	65,063
Alternative mutual funds	-	-	-	-
U.S. Treasuries	-	99,561	-	99,561
	<u>\$ 1,143,304</u>	<u>\$ 99,561</u>	<u>\$ -</u>	<u>\$ 1,242,865</u>

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Fair Value Measurements (continued)

<u>Balance at December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Louisiana Asset Management Pool	\$ -	\$ -	\$ -	\$ -
Mutual Funds				
Emerging markets	31,853	-	-	31,853
Global real estate	30,951	-	-	30,951
Bond funds	274,886	-	-	274,886
Foreign large blend	141,921	-	-	141,921
US large blend	201,813	-	-	201,813
US small cap equity	31,324	-	-	31,324
Multi asset growth	54,527	-	-	54,527
Alternative mutual funds	-	-	-	-
U.S. Treasuries	-	-	-	-
	<u>\$ 767,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767,275</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022, consist of:

	<u>2023</u>	<u>2022</u>
Spendable:		
Program support	\$ 247,033	\$ 268,647
Scholarships and awards	36,852	27,363
Student support	582	888
Capital improvements	130	1,478
	<u>284,597</u>	<u>298,376</u>
Endowments:		
Chairs and professorships	197,023	177,761
Scholarships and awards	948,021	430,086
	<u>1,145,044</u>	<u>607,847</u>
Total net assets with donor restrictions	<u>\$ 1,429,641</u>	<u>\$ 906,223</u>

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. Net Assets with Donor Restrictions (continued)

Net assets were released from restrictions for satisfaction of purpose during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Spendable:		
Program support	\$ 424,816	\$ 50,697
Scholarships and awards	22,744	20,929
Other	<u>85,220</u>	<u>9,210</u>
	<u>532,780</u>	<u>80,836</u>
Endowments:		
Chairs and professorships	-	3,587
Scholarships and awards	500	3,500
Other	<u>-</u>	<u>1,297</u>
	<u>500</u>	<u>8,384</u>
Total net assets with donor restrictions	<u>\$ 533,280</u>	<u>\$ 89,220</u>

6. Endowments

The Foundation's endowment (the Endowment) consists of 17 donor-restricted funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As of December 31, 2023 and 2022, there was no such donor stipulations. As a result of this interpretation, 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 to the fund.

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 prescribed in UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Endowments (continued)

As of December 31, 2023 and 2022, the Foundation had the following endowment net asset composition by type of fund:

<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 1,070,500	\$ 601,000
Accumulated investment gains	74,544	6,847
	<u>\$ 1,145,044</u>	<u>\$ 607,847</u>

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). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. As of December 31, 2023, five endowment funds had fair values less than the amount required to be maintained by the donors totaling \$6,182. At December 31, 2022, the fair value of the endowment funds was in excess of the original gift values.

Investment and Spending Policies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes mutual funds. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Foundation has a policy of appropriating for distribution each year 5% of the market value for any given calendar year. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Endowments (continued)

The amount invested for others in noncurrent liabilities on December 31, 2023 and 2022, that was attributable to the Endowed Chairs and Professorships, was \$88,455 and \$78,580, respectively. The amount invested for others in noncurrent liabilities as if December 31, 2023 and 2022, that was attributable to the Scholarships, was \$305,550 and \$146,875, respectively. These amounts are not included in the table below. The table below represents the endowment activity for the years ended December 31, 2023 and 2022:

<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
Endowment net assets, January 1	\$ 607,847	\$ 707,611
Investment return, net	67,596	(111,781)
Contributions	470,101	20,901
Appropriated for expenditures	(500)	(8,884)
	<u>\$ 1,145,044</u>	<u>\$ 607,847</u>

7. The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships

One of the Foundation's primary objectives is to raise and manage funds to provide endowed professorships to Northshore Technical Community College. The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships was created by the Louisiana legislature in 1983 to provide state funds to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts.

Endowed professorships are established at \$100,000. For endowments submitted for matching, the Foundation may apply to the Louisiana Board of Regents for provision of 40% of the funding once the Foundation has acquired 60% of the principle through private gifts.

Endowed scholarships are established at \$10,000. For endowments submitted for matching, the Foundation may apply to the Louisiana Board of Regents for provision of 1:1 match of the funding once the Foundation has acquired a minimum of \$10,000 through private gifts. The exception to this is the endowed scholarship for First Generation College Students. The Foundation may apply to the Louisiana Board of Regents for provision of a 3:2 match once the Foundation has acquired a minimum of \$30,000 through private gifts.

The Foundation is allowed to apply for the match while maintaining the private gift in the Foundation. Funds are pooled for investment purposes in the Foundation, but the Board of Regents' match is recognized as a liability to the Foundation under the caption "Amounts invested for others."

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2023 and 2022, the Foundation's cash exceeded federally insured limits by \$147,812 and \$77,185, respectively.

9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2024, and determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Jim Carlson, President of NTCC, uncompensated

Purpose	Amount
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	-
	\$ -

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Note: Northshore College Enhancement Foundation does not have any employees.

See independent auditor's report.

OTHER REPORT



INDEPENDENT AUDITOR'S 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

The Board of Directors of
Northshore College Enhancement Foundation
Lacombe, Louisiana

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 Northshore College Enhancement Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northshore College Enhancement Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Northshore College Enhancement Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northshore College Enhancement Foundation's financial statements are free of material misstatements, 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 financial statements. 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 24, 2024

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2023

1. Summary of Independent Auditor's Results

Financial Statements

(a) The type of report issued on the basic financial statements: **Unmodified**

(b) Internal control over financial reporting:

Material weakness(es) identified. **None reported.**

Significant deficiency(ies) identified: **No**

(c) Noncompliance which is material to the basic financial statements: **None reported.**

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None reported.