
NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019

RICHARD  CPAS

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2019

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
<u>Notes to Financial Statements</u>	7-17
<u>Supplemental Information</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	18
<u>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></u>	19-20

Independent Auditors' Report

The Board of Directors
Northshore College Enhancement Foundation

We have audited the accompanying financial statements of Northshore College Enhancement Foundation (NCEF), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the eighteen months 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 audit. 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. 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 status of the Northshore College Enhancement Foundation as of June 30, 2019 and the changes in its net assets and cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 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 18, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such 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 Statement of Financial Position, Statement of Activities, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head are fairly stated, in all material respects, in the 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 30, 2019, on our consideration of NCEF'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 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 NCEF's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
April 30, 2020

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

	2019
<u>CURRENT ASSETS</u>	
Cash - unrestricted	\$ 49,252
Account Receivable	4,990
Inventory asset	5,652
Total current assets	59,894
 <u>LONG-TERM ASSETS</u>	
Cash and cash equivalents - restricted	701,448
Investments - restricted	400,356
Total long-term assets	1,101,804
 <u>TOTAL ASSETS</u>	 \$ 1,161,698

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 6,709
Total current liabilities	6,709
 <u>NONCURRENT LIABILITIES</u>	
Amounts invested for others	185,203
Total non-current liabilities	185,203
Total liabilities	191,912
 <u>NET ASSETS</u>	
Without donor restrictions	53,185
With donor restrictions	916,601
Total net assets	969,786
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 1,161,698

The accompanying notes are an integral part of this financial statement.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Contributions	\$ 145,926	\$ 983,495	\$ 1,129,421
Other income	7,026	-	7,026
Investment income, net	2,914	8,297	11,211
Net assets released from restrictions	<u>75,191</u>	<u>(75,191)</u>	<u>-</u>
Total support and revenues	<u>231,057</u>	<u>916,601</u>	<u>1,147,658</u>
 <u>Expenses</u>			
Program expenses	75,190	-	75,190
Fundraising expenses	20,060	-	20,060
Management and general	<u>82,622</u>	<u>-</u>	<u>82,622</u>
Total expenses	<u>177,872</u>	<u>-</u>	<u>177,872</u>
 <u>Increase (Decrease) in Net Assets</u>	 53,185	 916,601	 969,786
 <u>Net Assets</u>			
January 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2019	<u>\$ 53,185</u>	<u>\$ 916,601</u>	<u>\$ 969,786</u>

The accompanying notes are an integral part of this financial statement.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
Statement of Functional Expenses
For the eighteen months ended June 30, 2019

	2019			Totals
	Program Services	Fundraising	Management and General	
Advertising and sponsorship	\$ -	\$ -	\$15,671	\$ 15,671
Contract services	-	-	1,140	1,140
Cost of goods sold	-	3,814	-	3,814
Event catering and food	-	9,943	-	9,943
Event supplies	-	6,303	-	6,303
Gifts, donations and promotional	52,737	-	1,442	54,179
Meeting rooms and conferences	-	-	7,425	7,425
Professional fees	-	-	45,233	45,233
Printing and postage	-	-	4,351	4,351
Scholarship distribution	22,453	-	-	22,453
Operations: postage, subscriptions, supplies	-	-	6,946	6,946
Other expenses	-	-	414	414
Total expenses	<u>\$ 75,190</u>	<u>\$ 20,060</u>	<u>\$ 82,622</u>	<u>\$ 177,872</u>

The accompanying notes are an integral part of this financial statement.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2019

	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ 969,786
Less: Endowed contributions and investment income	(478,756)
Change in net assets as adjusted	491,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gain) loss on investments	(24,620)
Changes in operating assets and liabilities:	
Inventory asset	(5,652)
Accounts receivable	(4,990)
Accounts payable	6,709
	462,477
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of investments	(375,736)
Proceeds from sales of investments	-
Amounts invested for others - noncurrent	185,203
	(190,533)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Endowed contributions and investment income	478,756
	478,756
Net change in cash and cash equivalents	750,700
Cash and cash equivalents, January 1, 2018	-
Cash and cash equivalents, June 30, 2019	\$ 750,700
Cash and cash equivalents:	
Without Restrictions	\$ 49,252
With Restrictions	701,448
	\$ 750,700
<u>NON-CASH DISCLOSURE</u>	
Donated stock reinvested as endowments	\$ 12,058

The accompanying notes are an integral part of this financial statement.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 financial statements 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.

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

Cash equivalents are all highly-liquid investments with maturities of three months or less at date of acquisition.

Investments

Investments are generally carried at fair market value. Investments acquired through donations are recorded at fair market value on the date of donation. Realized and unrealized gains and losses are included in the Statement of Activities.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

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.

Endowment

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.

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 reduced 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 Statement of Activities as net assets released from restrictions.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

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 eighteen months ended June 30, 2019, the Foundation recorded donated services that totaled \$34,047. These donated services mainly consisted of Administrative services and other services deemed essential for the operation of the Foundation from Northshore Technical Community College and accounting services.

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) (6), 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 statements of activities. The statements of functional expenses present 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.

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.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

New Accounting Pronouncements - Adopted

On August 18, 2016, FASB issued ASU 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 adjusted the presentation of these statements accordingly.

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 the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 49,252
Accounts receivable	4,990
Inventory	5,652
Long-term assets	<u>1,101,804</u>
Total financial assets	<u>\$ 1,161,698</u>
Less funds not available to be used within one year or unavailable for general expenditures:	
Inventory	(5,652)
Assets with donor-imposed restrictions	<u>(1,101,804)</u>
	<u>\$ (1,107,456)</u>
Total available financial assets	<u>\$ 54,242</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.

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

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

3. Investments

Investments as of June 30, 2019 are composed of the following:

	<u>2019</u>
Mutual funds	\$ 400,356
Cash and cash equivalents	701,448
	<u>\$ 1,101,804</u>

Investment income for the eighteen months ended June 30, 2019 are composed of the following:

	<u>2019</u>
Interest income	\$ 6,168
Dividend income	2,590
Realized loss	(12,058)
Unrealized gain	24,620
Investment fees	(2,406)
	<u>\$ 18,914</u>

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 Plan has ability to access.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

4. Fair Value Measurements (continued)

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.

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.

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.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

4. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
International stocks	\$ 33,368	\$ -	\$ -	\$ 400,356
Emerging markets	20,445	-	-	20,445
Global real estate	12,378	-	-	12,378
Bond funds	121,020	-	-	121,020
Foreign large blend	40,734	-	-	40,734
US large blend	60,027	-	-	60,027
US small cap equity	16,496	-	-	16,496
Multi asset growth	88,220	-	-	88,220
Alternative mutual funds	7,668	-	-	7,668
Total	<u>\$ 400,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,356</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 consist of:

	<u>2019</u>
Spendable	
STEM outdoor classroom fund	\$ 205,245
Scholarships and awards	112,279
Simulation equipment	<u>130,000</u>
	\$ 447,524
Endowments	
Chairs and professorships	\$ 120,000
Scholarships and awards	<u>349,077</u>
	\$ 469,077
Total net assets with donor restrictions	<u>\$ 916,601</u>

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

5. Net Assets with Donor Restrictions (continued)

Net assets were released from restrictions for satisfaction of purpose during the eighteen months ended June 30, 2019:

	<u>2019</u>
Spendable	
STEM outdoor classroom fund	\$ 26,969
Scholarships and awards	<u>42,212</u>
	\$ 69,181
Endowments	
Scholarships and awards	\$ 6,010
Total net assets released from restrictions	<u><u>\$ 75,191</u></u>

6. Endowment

The Foundation's endowment (the Endowment) consists of 10 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. At June 30, 2019, 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

JUNE 30, 2019

6. Endowment (continued)

As of June 30, 2019, the Foundation had the following endowment net asset composition by type of fund:

<u>June 30, 2019</u>	<u>With Donor Restrictions</u>
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 450,000
Accumulated investment gains	<u>19,077</u>
	<u>\$ 469,077</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. At June 30, 2019, the fair value of the endowment funds is in excess of the original gift values.

Investment and Spending Policies

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, 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

JUNE 30, 2019

6. Endowment (continued)

The amount invested for others in noncurrent liabilities at June 30, 2019, that was attributable to the Endowed Chairs and Professorships was \$80,000. The amount invested for others in noncurrent liabilities at June 30, 2019, that was attributable to the Scholarships was \$105,203. These amounts are not included in the table below. The table below represents the endowment activity for the eighteen months ended June 30, 2019:

	<u>With Donor Restrictions</u>
Endowment net assets, at inception	\$ -
Investment income, net	20,306
Contributions	454,781
Appropriated for expenditures	<u>(6,010)</u>
Endowment net assets, June 30, 2019	\$ <u>469,077</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 and endowed scholarships at \$100,000. For endowments submitted for matching, the Louisiana Board of Regents will provide 40% of the funding once the Foundation has acquired 60% of the principle 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."

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. At June 30, 2019, the Foundation's cash exceeded federally insured limits by \$244,773.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2020, and determined the following requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

The Board of Directors of Northshore Technical Community College has approved for Northshore College Enhancement Foundation to commence work on the two new outdoor classrooms on the Lacombe Campus. A construction contract of \$301,700 was signed for this project.

NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2019

Agency Head Name: William Wainwright, President of NTCC, uncompensated

<u>Purpose</u>	<u>Amount</u>
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	-
	<u>\$ -</u>

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 employees.

See independent auditor's report



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

To the Trustees
Northshore College Enhancement Foundation

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 (NCEF), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an 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 NCEF'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 may exist that have not been identified.

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter 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 NCEF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCEF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
April 30, 2020