

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

FINANCIAL STATEMENTS

December 31, 2018

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

TABLE OF CONTENTS

December 31, 2018

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statement of Financial Position	A	3
Statement of Activities and Functional Expenses	B	4
Statement of Cash Flows	C	5
Notes to the Financial Statements	D	6



INDEPENDENT AUDITORS' REPORT

Board of Directors
River Parishes Community
College Foundation, Inc.
Gonzales, Louisiana

We have audited the accompanying financial statements of **RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.** (the Foundation) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and functional expenses and cash flows for the year 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 1 and 8 to the financial statements, the Foundation has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). Our opinion is not modified with respect to this matter

Report on Summarized Comparative Information

We have previously audited the Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
August 30, 2019

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Gonzales, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(with comparative amounts for 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 520,788	\$ 370,119
Investments	28,246	28,296
Contributions receivable	<u>110,000</u>	<u>30,000</u>
Total current assets	659,034	428,415
RESTRICTED ASSETS		
Cash	133,450	53,105
Investments	<u>363,139</u>	<u>370,396</u>
Total restricted assets	<u>496,589</u>	<u>423,501</u>
Total assets	<u>\$ 1,155,623</u>	<u>\$ 851,916</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Due to related party	<u>\$ 12,100</u>	<u>\$ 21,680</u>
NET ASSETS		
Without donor restrictions	382,874	278,323
With donor restrictions	<u>760,649</u>	<u>551,913</u>
Total net assets	<u>1,143,523</u>	<u>830,236</u>
Total liabilities and net assets	<u>\$ 1,155,623</u>	<u>\$ 851,916</u>

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Gonzales, Louisiana

STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES

For the year ended December 31, 2018
(with summarized comparative totals for 2017)

	2018			2017
	Without Restrictions	With Restrictions	Total	Total
REVENUE AND SUPPORT				
General donations	\$ 124,563	\$ 195,751	\$ 320,314	\$ 101,422
Scholarship donations	-	108,824	108,824	111,140
In-kind support	89,820	-	89,820	89,820
Investment income (loss):				
Dividend and interest	1,701	7,400	9,101	5,025
Unrealized	(2)	(13,494)	(13,496)	30,443
Total support	216,082	298,481	514,563	337,850
Net assets released from restrictions:				
Satisfaction of purpose restrictions	89,745	(89,745)	-	-
Total support and net assets released from restrictions	305,827	208,736	514,563	337,850
EXPENSES				
Program:				
Scholarships	79,907	-	79,907	27,000
Other	19,874	-	19,874	14,768
Fundraising	3,728	-	3,728	11,973
General and administrative:				
Personnel - in-kind	89,820	-	89,820	89,820
Other	7,947	-	7,947	6,459
Total expenses	201,276	-	201,276	150,020
Change in net assets	104,551	208,736	313,287	187,830
NET ASSETS				
Beginning of year	278,323	551,913	830,236	642,406
End of year	\$ 382,874	\$ 760,649	\$ 1,143,523	\$ 830,236

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Gonzales, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018
(with comparative amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 313,287	\$ 187,830
Contributions restricted for endowments	(80,345)	(47,185)
Adjustments for non-cash items:		
Unrealized investment loss (gain)	13,496	(30,443)
Change in operating assets and liabilities:		
Increase in contributions receivable	(80,000)	(30,000)
Decrease (increase) in accounts payable	<u>(9,580)</u>	<u>21,680</u>
Net cash provided by operating activities	<u>156,858</u>	<u>101,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(6,189)</u>	<u>(5,426)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments	<u>80,345</u>	<u>47,185</u>
Net increase in cash	231,014	143,641
CASH		
Beginning of year	<u>423,224</u>	<u>279,583</u>
End of year	<u>\$ 654,238</u>	<u>\$ 423,224</u>
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	520,788	370,119
Restricted cash	<u>133,450</u>	<u>53,105</u>
Total cash	<u>\$ 654,238</u>	<u>\$ 423,224</u>

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The River Parishes Community College Foundation, Inc. (the Foundation) is a non-profit corporation which was organized to promote the educational and cultural welfare of the River Parishes Community College (the College), by accepting contributions for the purpose of providing broader educational advantages and scholarships, and aiding research or other designated projects for the benefit of the College.

Basis of presentation

The Foundation prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restriction, and with donor restriction.

The statement of activities and functional expenses presents expenses of the Foundation's operations functionally by program, fundraising, and general and administrative.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncement

During the year ended December 31, 2018, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU No. 2016-14). This 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 between not-for-profit entities. A key change required by ASU No. 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 7).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates are primarily used when accounting for the valuation of in-kind expenses and revenues, and the allocation of fundraising expenses. Actual results could differ from those estimates.

Revenue recognition

Contributions received are recorded as without restriction and with restriction, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restriction net assets are reclassified to without restriction net assets and reported in the statement of activities as net assets released from restrictions.

Contributions received are classified as with donor restriction if the donor stipulates that the contribution be maintained in perpetuity. The income earned from with restriction investments may be used for a specified purpose or may be without restriction, depending on the donor's designation of the earnings.

Contributions are recognized when the donor makes a pledge to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in with restriction net assets and when a restriction expires, with restriction net assets are reclassified to without restriction net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less. There are no cash equivalents as of December 31, 2018.

Investment valuation and income recognition

Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given 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 as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs including:

- 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 that are unobservable and significant to the fair value measurement.

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related expenses of \$3,552 for 2018.

Fair value of financial instruments

Unless otherwise indicated, the carrying value of assets and liabilities approximate fair value due to the short-term maturity of these instruments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The Foundation follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the Foundation believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax issues. The Foundation's open audit periods are 2015 through 2018.

Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and general administrative expenses based on time allocation.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, August 30, 2019, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments at December 31, 2018 are as follows:

	Market Value	Cost
Baton Rouge Area Foundation - with donor restriction	\$ 363,139	\$ 298,405
Baton Rouge Area Foundation - without donor restriction	28,246	26,300
Total	\$ 391,385	\$ 324,705

As of December 31, 2018, the fair value hierarchy of the Foundation's investments consisted of Level 2 assets; the Foundation did not have any Level 1 or Level 3 investments.

The Foundation entered into an agreement with the Baton Rouge Area Foundation (BRAAF) to establish a donor restricted endowment fund within the BRAAF investment pool. The BRAAF funds are subject to BRAAF's investment and distribution policies. Endowment funds are structured to permanently maintain the principal such that distributions are made only of the income and the net appreciation, realized and unrealized, in the fair value of the assets in excess of the historic dollar value of the endowment. The distributions are without restriction and can be used by the Foundation for operating or other purposes as determined by the Board.

NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS

With donor restriction net assets and their purposes at December 31, 2018 were as follows:

	Amount
To be held in perpetuity	
Solomon B. Acy Scholarship Trust Fund	\$ 300,000
Lambert & Eysink Scholarship Trust Fund	70,752
NOVA Chemicals Scholarship Trust Fund	50,000
Total to be held in perpetuity	420,752
 Subject to satisfaction of purpose restriction	
College program support	231,444
Handicapped student support (Solomon B. Acy)	75,572
Teaching/Staff Excellence and Greatest Needs	32,588
Students affected by cancer (Lambert & Eysink)	265
Scholarships	28
Total subject to satisfaction of purpose restriction	339,897
 Total net assets with donor restrictions	\$ 760,649

The Foundation classifies as donor restricted net assets that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of net assets with donor restrictions is classified as purpose restricted until amounts are appropriated for donors' intended use.

The earnings from the Solomon B. Acy and Lambert & Eysink endowment fund that are not to be held in perpetuity are classified as purpose restricted until those amounts are appropriated for expenditure by the Foundation. Earnings from the Solomon B. Acy endowment fund are to be used for general college support, to award scholarships, and financial aid to handicapped students for tuition, books, supplies, room, board, medical expenses and related physical equipment and technical devices. The earnings from the Lambert & Eysink endowment fund are to be used for general college support and award scholarships to students who have battled cancer or have suffered from the effects of cancer on immediate family members.

(Continued)

NOTE 4 - ENDOWMENT(CONTINUED)

Return objectives

The long-term investment objective is to maintain the purchasing power of the endowment assets while funding current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide annual distributions of scholarships and other non-scholarship support.

To satisfy the long-term rate-of-return objectives, the Foundation relies on a return strategy in which investment returns are achieved through market appreciation (realized and unrealized), and interest and dividends. The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The endowment assets had activity during 2018 as follows:

With Donor Restrictions	<u>Amount</u>
Net assets, beginning of year	\$ 453,501
Contributions	50,000
Dividends and interest, net	6,582
Unrealized loss	<u>(13,494)</u>
Net assets, end of year	<u>\$ 496,589</u>

As of December 31, 2018, the Foundation did not have any endowment activity without donor restrictions. Endowment assets of \$75,572 and \$265 are restricted for handicap student support and students affected by cancer, respectively. The Foundation is required to maintain \$420,752 of the endowment assets to perpetuity. See Note 3.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Foundation to credit risk consist primarily of investments, equity holdings in corporations, and mutual funds. Future changes in market value may make such investments less valuable.

Additionally, the Foundation solicits a majority of funds from individual and corporate contributors in south Louisiana.

NOTE 6 - RELATED PARTY

The College provides administrative services to the Foundation, which is recorded as in-kind support on the Statement of Activities. During 2018, \$89,820 was recorded to reflect the services provided by the College.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows.

	<u>Amount</u>
Cash and cash equivalents	\$ 520,788
Investments	28,246
Due from contributors	<u>110,000</u>
Total	<u>\$ 659,034</u>

The Foundation does not have any amounts with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2018.

As part of the Foundation's liquidity management, the Foundation maintains sufficient cash funds during the year attributable to the annual cash receipts from corporations and individual donors for scholarships and programming.

NOTE 8 - RESTATEMENT OF CLASSIFICATION OF NET ASSETS

As discussed in Note 1, the Foundation Implemented ASU No. 2016-14 during 2018 and, as a result, was required to restate net assets for December 31, 2017 to address the complexity and understandability of net asset classifications. Net assets previously reported as permanently or temporarily restricted are now reported as "net assets with donor restrictions", and net assets previously reported as unrestricted are now reported as "net assets without donor restrictions. The adoption of this standard had no effect on the Association's overall net assets balance at December 31, 2017.