

**RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.**  
Gonzales, Louisiana

**FINANCIAL STATEMENTS**

December 31, 2017

**RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.**  
Gonzales, Louisiana

**FINANCIAL STATEMENTS**

December 31, 2017

**RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.**  
Gonzales, Louisiana

**TABLE OF CONTENTS**

December 31, 2017

	<u>Exhibit</u>	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>		1
<b>FINANCIAL STATEMENTS</b>		
Statement of Financial Position	A	3
Statement of Activities	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, 2017, and the related statements of activities 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, 2017, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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  
November 14, 2018

**RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.**

Gonzales, Louisiana

**STATEMENT OF FINANCIAL POSITION**

December 31, 2017

(with comparative amounts for 2016)

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 370,119	\$ 273,663
Investments	28,296	28,010
Contributions receivable	<u>30,000</u>	<u>-</u>
Total current assets	428,415	301,673
<b>ENDOWMENT</b>		
Cash	53,105	5,920
Investments	<u>370,396</u>	<u>334,813</u>
Total assets	<u>\$ 851,916</u>	<u>\$ 642,406</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Due to related party	<u>\$ 21,680</u>	<u>\$ -</u>
<b>NET ASSETS</b>		
Unrestricted	278,323	244,532
Temporarily restricted	181,161	97,874
Permanently restricted	<u>370,752</u>	<u>300,000</u>
Total net assets	<u>830,236</u>	<u>642,406</u>
Total liabilities and net assets	<u>\$ 851,916</u>	<u>\$ 642,406</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

For the year ended December 31, 2017  
(with summarized comparative totals for 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>					
General donations	\$ 52,416	\$ 49,006	\$ -	\$ 101,422	\$ 87,744
Scholarship donations	-	40,388	70,752	111,140	28,520
In-kind support	89,820	-	-	89,820	89,820
Investment income (loss):					
Dividend and interest	150	4,875	-	5,025	3,421
Unrealized	(265)	30,708	-	30,443	11,137
Total support	142,121	124,977	70,752	337,850	220,642
Net assets released from restrictions:					
Satisfaction of purpose restrictions	41,690	(41,690)	-	-	-
Total support and net assets released from restrictions	183,811	83,287	70,752	337,850	220,642
<b>EXPENSES</b>					
Program:					
Scholarships	27,000	-	-	27,000	55,131
Other	14,768	-	-	14,768	11,154
Fundraising	11,973	-	-	11,973	297
General and administrative:					
Personnel - in-kind	89,820	-	-	89,820	89,820
Other	6,459	-	-	6,459	5,813
Total expenses	150,020	-	-	150,020	162,215
Change in net assets	33,791	83,287	70,752	187,830	58,427
<b>NET ASSETS</b>					
Beginning of year	244,532	97,874	300,000	642,406	583,979
End of year	\$ 278,323	\$ 181,161	\$ 370,752	\$ 830,236	\$ 642,406

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, 2017

(with comparative amounts for 2016)

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 187,830	\$ 58,427
Adjustments for non-cash items:		
Unrealized investment gain	(30,443)	(11,137)
Change in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(30,000)	40,000
Increase (decrease) in accounts payable	<u>21,680</u>	<u>(1,667)</u>
Net cash provided by operating activities	<u>149,067</u>	<u>85,623</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(5,426)	(4,020)
(Increase) decrease in endowment cash	<u>(47,185)</u>	<u>2,472</u>
Net cash used by investing activities	<u>(52,611)</u>	<u>(1,548)</u>
Net increase in cash	96,456	84,075
<b>CASH</b>		
Beginning of year	<u>273,663</u>	<u>189,588</u>
End of year	<u>\$ 370,119</u>	<u>\$ 273,663</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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The statement of activities 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, 2016, from which the summarized information was derived.

**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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Revenue recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenues, 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions received are classified as permanently restricted if the donor stipulates that the contribution be maintained in perpetuity. The income earned from permanently restricted investments may be used for a specified purpose or may be unrestricted, 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 temporarily restricted net assets and when a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

### **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, 2017.

### **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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment valuation and income recognition (Continued)**

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 \$3,094 for 2017.

**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.

**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 2014 through 2017.

**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, November 14, 2018, which was the date the financial statements were available to be issued.

**NOTE 2 - INVESTMENTS**

Investments at December 31, 2017 are as follows:

	<u>Market Value</u>	<u>Cost</u>
Baton Rouge Area Foundation - restricted	\$ 370,396	\$ 298,405
Baton Rouge Area Foundation - unrestricted	<u>28,296</u>	<u>26,300</u>
Total	<u>\$ 398,692</u>	<u>\$ 324,705</u>

(Continued)

**NOTE 2 - INVESTMENTS (CONTINUED)**

As of December 31, 2017, the fair value hierarchy of the Foundation's investments was as follows:

	Level 2
Baton Rouge Area Foundation	\$ 398,692

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 unrestricted and can be used by the Foundation for operating or other purposes as determined by the Board.

**NOTE 3 - RESTRICTED NET ASSETS**

Permanently restricted net assets and their purposes at December 31, 2017 were as follows:

	Amount
Solomon B. Acy Scholarship Trust Fund	\$ 300,000
Lambert & Eysink Scholarship Trust Fund	70,752
Total	\$ 370,752

Temporarily restricted net assets and their purposes at December 31, 2017 were as follows:

	Amount
College program support	\$ 66,035
Handicapped student support (Solomon B. Acy)	76,316
Scholarships	14,939
Other	23,871
Total	\$ 181,161

**NOTE 4 - ENDOWMENT**

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent 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.

**NOTE 4 - ENDOWMENT (CONTINUED)**

The earnings from the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets (\$76,316) until those amounts are appropriated for expenditure by the Foundation. The earnings 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.

**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 2017 as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 40,733	\$ 300,000	\$ 340,733
Endowed contributions	-	70,752	70,752
Dividends and interest	4,875	-	4,875
Unrealized gain	30,708	-	30,708
Endowment net assets, end of year	\$ 76,316	\$ 370,752	\$ 447,068

**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 2017, \$89,820 was recorded to reflect the services provided by the College.