

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Sorrento, Louisiana

FINANCIAL STATEMENTS

December 31, 2014

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Sorrento, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
River Parishes Community College Foundation, Inc.
Sorrento, 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, 2014, 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 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, 2014, 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 2013 financial statements, and our report dated September 12, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Baton Rouge, Louisiana
June 29, 2015

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(with comparative amounts for 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 163,678	\$ 265,952
Investments	27,145	84,066
Pledges receivable	<u>6,555</u>	<u>72,666</u>
Total current assets	197,378	422,684
ENDOWMENT FUNDS		
Cash	37,987	37,189
Investments	<u>321,117</u>	<u>316,044</u>
Total assets	<u>\$ 556,482</u>	<u>\$ 775,917</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 9,667</u>	<u>\$ -</u>
NET ASSETS		
Unrestricted	159,721	210,008
Temporarily restricted	87,094	265,909
Permanently restricted	<u>300,000</u>	<u>300,000</u>
Total net assets	<u>546,815</u>	<u>775,917</u>
Total liabilities and net assets	<u>\$ 556,482</u>	<u>\$ 775,917</u>

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2014
(with summarized comparative totals for 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
General donations	\$ 37,820	\$ 764,839	\$ -	\$ 802,659	\$ 302,134
Scholarship donations	-	2,559	-	2,559	29,378
Golf tournament	-	-	-	-	30,435
In-kind support	90,924	-	-	90,924	90,924
Investment income (loss):					
Dividend and interest	762	2,536	-	3,298	7,136
Realized gain	-	9,296	-	9,296	21,262
Unrealized (loss) gain	(135)	(2,210)	-	(2,345)	(2,835)
Total support	129,371	777,020	-	906,391	478,434
Net assets released from restrictions:					
Satisfaction of purpose restrictions	955,835	(955,835)	-	-	-
Total support and net assets released from restrictions	1,085,206	(178,815)	-	906,391	478,434
EXPENSES					
Program:					
Capital contribution	940,923	-	-	940,923	-
Program equipment	40,930	-	-	40,930	45,050
Scholarships	40,641	-	-	40,641	39,500
Staff excellence	-	-	-	-	11,250
Other	-	-	-	-	24,464
Fundraising:					
Golf tournament	-	-	-	-	7,311
Other	14,714	-	-	14,714	11,244
General and administrative:					
Personnel - in-kind	90,924	-	-	90,924	90,924
Other	7,361	-	-	7,361	20,302
Total expenses	1,135,493	-	-	1,135,493	250,045
Change in net assets	(50,287)	(178,815)	-	(229,102)	228,389
NET ASSETS					
Beginning of year	210,008	265,909	300,000	775,917	547,528
End of year	\$ 159,721	\$ 87,094	\$ 300,000	\$ 546,815	\$ 775,917

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

(with comparative amounts for 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (229,102)	\$ 228,389
Adjustments for non-cash items:		
Unrealized investment loss	2,345	2,835
Realized investment gain	(9,296)	(21,262)
Change in operating assets and liabilities:		
Increase in accounts payable	9,667	-
Decrease (increase) in pledges receivable	66,111	(67,666)
Net cash (used) provided by operating activities	<u>(160,275)</u>	<u>142,296</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	128,842	116,038
Purchases of investments	(70,043)	(103,083)
Increase in restricted cash	<u>(798)</u>	<u>(15,252)</u>
Net cash provided (used) by investing activities	<u>58,001</u>	<u>(2,297)</u>
Net (decrease) increase in cash	(102,274)	139,999
CASH		
Beginning of year	<u>265,952</u>	<u>125,953</u>
End of year	<u>\$ 163,678</u>	<u>\$ 265,952</u>

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

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Sorrento, 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, 2013, 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used when accounting for the valuation of pledges receivable 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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition (Continued)

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 \$3,889 for 2014.

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 2011 through 2014.

Subsequent events

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

NOTE 2 - INVESTMENTS

Investments at December 31, 2014 are as follows:

	<u>Market Value</u>	<u>Cost</u>
Mutual funds - restricted	\$ 321,117	\$ 298,405
Baton Rouge Area Foundation - unrestricted	<u>27,145</u>	<u>25,550</u>
Total	<u>\$ 348,262</u>	<u>\$ 323,955</u>

(Continued)

NOTE 2 - INVESTMENTS (CONTINUED)

As of December 31, 2014 the fair value hierarchy of the Foundation's investments was as follows:

	Level 1	Level 2	Total
Mutual funds	\$ 321,117	\$ -	\$ 321,117
Baton Rouge Area Foundation	-	27,145	27,145
Total	\$ 321,117	\$ 27,145	\$ 348,262

NOTE 3 - PLEDGES RECEIVABLE

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.

Unconditional pledges receivable at December 31, 2014 were \$6,555. Management believes all receivables to be collectible within one year; therefore, all pledges receivable are classified as current and an allowance for doubtful accounts has not been recorded.

NOTE 4 - RESTRICTED NET ASSETS

As of December 31, 2014, permanently restricted assets were donations to the Solomon B. Acy Scholarship Fund (\$300,000).

Temporarily restricted net assets and their purposes at December 31, 2014 were as follows:

	Amount
Handicapped student support	\$ 59,104
College program support	21,291
Other	6,699
Total	\$ 87,094

NOTE 5 - ENDOWMENT FUNDS

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.

The earnings from the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets (\$59,104) until those amounts are appropriated for expenditure by the Foundation. The earnings are to be used 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 fund had activity during 2014 as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 53,233	\$ 300,000	\$ 353,233
Dividend and interest	2,536	-	2,536
Realized gain	9,296	-	9,296
Unrealized loss	(2,210)	-	(2,210)
Released from restrictions	(3,751)	-	(3,751)
Endowment net assets, end of year	<u>\$ 59,104</u>	<u>\$ 300,000</u>	<u>\$ 359,104</u>

NOTE 6 - 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 7 - RELATED PARTY

The College provides administrative services to the Foundation, which is recorded as in-kind support on the Statement of Activities. During 2014 and 2013, \$90,924 was recorded to reflect the services provided by the College.