

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

FINANCIAL STATEMENTS

December 31, 2016

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Faulk & Winblee, LLC

Certified Public Accountants

Baton Rouge, Louisiana
October 13, 2017

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Gonzales, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2016

(with comparative amounts for 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 273,663	\$ 189,588
Investments	28,010	27,628
Pledges receivable	<u>-</u>	<u>40,000</u>
Total current assets	301,673	257,216
ENDOWMENT		
Cash	5,920	8,392
Investments	<u>334,813</u>	<u>320,038</u>
Total assets	<u>\$ 642,406</u>	<u>\$ 585,646</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 1,667</u>
NET ASSETS		
Unrestricted	244,532	199,919
Temporarily restricted	97,874	84,060
Permanently restricted	<u>300,000</u>	<u>300,000</u>
Total net assets	<u>642,406</u>	<u>583,979</u>
Total liabilities and net assets	<u>\$ 642,406</u>	<u>\$ 585,646</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, 2016
(with summarized comparative totals for 2015)

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT					
General donations	\$ 51,388	\$ 36,356	\$ -	\$ 87,744	\$ 71,379
Scholarship donations	-	28,520	-	28,520	42,690
In-kind support	89,820	-	-	89,820	80,700
Investment income (loss):					
Dividend and interest	54	3,367	-	3,421	2,669
Realized	-	-	-	-	3,901
Unrealized	(271)	11,408	-	11,137	(15,899)
Total support	140,991	79,651	-	220,642	185,440
Net assets released from restrictions:					
Satisfaction of purpose restrictions	65,837	(65,837)	-	-	-
Total support and net assets released from restrictions	206,828	13,814	-	220,642	185,440
EXPENSES					
Program:					
Scholarships	55,131	-	-	55,131	38,612
Other	11,154	-	-	11,154	15,343
Fundraising	297	-	-	297	4,922
General and administrative:					
Personnel - in-kind	89,820	-	-	89,820	80,700
Other	5,813	-	-	5,813	8,699
Total expenses	162,215	-	-	162,215	148,276
Change in net assets	44,613	13,814	-	58,427	37,164
NET ASSETS					
Beginning of year	199,919	84,060	300,000	583,979	546,815
End of year	\$ 244,532	\$ 97,874	\$ 300,000	\$ 642,406	\$ 583,979

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, 2016
(with comparative amounts for 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 58,427	\$ 37,164
Adjustments for non-cash items:		
Unrealized investment (gain) loss	(11,137)	15,899
Realized investment gain	-	(3,901)
Change in operating assets and liabilities:		
Decrease in accounts payable	(1,667)	(8,000)
Decrease (increase) in pledges receivable	<u>40,000</u>	<u>(33,445)</u>
Net cash provided by operating activities	<u>85,623</u>	<u>7,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,020)	(11,402)
Decrease in endowment cash	<u>2,472</u>	<u>29,595</u>
Net cash (used) provided by investing activities	<u>(1,548)</u>	<u>18,193</u>
Net increase in cash	84,075	25,910
CASH		
Beginning of year	<u>189,588</u>	<u>163,678</u>
End of year	<u>\$ 273,663</u>	<u>\$ 189,588</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, 2015, 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.

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 \$2,621 for 2016.

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 2013 through 2016.

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, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments at December 31, 2016 are as follows:

	<u>Market Value</u>	<u>Cost</u>
Baton Rouge Area Foundation - restricted	\$ 334,813	\$ 298,405
Baton Rouge Area Foundation - unrestricted	<u>28,010</u>	<u>26,300</u>
Total	<u>\$ 362,823</u>	<u>\$ 324,705</u>

(Continued)

NOTE 2 - INVESTMENTS (CONTINUED)

As of December 31, 2016 the fair value hierarchy of the Foundation's investments was as follows:

	Level 2
Baton Rouge Area Foundation	\$ 362,823

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

As of December 31, 2016, permanently restricted assets consist of donations to the Solomon B. Acy Scholarship Fund (\$300,000).

Temporarily restricted net assets and their purposes at December 31, 2016 were as follows:

	Amount
College program support	\$ 45,712
Handicapped student support (Solomon B. Acy)	40,733
Scholarships	1,551
Other	9,878
Total	\$ 97,874

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.

The earnings from the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets (\$40,733) 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.

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 2016 as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 28,430	\$ 300,000	\$ 328,430
Dividends and interest	3,367	-	3,367
Unrealized loss	11,408	-	11,408
Released from restrictions	<u>(2,472)</u>	<u>-</u>	<u>(2,472)</u>
Endowment net assets, end of year	<u>\$ 40,733</u>	<u>\$ 300,000</u>	<u>\$ 340,733</u>

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 2016, \$89,820 was recorded to reflect the services provided by the College.