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**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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RICHARD  CPAS

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Northshore College Enhancement Foundation  
Lacombe, Louisiana

### **Opinion**

We have audited the accompanying financial statements of Northshore College Enhancement Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northshore College Enhancement Foundation as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northshore College Enhancement Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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 20, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 Schedule of Compensation, Benefits, and Other Payments to the Agency Head is fairly stated, in all material respects, in 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 17, 2022, on our consideration of the Foundation'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 effectiveness of the Foundation's 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 the Foundation's internal control over financial reporting and compliance.

*Richard CPAS*

Metairie, Louisiana  
June 17, 2022

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b><u>CURRENT ASSETS</u></b>		
Cash, without restrictions	\$ 39,108	\$ 51,039
Account receivable	35,750	12,195
Prepaid expense	649	-
Total current assets	<u>75,507</u>	<u>63,234</u>
<b><u>LONG-TERM ASSETS</u></b>		
Cash and cash equivalents - restricted	223,069	349,775
Investments - restricted	902,577	773,279
Other long-term assets	-	9,500
Total long-term assets	<u>1,125,646</u>	<u>1,132,554</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 1,201,153</u></b>	<b><u>\$ 1,195,788</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ -	\$ 2,036
Total current liabilities	<u>-</u>	<u>2,036</u>
<b><u>NON-CURRENT LIABILITIES</u></b>		
Amounts invested for others	<u>280,257</u>	<u>221,527</u>
Total non-current liabilities	<u>280,257</u>	<u>221,527</u>
Total liabilities	<u>280,257</u>	<u>223,563</u>
<b><u>NET ASSETS</u></b>		
Without donor restrictions	47,661	70,693
With donor restrictions	<u>873,235</u>	<u>901,532</u>
Total net assets	<u>920,896</u>	<u>972,225</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 1,201,153</u></b>	<b><u>\$ 1,195,788</u></b>

The accompanying notes are an integral part of these financial statements.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT AND REVENUES</u></b>						
Contributions	\$ 39,592	\$ 181,560	\$ 221,152	\$ 51,277	\$ 259,244	\$ 310,521
Investment return, net	815	47,345	48,160	(1,626)	47,039	45,413
Other income	1,847	-	1,847	6,686	-	6,686
Net assets released from restrictions	257,202	(257,202)	-	190,153	(190,153)	-
Total support and revenues	<u>299,456</u>	<u>(28,297)</u>	<u>271,159</u>	<u>246,490</u>	<u>116,130</u>	<u>362,620</u>
<b><u>EXPENSES</u></b>						
Program expenses	276,237	-	276,237	194,653	-	194,653
Fundraising expenses	10,340	-	10,340	2,198	-	2,198
Management and general	35,911	-	35,911	24,023	-	24,023
Total expenses	<u>322,488</u>	<u>-</u>	<u>322,488</u>	<u>220,874</u>	<u>-</u>	<u>220,874</u>
<b><u>CHANGE IN NET ASSETS</u></b>	(23,032)	(28,297)	(51,329)	25,616	116,130	141,746
<b><u>NET ASSETS, BEGINNING OF THE YEAR</u></b>	<u>70,693</u>	<u>901,532</u>	<u>972,225</u>	<u>45,077</u>	<u>785,402</u>	<u>830,479</u>
<b><u>NET ASSETS, END OF THE YEAR</u></b>	<u>\$ 47,661</u>	<u>\$ 873,235</u>	<u>\$ 920,896</u>	<u>\$ 70,693</u>	<u>\$ 901,532</u>	<u>\$ 972,225</u>

The accompanying notes are an integral part of these financial statements.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021				2020			
	Program Services	Fundraising	Management and General	Totals	Program Services	Fundraising	Management and General	Totals
Advertising and sponsorship	\$ -	\$ 169	\$ -	\$ 169	\$ -	\$ 1,344	\$ -	\$ 1,344
Bank charges and fees	46	91	106	243	-	-	140	140
Capital improvements	9,500	-	-	9,500	174,069	-	-	174,069
Contract services	-	-	-	-	-	-	4,357	4,357
Event catering and food	10,786	4,586	-	15,372	-	450	-	450
Faculty and student grants	20,545	-	-	20,545	-	-	-	-
Gifts, donations and promotional	-	529	3,027	3,556	-	404	-	404
Meeting rooms and conferences	-	-	-	-	-	-	957	957
Professional fees	-	552	25,363	25,915	-	-	14,254	14,254
Scholarship distribution	22,286	-	3,500	25,786	20,541	-	-	20,541
Stipends and student support	212,807	-	-	212,807	-	-	-	-
Other expenses	267	4,413	3,915	8,595	43	-	4,315	4,358
Total expenses	<u>\$ 276,237</u>	<u>\$ 10,340</u>	<u>\$ 35,911</u>	<u>\$ 322,488</u>	<u>\$ 194,653</u>	<u>\$ 2,198</u>	<u>\$ 24,023</u>	<u>\$ 220,874</u>

The accompanying notes are an integral part of these financial statements.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (51,329)	\$ 141,746
Less: Endowed contributions and investment income	<u>(146,405)</u>	<u>(76,616)</u>
Change in net assets as adjusted	(197,734)	65,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of artwork	9,500	(9,500)
Unrealized gain on investments	(13,869)	(37,944)
Changes in operating assets and liabilities:		
Accounts receivable	(23,555)	(4,812)
Prepaid expense	(649)	-
Inventory	-	1,645
Accounts payable	<u>(2,036)</u>	<u>(153,268)</u>
Net cash used operating activities	<u>(228,343)</u>	<u>(138,749)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of investments	(115,429)	(54,742)
Amounts invested for others - noncurrent	<u>58,730</u>	<u>27,390</u>
Net cash used in investing activities	<u>(56,699)</u>	<u>(27,352)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Endowed contributions and investment income	<u>146,405</u>	<u>76,616</u>
Net cash used in financing activities	<u>146,405</u>	<u>76,616</u>
Net change in cash and cash equivalents	(138,637)	(89,485)
Cash and cash equivalents, beginning of year	<u>400,814</u>	<u>490,299</u>
Cash and cash equivalents, end of year	<u>\$ 262,177</u>	<u>\$ 400,814</u>
Cash and cash equivalents:		
Without Restrictions	\$ 39,108	\$ 51,039
With Restrictions	<u>223,069</u>	<u>349,775</u>
Total	<u>\$ 262,177</u>	<u>\$ 400,814</u>

The accompanying notes are an integral part of these financial statements.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. Significant Accounting Policies (continued)**

**Investments**

Investments are generally carried at fair market value. Investments acquired through donations are recorded at fair market value on the date of donation. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**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.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. Significant Accounting Policies (continued)**

**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 restricted 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 Statements of Activities as net assets released from restrictions.

**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 years ended December 31, 2021 and 2020, the Foundation recorded donated services that totaled \$20,327 and \$11,157, respectively. These donated services mainly consisted of administrative services, accounting services and other services deemed essential for the operation of the Foundation from Northshore Technical Community College.

**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)(3), 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.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. Significant Accounting Policies (continued)**

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents 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.

New Accounting Pronouncements – Not Yet Adopted

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's year ending December 31, 2022.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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 of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 39,108	\$ 51,039
Accounts receivable	-	12,195
Long-term assets	1,125,646	1,123,054
Total financial assets	<u>\$ 1,164,754</u>	<u>\$ 1,186,288</u>
Less: funds not available to be used within one year or unavailable for general expenditures:		
Assets with donor-imposed restrictions	(1,125,646)	(1,123,054)
	<u>\$ (1,125,646)</u>	<u>\$ (1,123,054)</u>
Total available financial assets	<u>\$ 39,108</u>	<u>\$ 63,234</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 liquidity management, the Foundation 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**

**DECEMBER 31, 2021**

**3. Investments**

Investments at December 31, 2021 and 2020, are composed of the following:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 902,577	\$ 773,279
Cash and cash equivalents	223,069	349,775
	<u>\$ 1,125,646</u>	<u>\$ 1,123,054</u>

Investment return, net, for the years ended December 31, 2021 and 2020, are composed of the following:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 816	\$ 2,851
Dividend income	11,711	6,127
Realized gain	29,994	6,334
Unrealized gain	13,869	37,890
Investment fees	(8,230)	(7,789)
	<u>\$ 48,160</u>	<u>\$ 45,413</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 Foundation has ability to access.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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**

**DECEMBER 31, 2021**

**4. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2021, and 2020. There have been no changes in the methodologies used at December 31, 2021.

<u>Balance at December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Emerging markets	\$ 54,620	\$ -	\$ -	\$ 54,620
Global real estate	38,541	-	-	38,541
Bond funds	295,840	-	-	295,840
Foreign large blend	118,186	-	-	118,186
US large blend	255,016	-	-	255,016
US small cap equity	57,499	-	-	57,499
Multi asset growth	82,875	-	-	82,875
Alternative mutual funds	-	-	-	-
	<u>\$ 902,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 902,577</u>

<u>Balance at December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Emerging markets	\$ 56,055	\$ -	\$ -	\$ 56,055
Global real estate	15,411	-	-	15,411
Bond funds	227,467	-	-	227,467
Foreign large blend	94,509	-	-	94,509
US large blend	174,841	-	-	174,841
US small cap equity	39,864	-	-	39,864
Multi asset growth	149,412	-	-	149,412
Alternative mutual funds	15,720	-	-	15,720
	<u>\$ 773,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 773,279</u>

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**5. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2021 and 2020, consist of:

Spendable	2021	2020
Program support	\$ 140,059	\$ 298,222
Scholarships and awards	26,643	23,907
Student support	348	8,535
Capital improvements	1,478	6,159
	<u>\$ 168,528</u>	<u>\$ 336,826</u>
Endowments		
Chairs and professorships	\$ 209,380	\$ 137,709
Scholarships and awards	498,231	426,997
	<u>\$ 707,611</u>	<u>\$ 564,706</u>
Total net assets with donor restrictions	<u>\$ 876,139</u>	<u>\$ 901,532</u>

Net assets were released from restrictions for satisfaction of purpose during the years ended December 31, 2021 and 2020:

Spendable	2021	2020
Program support	\$ 234,410	\$ -
Capital improvements	-	174,069
Scholarships and awards	18,786	12,791
Other	506	43
	<u>\$ 253,702</u>	<u>\$ 186,903</u>
Endowments		
Scholarships and awards	3,500	3,250
Total net assets released from restrictions	<u>\$ 257,202</u>	<u>\$ 190,153</u>

**6. Endowment**

The Foundation's endowment (the Endowment) consists of 17 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.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**6. Endowment (continued)**

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. As of December 31, 2021 and 2020, 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 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.

As of December 31, 2021 and 2020, the Foundation had the following endowment net asset composition by type of fund:

<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 540,000	\$ 480,000
Accumulated investment gains	167,611	84,706
	<u>\$ 707,611</u>	<u>\$ 564,706</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 December 31, 2021 and 2020, the fair value of the endowment funds is in excess of the original gift values.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**6. Endowment (continued)**

Investment and Spending Policies

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

The amount invested for others in noncurrent liabilities on December 31, 2021 and 2020, that was attributable to the Endowed Chairs and Professorships, was \$99,586 and \$91,806, respectively. The amount invested for others in noncurrent liabilities as if December 31, 2021 and 2020, that was attributable to the Scholarships, was \$180,669 and \$129,721, respectively. These amounts are not included in the table below. The table below represents the endowment activity for the years ended December 31, 2021 and 2020:

<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
Endowment net assets, January 1,	\$ 564,706	\$ 491,340
Investment return, net	62,965	46,616
Contributions	83,440	30,000
Appropriated for expenditures	<u>(3,500)</u>	<u>(3,250)</u>
Endowment net assets, December 31,	<u>\$ 707,611</u>	<u>\$ 564,706</u>

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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. For endowments submitted for matching, the Foundation may apply to the Louisiana Board of Regents for provision of 40% of the funding once the Foundation has acquired 60% of the principle through private gifts.

Endowed scholarships are established at \$10,000. For endowments submitted for matching, the Foundation may apply to the Louisiana Board of Regents for provision of 1:1 match of the funding once the Foundation has acquired a minimum of \$10,000 through private gifts. The exception to this is the endowed scholarship for First Generation College Students. The Foundation may apply to the Louisiana Board of Regents for provision of a 3:2 match once the Foundation has acquired a minimum of \$30,000 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. As of December 31, 2021 and 2020, the Foundation's cash exceeded federally insured limits by \$0 and \$131,875, respectively.

**9. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2022, and determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**NORTHSHORE COLLEGE ENHANCEMENT FOUNDATION**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND**  
**OTHER PAYMENTS TO THE AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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	-
	<hr/>
	\$ -
	<hr/> <hr/>

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**

The Board of Directors of  
Northshore College Enhancement Foundation  
Lacombe, Louisiana

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 (the Foundation), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 the Foundation'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.

## Report on 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 financial statements. 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 matters 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 the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richard CPAS*

Metairie, Louisiana  
June 17, 2022