

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
June 30, 2018 and 2017



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CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Baton Rouge Community College Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Baton Rouge Community College Foundation, Inc. (a not for profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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 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 audits. We conducted our audits 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 auditor's 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 auditor considers 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 Baton Rouge Community College Foundation, Inc. as of June 30, 2018 and 2017, 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.

CPAs & Financial Advisors
Baton Rouge, Louisiana
August 24, 2018

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
(See Accompanying Notes to Financial Statements)

ASSETS

	June 30,	
	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 244,108	\$ 61,238
Cash and Cash Equivalents - Restricted	681,133	565,924
Accounts Receivable	2,692	5,127
Pledge Receivable, Current, Net	12,317	11,601
Prepaid Expenses	270	-
TOTAL CURRENT ASSETS	940,520	643,890
PROPERTY AND EQUIPMENT		
Furniture, Fixtures, and Equipment	10,225	10,225
Instructional Equipment	2,026,114	2,001,114
TOTAL PROPERTY AND EQUIPMENT	2,036,339	2,011,339
Less Accumulated Depreciation	(627,140)	(421,035)
NET PROPERTY AND EQUIPMENT	1,409,199	1,590,304
OTHER ASSETS		
Cash Restricted for Purchase of Investments	30,000	20,000
Pledges Receivable, Noncurrent, Net	69,898	79,898
Marketable Securities	654,588	612,111
TOTAL OTHER ASSETS	754,486	712,009
TOTAL ASSETS	\$ 3,104,205	\$ 2,946,203

LIABILITIES AND NET ASSETS

June 30,

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 16,978	\$ 11,950
Deferred Revenue, Current Portion	2,500	2,500
Current Portion of Long Term Debt	48,319	-
	<u>67,797</u>	<u>14,450</u>
LONG-TERM LIABILITES		
Funds Held in Custody	360,311	342,247
Deferred Revenue, Noncurrent Portion	18,950	21,250
Long Term Debt, Noncurrent Portion	111,414	-
	<u>490,675</u>	<u>363,497</u>
TOTAL LIABILITIES	558,472	377,947
NET ASSETS		
Unrestricted	157,805	159,179
Temporarily Restricted	2,075,517	2,126,766
Permanently Restricted	312,411	282,311
	<u>2,545,733</u>	<u>2,568,256</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,104,205</u>	<u>\$ 2,946,203</u>



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
(See Accompanying Notes to Financial Statements)

For the Years Ended June 30,

	2018				2017			
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
SUPPORT AND REVENUES								
Contributions	\$ 196,959	\$ 357,959	\$ 30,100	\$ 585,018	\$ 123,385	\$ 282,763	\$ 10,600	\$ 416,748
Fundraising revenues	-	-	-	-	-	-	-	-
Donated Services	165,343	-	-	165,343	80,685	-	-	80,685
Donated Materials	-	32,360	-	32,360	-	506,504	-	506,504
Dividends and Interest Income	-	8,501	-	8,501	-	8,950	-	8,950
Realized Gain on Investments	-	43,441	-	43,441	-	18,623	-	18,623
Unrealized Gain (Loss) on Investments	-	(21,011)	-	(21,011)	-	1,623	-	1,623
Changes in Net Asset Restrictions:								
Released from Restrictions	472,499	(472,499)	-	-	724,021	(724,021)	-	-
TOTAL SUPPORT AND REVENUES	834,801	(51,249)	30,100	813,652	928,091	94,442	10,600	1,033,133
EXPENSES								
Fundraising Expenses	124,686	-	-	124,686	47,928	-	-	47,928
Scholarships	87,254	-	-	87,254	88,925	-	-	88,925
Institutional Support	414,786	-	-	414,786	682,892	-	-	682,892
Management and General Expenses	209,449	-	-	209,449	77,339	-	-	77,339
TOTAL EXPENSES	836,175	-	-	836,175	897,084	-	-	897,084
INCREASE (DECREASES) IN NET ASSETS	(1,374)	(51,249)	30,100	(22,523)	31,007	94,442	10,600	136,049
NET ASSETS AT BEGINNING OF YEAR	159,179	2,126,766	282,311	2,568,256	128,172	2,032,324	271,711	2,432,207
NET ASSETS AT END OF YEAR	\$ 157,805	\$ 2,075,517	\$ 312,411	\$ 2,545,733	\$ 159,179	\$ 2,126,766	\$ 282,311	\$ 2,568,256

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)

	For the Years Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (22,523)	\$ 136,049
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities:		
Depreciation	206,104	194,649
Unamortized Discount on Pledges Receivable	-	1,005
In-Kind Donation of Fixed Assets	(25,000)	(265,454)
Contributions Restricted for Long-Term Purposes	(30,000)	(28,600)
Increase (Decrease) in Funds Held in Custody	18,064	33,024
Unrealized (Gain) Loss on Investments	(1,460)	(38,698)
Decrease (Increase) in Assets:		
Accounts Receivable	2,435	9,500
Pledges Receivable	9,284	(90,928)
Prepaid Expenses	(270)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	5,029	(1,079)
Deferred Revenue	(2,300)	23,750
	159,363	(26,782)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Marketable Securities	61,025	51,579
Purchase of assets restricted for investment in endowment	(10,000)	(10,000)
Purchases of Marketable Securities	(102,042)	(27,572)
Purchases of Property and Equipment	-	(10,225)
	(51,017)	3,782
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long Term Debt	159,733	-
Proceeds from Contributions Restricted for:		
Investment in Permanent Endowment	30,000	10,600
Investment in Property and Equipment	-	18,000
	189,733	28,600



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)

	For the Years Ended June 30,	
	<u>2018</u>	<u>2017</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>189,733</u>	<u>28,600</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 298,079	\$ 5,600
BEGINNING CASH AND CASH EQUIVALENTS	<u>627,162</u>	<u>621,562</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 925,241</u>	<u>\$ 627,162</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents, Unrestricted	\$ 244,108	\$ 61,238
Cash and Cash Equivalents, Restricted	<u>681,133</u>	<u>565,924</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 925,241</u>	<u>\$ 627,162</u>
NONCASH INVESTING ACTIVITIES		
In-kind Donated Fixed Assets	<u>\$ 25,000</u>	<u>\$ 265,454</u>
Interest Expense Paid	<u>\$ 7,866</u>	<u>\$ -</u>



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BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -1-
June 30, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Baton Rouge Community College Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana on April 16, 1998 for the purpose of raising funds to support programs and activities designed to advance, promote, or otherwise benefit Baton Rouge Community College (the College). The Foundation is supported primarily through contributions from the Greater Baton Rouge Area.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Foundation reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Foundation's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent appreciation of the Foundation's donor-restricted endowment funds is also reported as temporarily restricted net assets.

Contributions of property and equipment or cash restricted to the acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use the Foundation considers the restriction met when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in this net asset class.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -2-
June 30, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. 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.

Donated Assets – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Donated Services – 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. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Accounts Receivables – Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-3-
June 30, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use until after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Property and Equipment – All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Depreciation expense was \$206,104 and \$194,650 for the years ended June 30, 2018 and 2017.

Investments – Investments in marketable equity securities with readily determinable fair values are stated at fair value. Real estate investments and equity securities without readily determinable fair values are stated at cost. Dividend, interest and other investment income, including realized and unrealized gains and losses, are recorded as increases or decreases in either unrestricted, temporarily restricted, or permanently restricted net assets depending on donor stipulations.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investment Pools – The Foundation maintains master investment accounts for its donor-restricted and board-designated 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.

Deferred Revenue – Income from donated goods and unearned revenue is deferred and recognized over the periods to which the goods and revenue relate.

Funds Held in Custody – Under agreements with the Louisiana Board of Regents and the College, the Foundation considers all state matching funds and the proportionate share of income generated and expenses paid from the endowments for professorship scholarships as funds held in custody.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-4-
June 30, 2018 and 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status – The Foundation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

Advertising – The Foundation follows the policy of charging the costs of advertising to expense as incurred. The Foundation expensed \$12,798 and \$2,172 for the years ended June 30, 2018 and 2017.

Amortization – Amortization is computed for financial statement purposes on a straight line basis. Loan issuance fees are being amortized over the life of the loan.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 2: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Fair Value Measurements, (ASC 820), establishes a framework for measuring fair value through a fair value hierarchy that prioritizes the sources of pricing information (inputs) 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 under ASC 820 are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Foundation's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of such investments held by the Foundation at year end.

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 management fees.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-5-
June 30, 2018 and 2017

NOTE 2: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

As of June 30, 2018 and 2017, the fair value hierarchy of the Foundation's investments was as follows:

	June 30, 2018		
	Level 1	Level 2	Level 3
Equity Securities	\$ 518,536	-	-
Fixed Income Securities	136,052		
Total Investment at Fair Value	<u>\$ 654,588</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2017		
	Level 1	Level 2	Level 3
Equity Securities	\$ 466,916	-	-
Fixed Income Securities	145,195		
Total Investment at Fair Value	<u>\$ 612,111</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3: INVESTMENTS

All investments are restricted at June 30, 2018 and 2017 as follows:

	2018		2017	
	Cost	Market	Cost	Market
Equity mutual funds	\$ 440,979	\$ 518,536	\$ 393,409	\$ 466,916
Fixed income mutual funds	139,686	136,052	147,371	145,195
	<u>\$ 579,979</u>	<u>\$ 654,588</u>	<u>\$ 540,780</u>	<u>\$ 612,111</u>

The investment returns for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Interest and dividends	\$ 8,501	\$ 8,920
Realized gains (losses)	43,441	18,623
Unrealized gains (losses)	(21,011)	1,653
	<u>\$ 30,931</u>	<u>\$ 29,196</u>

The total return on investments was net of \$4,488 and \$4,050 in management fees for the years ended June 30, 2018 and 2017, respectively.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-6-
June 30, 2018 and 2017

NOTE 4: PLEDGE RECEIVABLE

Pledges receivable are unconditional promises to pay certain amounts in the future. Management believes that the pledges will be collected in full therefore no allowance for uncollectible receivable has been recorded. Pledges due beyond one year have been discounted at an annual rate of 2.2%. Pledges receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Pledges Receivable	\$ 92,317	\$ 101,601
Less:		
Discount for Future Payments	<u>(10,102)</u>	<u>(10,102)</u>
Pledges Receivable, net	<u>\$ 82,215</u>	<u>\$ 91,499</u>
Pledges Receivable		
Due in One Year or Less	\$ 12,317	\$ 11,601
Due in One to Five Years	44,514	44,632
Thereafter	<u>25,384</u>	<u>35,266</u>
Pledges Receivable, net	<u>\$ 82,215</u>	<u>\$ 91,499</u>

NOTE 5: LONG TERM DEBT

The Foundation signed a promissory note in September of 2017 for \$200,000 with a maturity of September 2021. Payments of \$4,626 are paid monthly, with interest being calculated using an annual rate of 5.15%. The balance due at June 30, 2018 was \$161,607. The now owned and hereafter acquired equipment, machinery, furniture, furnishings and fixtures of every type and description of the Foundation are pledged as collateral for the loan. Loan issuance costs of \$2,499 were recorded and are being amortized over the life of the loan, with amortization being shown as interest expense and the unamortized portion being shown as a reduction of the applicable debt.

Aggregate maturities for the duration of the loan are as follows:

2019	\$	48,319
2020		50,867
2021		53,549
2022		<u>8,872</u>
Total	\$	<u>161,607</u>

NOTE 6: CONCENTRATIONS

Cash Balances – Financial instruments that subject the Foundation to concentrations of credit risk consist primarily of investments in equity holdings in publicly traded corporations and long-term corporate fixed income instruments. The Foundation has also concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. At times this balance exceeds the FDIC limits. However, management believes the risk is limited.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-7-
June 30, 2018 and 2017

NOTE 7: RELATED PARTIES

The College provides the Foundation with administrative personnel free of charge. The value of these services was approximately \$163,692 and \$80,685 for the years ended June 30, 2018 and 2017, respectively and was recorded as donated professional services.

NOTE 8: RESTRICTIONS ON NET ASSETS

The Foundation's board of directors has not chosen to place any limitations on unrestricted net assets.

Changes in temporarily restricted net assets consist of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Professorships	\$ 112,966	\$ 82,672
Scholarships	289,040	339,227
Specific Academic Projects	1,617,772	1,640,720
Capital Outlay and Improvements	916	916
BRCC Alumni Department	1,580	1,502
BRCC Athletics Department	7,049	11,971
Institutional Support	<u>46,194</u>	<u>49,758</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,075,517</u>	<u>\$ 2,126,766</u>

Permanently restricted net assets at June 30, 2018 and 2017 are restricted to investment in perpetuity, the income from which is expendable to support the activities below:

	<u>2018</u>	<u>2017</u>
Professorships	\$ 220,000	\$ 210,000
Scholarships	92,411	82,311
	<u>\$ 312,411</u>	<u>\$ 282,311</u>

NOTE 9: ENDOWMENTS

The Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. Earnings or losses from donor-restricted endowment fund investments are classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

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 weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide distributions as stipulated in the endowment agreement.



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS-8-
June 30, 2018 and 2017

NOTE 9: ENDOWMENTS (CONTINUED)

To satisfy the long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both 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. At June 30, 2018, the Foundation was invested in a portfolio of equity and fixed income mutual funds and cash and/or money market accounts.

Spending policy – The Foundation follows the Louisiana Board of Regents Investment Policy regarding Endowed Professorships. It is recognized that in order to preserve endowment assets, annual spending in the current year should not exceed the original corpus of the endowment of the most recent fiscal year. When the current market value of endowment assets is below the original corpus of the endowment, no spending is allowed.

The table below represents the endowment related activities for the fiscal years ending June 30, 2018 and 2017.

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 31,685	\$ 282,311	\$ 313,996
Investment return:			
Investment income	4,013	-	4,013
Net appreciation (realized and unrealized)	<u>26,918</u>	-	<u>26,918</u>
Total investment return	30,931	-	30,931
Contributions	-	30,100	30,100
Distributions	<u>9,000</u>	-	<u>9,000</u>
Endowment net assets, end of year	<u>\$ 53,616</u>	<u>\$ 312,411</u>	<u>\$ 366,027</u>
	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 10,489	\$ 271,711	\$ 282,200
Investment return:			
Investment income	4,869	-	4,869
Net appreciation (realized and unrealized)	<u>24,327</u>	-	<u>24,327</u>
Total investment return	29,196	-	29,196
Contributions	-	10,600	10,600
Distributions	<u>8,000</u>	-	<u>8,000</u>
Endowment net assets, end of year	<u>\$ 31,685</u>	<u>\$ 282,311</u>	<u>\$ 313,996</u>



BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
BATON ROUGE, LOUISIANA

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NOTE 10: UNCERTAIN TAX POSITIONS

The Foundation may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Foundation has analyzed its tax positions taken for filings with the Internal Revenue Service. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse on the Foundation's financial condition, results of operations, or cash flows. The Foundation's tax returns are subject for review for the three previous years.

NOTE 11: PRIOR PERIOD ADJUSTMENT

During the year it was discovered that there was an error in the calculation of the funds held in custody. The balance of the funds held in custody at June 30, 2016 were overstated by \$20,456. A prior period adjustment has been made to the beginning balances to reduce funds held in custody and increase temporality restricted net assets by that amount.

NOTE 12: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 24, 2018, the date the financial statements were available to be issued.

