

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.
Gonzales, Louisiana

FINANCIAL STATEMENTS

December 31, 2019

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, 2019, and the related statements of activities and functional expenses 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 18, 2020

RIVER PARISHES COMMUNITY COLLEGE FOUNDATION, INC.

Gonzales, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(with comparative amounts for 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 135,042	\$ 520,788
Investments	694,994	28,246
Pledges receivable	13,000	-
Contributions receivable	-	110,000
Total current assets	<u>843,036</u>	<u>659,034</u>
ENDOWMENT ASSETS		
Cash	-	133,450
Investments	567,193	363,139
Total endowment assets	<u>567,193</u>	<u>496,589</u>
Total assets	<u>\$ 1,410,229</u>	<u>\$ 1,155,623</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and due to related party	<u>\$ 2,354</u>	<u>\$ 12,100</u>
NET ASSETS		
Without donor restrictions	440,475	362,874
With donor restrictions	<u>967,400</u>	<u>780,649</u>
Total net assets	<u>1,407,875</u>	<u>1,143,523</u>
Total liabilities and net assets	<u>\$ 1,410,229</u>	<u>\$ 1,155,623</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 AND FUNCTIONAL EXPENSES

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
In-kind support	\$ 91,800	433,454	\$ 525,254	\$ 92,320
General donations	73,827	\$ 80,707	154,534	320,314
Scholarship donations	-	128,240	128,240	108,824
Investment income (loss):				
Unrealized	27,338	31,943	59,281	(13,496)
Realized	8,209	28,254	36,463	-
Dividend and interest, net	6,794	7,921	14,715	9,101
Total support	207,968	710,519	918,487	517,063
Net assets released from restrictions:				
Satisfaction of purpose restrictions	523,768	(523,768)	-	-
Total support and net assets released from restrictions	731,736	186,751	918,487	517,063
EXPENSES				
Program:				
Scholarships	86,805	-	86,805	79,907
Support to River Parish Community College	460,621	-	460,621	11,001
Other	5,265	-	5,265	8,873
Fundraising	1,358	-	1,358	3,475
General and administrative:				
Personnel - in-kind	89,000	-	89,000	92,320
Professional services	7,950	-	7,950	8,200
Other	3,136	-	3,136	-
Total expenses	654,135	-	654,135	203,776
Change in net assets	77,601	186,751	264,352	313,287
NET ASSETS				
Beginning of year, restated	362,874	780,649	1,143,523	830,236
End of year	\$ 440,475	\$ 967,400	\$ 1,407,875	\$ 1,143,523

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, 2019
(with comparative amounts for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 264,352	\$ 313,287
Contributions restricted for endowments	133,450	(80,345)
Adjustments for non-cash items:		
Realized investments loss (gain)	(36,463)	-
Unrealized investment loss (gain)	(59,281)	13,496
Change in operating assets and liabilities:		
Decrease (increase) in contributions receivable	110,000	(80,000)
Decrease (increase) in pledges receivable	(13,000)	-
Decrease in accounts payable	(9,746)	(9,580)
	389,312	156,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	475,886	-
Purchases of investments	(1,250,944)	(6,189)
	(775,058)	(6,189)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments	(133,450)	80,345
	(519,196)	231,014
CASH		
Beginning of year	654,238	423,224
End of year	\$ 135,042	\$ 654,238
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	\$ 135,042	\$ 520,788
Restricted cash	-	133,450
Total cash	\$ 135,042	\$ 654,238

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 two classes of net assets: without donor restriction, and with donor restriction.

The statement of activities and functional expenses 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, 2018, from which the summarized information was derived.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 pledged receivable, in-kind expenses and revenues, and the allocation of functional expenses. Actual results could differ from those estimates.

Revenue recognition

Contributions received are recorded as without restriction and with restriction, 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), with donor restriction net assets are reclassified to without restriction net assets and reported in the statement of activities as net assets released from restrictions.

Contributions received are classified as with donor restriction if the donor stipulates that the contribution be maintained in perpetuity. The income earned from with restriction investments may be used for a specified purpose or may be without restriction, 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 with restriction net assets and when a restriction expires, with restriction net assets are reclassified to without restriction net assets.

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less. There are no cash equivalents as of December 31, 2019.

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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition (continued)

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.

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 \$6,981 for 2019.

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 2016 through 2019.

Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, fundraising and general administrative expenses based on time allocation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported owners' equity or net income.

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, December 18, 2020, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments at December 31, 2019 are as follows:

	<u>Market Value</u>	<u>Cost</u>
Equity Investments	\$ 689,671	\$ 687,492
Fixed Income	371,167	371,293
Alternative Investments	<u>201,349</u>	<u>202,115</u>
Total	<u>\$ 1,262,187</u>	<u>\$ 1,260,900</u>

The Foundation investments include alternative investment instruments that can provide broader flexibility than traditional stocks and bonds. The typical kinds of investment strategies include hedge funds, private equity, exchange funds, managed futures and forward contracts. Management believes that these investments should reduce the volatility of its overall portfolio.

As of December 31, 2019, the fair value hierarchy of the Foundation's investments was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Investments	\$ -	\$ 689,671	\$ -	\$ 689,671
Fixed Income	-	371,167	-	371,167
Alternative Investments	-	-	<u>201,349</u>	<u>201,349</u>
Total	<u>\$ -</u>	<u>\$ 1,060,838</u>	<u>\$ 201,349</u>	<u>\$ 1,262,187</u>

(Continued)

NOTE 2 - INVESTMENTS (CONTINUED)

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 without restriction and can be used by the Foundation for operating or other purposes as determined by the Board.

NOTE 3 - NET ASSETS RESTRICTIONS AND DESIGNATIONS

Net assets with donor restrictions

The Foundation classifies as donor restricted net assets that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the 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 remaining portion of net assets with donor restrictions is classified as purpose restricted until amounts are appropriated for donors' intended use.

Net assets with donor restrictions (continued)

The earnings from the Solomon B. Acy and Lambert & Eysink endowment fund that are not to be held in perpetuity are classified as purpose restricted until those amounts are appropriated for expenditure by the Foundation. Earnings from the Solomon B. Acy endowment fund are to be used for general college support, to award scholarships, and financial aid to handicapped students for tuition, books, supplies, room, board, medical expenses and related physical equipment and technical devices. The earnings from the Lambert & Eysink endowment fund are to be used for general college support and award scholarships to students who have battled cancer or have suffered from the effects of cancer on immediate family members.

Net assets with donor restriction and their purposes at December 31, 2019 were as follows:

NOTE 3 - NET ASSETS RESTRICTIONS AND DESIGNATIONS (CONTINUED)

	Amount
To be held in perpetuity	
Solomon B. Acy Scholarship Trust Fund	\$ 300,862
Lambert & Eysink Scholarship Trust Fund	70,752
NOVA Chemicals Scholarship Trust Fund	70,000
Total to be held in perpetuity	441,614
 Subject to satisfaction of purpose restriction	
College program support	261,722
Handicapped student support (Solomon B. Acy)	114,476
NOVA Chemicals Scholarship Earnings	5,578
Teaching/Staff Excellence and Greatest Needs	49,389
Students affected by cancer (Lambert & Eysink)	5,525
Scholarships	89,096
Total subject to satisfaction of purpose restriction	525,786
Total net assets with donor restrictions	\$ 967,400

Board designated net assets

As of December 31, 2019, the board has designated \$10,000 of net assets without donor restrictions as a matching contribution to the NOVA Chemicals Scholarship Trust Fund.

NOTE 4 - ENDOWMENT

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.

NOTE 4 – ENDOWMENT (CONTINUED)

The endowment assets had activity during 2019 as follows:

	Amount
Beginning of year	\$ 496,589
Contributions	20,862
Dividends and interest, net	6,995
Realized gain	27,079
Unrealized gain	28,265
Disbursements	(12,597)
End of year	\$ 567,193

As of December 31, 2019, the Foundation did not have any endowment activity without donor restrictions. Endowment assets of \$114,476, \$5,578 and \$5,525 are restricted for handicap student support, scholarships, and students affected by cancer, respectively. The Foundation is required to maintain \$441,614 of the endowment assets to perpetuity. See Note 3.

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 2019, \$89,000 was recorded to reflect the services provided by the College. Additionally, \$1,350 was due to the College as of December 31, 2019.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows.

	Amount
Financial assets, at year end	\$ 1,410,229
Less: Financial assets unavailable for general expenditures within one year, due to:	
Donor restrictions of purpose	(525,786)
Donor restrictions of time	(441,614)
Accounts payable and due to related party	(2,354)
 Financial assets available to meet general expenditures within one year	 \$ 440,475

The Foundation does not have any amounts with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2019.

As part of the Foundation's liquidity management, the Foundation maintains sufficient cash funds during the year attributable to the annual cash receipts from corporations and individual donors for scholarships and programming.

NOTE 8 - RECLASSIFICATION OF NET ASSETS

During 2019, the Foundation reclassified a \$20,000 contribution received in a prior year as donor restricted. This reclassification had no effect on the Foundation's overall net assets balance at December 31, 2019.

NOTE 9 - SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Foundation expects this matter to negatively impact availability of resources and its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.