

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

F. C. SCHNEIDER, CPA, LLC

A Public Accounting Firm

Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Baton Rouge Community College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and 2014, 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.

Auditor's Responsibility:

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion:

In my 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, 2015, 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.

J. C. Schneider, CPA, LLC

August 14, 2015

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ -	\$ -
Cash and cash equivalents - restricted	560,475	502,443
Investments, at fair value	407,694	444,271
Pledge receivable	1,983	23,977
	<u>970,152</u>	<u>970,691</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	1,135,160	14,000
Less accumulated depreciation	(95,686)	(1,789)
	<u>1,039,474</u>	<u>12,211</u>
TOTAL ASSETS	<u><u>\$ 2,009,626</u></u>	<u><u>\$ 982,902</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,312	\$ 1,091
LONG-TERM LIABILITIES		
Funds held in custody	330,191	330,154
TOTAL LIABILITIES	<u>338,503</u>	<u>331,245</u>
NET ASSETS		
Unrestricted	13,818	21,138
Temporarily restricted	1,395,594	374,483
Permanently restricted	261,711	256,036
TOTAL NET ASSETS	<u>1,671,123</u>	<u>651,657</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,009,626</u></u>	<u><u>\$ 982,902</u></u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2015 and 2014

	2015				2014			
	<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	\$ 1,096	\$ 252,173	\$ 5,675	\$ 258,944	\$ 8,252	\$ 254,195	\$ 25,701	\$ 288,148
Fundraising revenues	-	-	-	-	24,641	8,469	-	33,110
Donated services	7,179	-	-	7,179	8,322	-	-	8,322
Donated materials	-	1,121,160	-	1,121,160	-	-	-	-
Dividends and interest income	-	6,068	-	6,068	-	5,269	-	5,269
Realized gain on investments	-	34,592	-	34,592	-	13,893	-	13,893
Unrealized gain (loss) on investments	-	(24,416)	-	(24,416)	-	7,391	-	7,391
Changes in net asset restrictions:								
Released from restrictions	368,466	(368,466)	-	-	132,340	(132,340)	-	-
	<u>376,741</u>	<u>1,021,111</u>	<u>5,675</u>	<u>1,403,527</u>	<u>173,555</u>	<u>156,877</u>	<u>25,701</u>	<u>356,133</u>
EXPENSES								
Fundraising expenses	8,438	-	-	8,438	13,027	-	-	13,027
Scholarships	72,778	-	-	72,778	77,683	-	-	77,683
Institutional support	280,139	-	-	280,139	43,249	-	-	43,249
Management and general expenses	22,706	-	-	22,706	31,466	-	-	31,466
	<u>384,061</u>	<u>-</u>	<u>-</u>	<u>384,061</u>	<u>165,425</u>	<u>-</u>	<u>-</u>	<u>165,425</u>
Changes in net assets	(7,320)	1,021,111	5,675	1,019,466	8,130	156,877	25,701	190,708
NET ASSETS								
Beginning of year	21,138	374,483	256,036	651,657	13,008	217,606	230,335	460,949
End of year	<u>\$ 13,818</u>	<u>\$ 1,395,594</u>	<u>\$ 261,711</u>	<u>\$ 1,671,123</u>	<u>\$ 21,138</u>	<u>\$ 374,483</u>	<u>\$ 256,036</u>	<u>\$ 651,657</u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,019,466	\$ 190,708
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	93,897	467
In-kind donation of fixed assets	(1,121,160)	-
Unrealized (gain) loss on investments	21,032	(7,391)
Realized (gain) loss on investments	(34,592)	(13,893)
Changes in operating assets and liabilities:		
Accounts receivable	-	-
Pledges receivable	21,994	(21,177)
Accounts payable	7,221	237
	<u>7,858</u>	<u>148,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments & redemptions	55,000	37,681
Purchase of investments	(4,826)	(19,591)
	<u>50,174</u>	<u>18,090</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	58,032	167,041
CASH AND CASH EQUIVALENTS		
Beginning of the year	502,443	335,402
End of the year	<u>\$ 560,475</u>	<u>\$ 502,443</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	\$ -	\$ -
Cash and cash equivalents, restricted	560,475	335,402
	<u>\$ 560,475</u>	<u>\$ 335,402</u>
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Foundation	<u>\$ 1,128,339</u>	<u>\$ 8,322</u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

A: SIGNIFICANT ACCOUNTING POLICIES

Organization and operations:

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.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations and are available for use at the Foundation's discretion.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the Foundation maintains the contribution permanently. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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 available for current use with an initial maturity of three months or less to be cash equivalents.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment valuation and income recognition:

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.

Promises to give:

The Foundation reports contributions received as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets.

Receivables:

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

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-exempt status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Foundation follows the provisions of FASB ASC 740-10, Accounting for uncertainty in Income Taxes. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits. The Foundation's open audit periods are 2011-2014.

Funds held in custody:

Under agreements with the Louisiana Community and Technical College System and the College the Foundation manages and holds for deposit state matching funds for endowed professorships for the College.

Advertising:

The Foundation follows the policy of charging the costs of advertising to expense as incurred. There was no advertising expense for the year ended June 30, 2015 or 2014.

B: INVESTMENTS

All investments are restricted at June 30, 2015 and 2014 are as follows:

	2015		2014	
	Cost	Market	Cost	Market
Certificates of deposit	\$ -	\$ -	\$ 56,000	\$ 54,711
Equity mutual funds	322,318	378,218	284,756	360,083
Fixed income mutual funds	30,122	29,477	28,265	29,477
	<u>\$ 352,440</u>	<u>\$ 407,695</u>	<u>\$ 369,021</u>	<u>\$ 444,271</u>

The investment returns for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Interest and dividends	\$ 6,068	\$ 5,269
Realized gains (losses)	34,592	13,893
Unrealized gains (losses)	(24,416)	7,391
	<u>\$ 16,244</u>	<u>\$ 26,553</u>

The total return on investments was net of \$3,584 and \$3,552 in management fees for the year ended June 30, 2015 and 2014, respectively.

B: INVESTMENTS (Continued)

As of June 30, 2015 and 2014, the fair value hierarchy of the Foundation's investments was as follows:

	June 30, 2015		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ -	\$ -	\$ -
Equity mutual funds	378,218	-	-
Fixed income mutual funds	29,477	-	-
Total investment at fair value	<u>\$ 407,695</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2014		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ 54,711	\$ -	\$ -
Equity mutual funds	360,083	-	-
Fixed income mutual funds	29,477	-	-
Total investment at fair value	<u>\$ 444,271</u>	<u>\$ -</u>	<u>\$ -</u>

C: PROPERTY

Furniture, related service lives, and accumulated depreciation as of June 30, 2015 and 2014 were as follows:

	Estimated Service Lives	2015	2014
Furniture and fixtures	30 years	\$ 14,000	\$ 14,000
Instructional equipment	12 years	1,121,160	-
Less accumulated depreciation		<u>(95,686)</u>	<u>(1,789)</u>
Net		<u>\$ 1,039,474</u>	<u>\$ 12,211</u>

Depreciation expense was 93,897 and \$467 for years ended June 30, 2015 and 2014.

D: NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 are available for grants to support the College in the following areas:

D: NET ASSETS (Continued)

	2015	2014
Professorships	\$ 36,075	\$ 40,687
Scholarships	199,415	203,786
Specific academic projects	1,091,486	73,506
Capital outlay and improvements	25,916	25,916
BRCC Alumni department	1,502	1,502
BRCC Athletics department	24,747	15,316
Institutional support	16,453	13,770
	<u>\$ 1,395,594</u>	<u>\$ 374,483</u>

Permanently restricted net assets at June 30, 2015 and 2014 are restricted to investment in perpetuity, the income from which is expendable to support the activities below:

	2015	2014
Professorships	\$ 200,000	\$ 200,000
Scholarships	61,711	56,036
	<u>\$ 261,711</u>	<u>\$ 256,036</u>

Net assets released from restrictions by incurring program related expenses were as follows:

	2015	2014
Scholarships	\$ 72,778	\$ 75,633
Specific academic projects	243,647	12,064
BRCC Alumni department	-	1,693
BRCC Athletics department	20,382	21,768
Institutional support	19,959	8,210
Management fees	11,700	12,972
	<u>\$ 368,466</u>	<u>\$ 132,340</u>

E: 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

E: ENDOWMENTS (Continued)

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

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, 2014, the Foundation invests in a portfolio of certificates of deposits, 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 activity for the fiscal year ending June 30, 2015 and 2014

	June 30, 2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 68,337	\$ 256,036	\$ 324,373
Investment return:			
Investment income	2,899	-	2,899
Net appreciation (realized and unrealized)	6,575	-	6,575
Total investment return	9,474	-	9,474
Contributions		5,675	5,675
Distributions	(8,000)	-	(8,000)
Endowment net assets, end of year	<u>\$ 69,811</u>	<u>\$ 261,711</u>	<u>\$ 331,522</u>

E: ENDOWMENTS (Continued)

	June 30, 2014		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 51,371	\$ 230,335	\$ 281,706
Investment return:			
Investment income	9,112	-	9,112
Net appreciation (realized and unrealized)	11,889	-	11,889
Total investment return	21,001	-	21,001
Contributions	3,965	25,701	29,666
Distributions	(8,000)	-	(8,000)
Endowment net assets, end of year	<u>\$ 68,337</u>	<u>\$ 256,036</u>	<u>\$ 324,373</u>

F: PLEDGE RECEIVABLE

Pledge receivable amounted to \$1,983 and \$23,977 for the year ended June 30, 2015 and 2014, respectively. There has been no discounted cash flow deductions made for these pledges since they are scheduled to be paid in less than one year.

G: RELATED PARTIES

The College provides the Foundation with administrative personnel free of charge. The value of these services was approximately \$7,179 and \$8,322 for the year ended June 30, 2015 and 2014, respectively.

H: CONCENTRATION OF CREDIT RISK

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.

I: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 14, 2015, the date the financial statements were available to be issued.