

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2012

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 statements of financial position of Baton Rouge Community College Foundation, Inc. as of June 30, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my 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. at June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

F. C. Schneider, CPA, LLC

August 8, 2012

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ -	\$ 11,567
Cash and cash equivalents - restricted	327,020	263,100
Investments, at fair value	381,855	425,345
Accounts receivable	-	1,227
Pledge receivable	2,000	2,078
	<u>710,875</u>	<u>703,317</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	14,000	14,000
Less accumulated depreciation	(856)	(389)
	<u>13,144</u>	<u>13,611</u>
TOTAL ASSETS	<u><u>\$ 724,019</u></u>	<u><u>\$ 716,928</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 189	\$ 3,296
LONG-TERM LIABILITIES		
Funds held in custody	271,139	271,594
TOTAL LIABILITIES	<u>271,328</u>	<u>274,890</u>
NET ASSETS		
Unrestricted	14,245	31,631
Temporarily restricted	214,111	191,072
Permanently restricted	224,335	219,335
TOTAL NET ASSETS	<u>452,691</u>	<u>442,038</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 724,019</u></u>	<u><u>\$ 716,928</u></u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012 and 2011

	2012				2011			
	<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	\$ 7,273	\$ 71,684	\$ 5,000	\$ 83,957	\$ 17,587	\$ 92,087	\$ 5,000	\$ 114,674
Fundraising revenues	-	-	-	-	-	4,725	-	4,725
Donated services and facilities	10,132	-	-	10,132	9,286	-	-	9,286
Donated equipment	-	-	-	-	-	51,700	-	51,700
Dividends and interest income	8	14,972	-	14,980	975	11,329	-	12,304
Realized gain (Loss) on investments	-	120	-	120	-	(26,154)	-	(26,154)
Unrealized gain (loss) on investments	-	(9,986)	-	(9,986)	-	43,868	-	43,868
Changes in net asset restrictions:								
Released from restrictions	53,751	(53,751)	-	-	184,541	(184,541)	-	-
	<u>71,164</u>	<u>23,039</u>	<u>5,000</u>	<u>99,203</u>	<u>212,389</u>	<u>(6,986)</u>	<u>5,000</u>	<u>210,403</u>
EXPENSES								
Fundraising expenses	7,891	-	-	7,891	10,288	-	-	10,288
Scholarships	21,054	-	-	21,054	19,811	-	-	19,811
Institutional support	24,810	-	-	24,810	91,913	-	-	91,913
Management and general expenses	34,795	-	-	34,795	73,747	-	-	73,747
	<u>88,550</u>	<u>-</u>	<u>-</u>	<u>88,550</u>	<u>195,759</u>	<u>-</u>	<u>-</u>	<u>195,759</u>
Changes in net assets	(17,386)	23,039	5,000	10,653	16,630	(6,986)	5,000	14,644
NET ASSETS								
Beginning of year	31,631	191,072	219,335	442,038	15,001	198,058	214,335	427,394
End of year	<u>\$ 14,245</u>	<u>\$ 214,111</u>	<u>\$ 224,335</u>	<u>\$ 452,691</u>	<u>\$ 31,631</u>	<u>\$ 191,072</u>	<u>\$ 219,335</u>	<u>\$ 442,038</u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,653	\$ 14,644
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	467	389
Donated assets	-	(14,000)
Unrealized (gain) loss on investments	9,986	(43,868)
Realized (gain) loss on investments	(120)	26,154
Changes in operating assets and liabilities:		
Accounts receivable	1,227	(1,227)
Pledges receivable	78	(2,078)
Accounts payable	(3,107)	2,241
	<u>19,184</u>	<u>(17,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	129,879	362,143
Purchase of investments	(96,710)	(309,290)
	<u>33,169</u>	<u>52,853</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of endowment pledge	-	8,000
	<u>-</u>	<u>8,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	52,353	43,108
CASH AND CASH EQUIVALENTS		
Beginning of the year	274,667	231,559
End of the year	<u>\$ 327,020</u>	<u>\$ 274,667</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	-	\$ 11,567
Cash and cash equivalents, restricted	327,020	263,100
	<u>\$ 327,020</u>	<u>\$ 274,667</u>
DISCLOSURE OF NON-CASH ITEMS		
In-kind donations to the Foundation	<u>\$ 10,132</u>	<u>\$ 9,286</u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 Statement No. 157, Fair Value Measurements, (FASB 157), 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 FASB 157 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.

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. Advertising expense amounted to \$0 and \$3,526 for the year ended June 30, 2012 and 2011, respectively.

B: INVESTMENTS

All investments are restricted at June 30, 2012 and 2011 are as follows:

	2012		2011	
	Cost	Market	Cost	Market
Certificates of deposit	\$ 74,000	\$ 74,000	\$ 144,000	\$ 144,000
Equity mutual funds	262,309	258,562	251,946	258,606
Fixed income mutual funds	49,491	49,293	23,023	22,739
	<u>\$ 385,800</u>	<u>\$ 381,855</u>	<u>\$ 418,969</u>	<u>\$ 425,345</u>

The investment returns for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Interest and dividends	\$ 14,980	\$ 11,329
Realized gains (losses)	120	(26,154)
Unrealized gains (losses)	(9,986)	43,868
	<u>\$ 5,114</u>	<u>\$ 29,043</u>

The total return on investments was net of \$4,681 and \$3,924 in management fees for the year ended June 30, 2012 and 2011.

B: INVESTMENTS (Continued)

As of June 30, 2012 and 2011, the fair value hierarchy of the Foundation's investments was as follows:

	June 30, 2012		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ 74,000	\$ -	\$ -
Equity mutual funds	258,562	-	-
Fixed income mutual funds	49,293	-	-
Total investment at fair value	<u>\$ 381,855</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2011		
	Level 1	Level 2	Level 3
Certificates of deposit	\$ 144,000	\$ -	\$ -
Equity mutual funds	258,606	-	-
Fixed income mutual funds	22,739	-	-
Total investment at fair value	<u>\$ 425,345</u>	<u>\$ -</u>	<u>\$ -</u>

C: PROPERTY

Furniture, related service lives, and accumulated depreciation as of June 30, 2012 and 2011 were as follows:

	Estimated Service Lives	2012	2011
Furniture and fixtures	30 years	\$ 14,000	\$ 14,000
Less accumulated depreciation		(856)	(389)
Net		<u>\$ 13,144</u>	<u>\$ 13,611</u>

Depreciation expense was approximately \$467 and \$389 for the year ended June 30, 2012 and 2011, respectively.

D: NET ASSETS

Temporarily restricted net assets at June 30, 2012 and 2011 are available for grants to support the College in the following areas:

D: NET ASSETS (Continued)

	2012	2011
Professorships	\$ 20,053	\$ 20,485
Scholarships	66,475	58,824
Specific academic projects	41,163	40,455
Capital outlay and improvements	57,416	57,416
BRCC Alumni department	1,695	3,279
BRCC Athletics department	19,264	3,096
Institutional support	8,045	7,517
	<u>\$ 214,111</u>	<u>\$ 191,072</u>

Permanently restricted net assets at June 30, 2012 and 2011 are restricted to investment in perpetuity, the income from which is expendable to support the activities below:

	2012	2011
Professorships	\$ 200,000	\$ 200,000
Scholarships	24,335	19,335
	<u>\$ 224,335</u>	<u>\$ 219,335</u>

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

	2012	2011
Scholarships	\$ 21,054	\$ 19,811
Specific academic projects	6,923	12,625
BRCC Alumni department	1,714	900
BRCC Athletics department	19,283	38,094
Institutional support	4,777	113,111
	<u>\$ 53,751</u>	<u>\$ 184,541</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, 2012, 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, 2012 and 2011:

	June 30, 2012		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 27,934	\$ 219,335	\$ 247,269
Investment return:			
Investment income	14,980	-	14,980
Net appreciation (realized and unrealized)	(4,139)	-	(4,139)
Total investment return	10,841	-	10,841
Contributions	-	5,000	5,000
Distributions	(3,850)	-	(3,850)
Endowment net assets, end of year	\$ 34,925	\$ 224,335	\$ 259,260

E: ENDOWMENTS (Continued)

	June 30, 2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 8,801	\$ 214,335	\$ 223,136
Investment return:			
Investment income	11,329	-	11,329
Net appreciation (realized and unrealized)	7,804	-	7,804
Total investment return	19,133	-	19,133
Contributions	-	5,000	5,000
Distributions	-	-	-
Endowment net assets, end of year	<u>\$ 27,934</u>	<u>\$ 219,335</u>	<u>\$ 247,269</u>

F: PLEDGE RECEIVABLE

Pledge receivable amounted to \$2,000 and \$2,078 for the year ended June 30, 2012 and 2011, respectively. The amount receivable at June 30, 2012 represents a two year commitment from a local donor to be paid \$1,000 each year for athletics. There has been no discounted cash flow deductions made for this pledge.

G: RELATED PARTIES

The College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$8,591 and \$9,286 for the year ended June 30, 2012 and 2011, respectively.

H: CONCENTRATION OF CREDIT RISK

The Foundation has concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. As of June 30, 2012, the Foundation's deposits were covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

I: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 8, 2012, the date the financial statements were available to be issued.