

Lamar Community College Foundation  
Auditor's Report and Financial Statements  
June 30, 2020 and 2019

**Lamar Community College Foundation  
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June 30, 2020 and 2019**

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***rfarmer, llc***  
***a certified public accounting and consulting firm***

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*Independent Auditor's Report*

Board of Directors  
LCC Foundation

We have audited the accompanying financial statements of LCC Foundation (the Foundation), which comprise the basic statements of financial position as of June 30, 2020 and 2019, 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***rfarmer, llc***

September 1, 2020

Lamar Community College Foundation  
 Statements of Net Assets  
 June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 183,028	\$ 238,022
Investments-Short Term	552,021	546,890
<b>TOTAL CURRENT ASSETS</b>	<b>735,049</b>	<b>784,912</b>
<b>TOTAL ASSETS</b>	<b>735,049</b>	<b>784,912</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	37,667	36,491
Deferred revenues	43,471	-
<b>TOTAL LIABILITIES</b>	<b>81,138</b>	<b>36,491</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	148,010	98,930
With Donor Restrictions	505,901	649,491
<b>TOTAL NET ASSETS</b>	<b>653,911</b>	<b>748,421</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 735,049</b>	<b>\$ 784,912</b>

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

Lamar Community College Foundation  
 Statements of Activities  
 For the years ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
SUPPORT AND REVENUE				
Support:				
Contributions	\$ 71,239	\$ 249,137	\$ 320,376	\$ 544,524
Revenue:				
Other Income	1,206	-	1,206	498
Investment income (loss)	11,150	-	11,150	23,575
	83,595	249,137	332,732	568,597
TOTAL SUPPORT AND REVENUE				
	392,727	(392,727)	-	-
RELEASE FROM RESTRICTIONS				
EXPENSES				
Program Services				
Scholarships awarded	198,429	-	198,429	211,163
Program costs for Lamar Community College curriculum	213,671	-	213,671	85,512
Support Services				
General and administrative	11,158	-	11,158	9,620
Fund raising	3,984	-	3,984	2,013
	427,242	-	427,242	308,308
TOTAL EXPENSES				
	49,080	(143,590)	(94,510)	260,289
Changes in net assets				
Net assets, beginning	98,930	649,491	748,421	488,132
	98,930	649,491	748,421	488,132
NET ASSETS, End of Year	\$ 148,010	\$ 505,901	\$ 653,911	\$ 748,421

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

Lamar Community College Foundation  
 Statements of Functional Expenses  
 For the years ended June 30, 2020 and 2019

	2020	2019
SUPPORT AND REVENUE		
Support:		
Contributions	\$ 320,376	\$ 544,524
Other Income	1,206	498
Investment income (loss)	11,150	23,575
TOTAL SUPPORT AND REVENUE	332,732	568,597
 EXPENSES		
Program Services		
Insurance	802	744
Telephone	320	315
Software	809	809
Dues	10	20
Office supplies	1,695	726
Professional fees	7,522	7,007
Scholarships paid	198,429	211,163
Special events	3,984	2,013
Program costs for Lamar Community College curriculum	213,671	85,511
TOTAL EXPENSES	427,242	308,308
Changes in net assets	(94,510)	260,289
Net assets, beginning	748,421	488,132
 NET ASSETS, End of Year	 \$ 653,911	 \$ 748,421

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

Lamar Community College Foundation  
 Statements of Cash Flows  
 For the years ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions	\$ 363,847	\$ 544,524
Investment income (loss)	11,150	23,575
Other Income	1,206	498
Cash paid for scholarships & special events	(410,924)	(321,188)
Cash paid for general and administrative support	(11,158)	(9,620)
Cash paid for other program expenses	(3,984)	(2,013)
Net Cash Provided (Used) by Operating Activities	(49,863)	235,776
Net Increase (Decrease) in Cash	(49,863)	235,776
Cash, Beginning of Year	784,912	549,136
Cash, End of Year	\$ 735,049	\$ 784,912
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (94,510)	\$ 260,289
Changes in assets and liabilities related to operations:		
Accounts Payable (Decrease) Increase	1,176	(24,513)
Deferred revenue (Decrease) Increase	43,471	-
Net Cash provided (used) by operating activities	\$ (49,863)	\$ 235,776
Cash includes Cash and Investments-short term		

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

**Lamar Community College Foundation**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1      Nature of Operations**

The Lamar Community College Foundation (the Foundation) was formed in 1973 as Lamar Community College Development Corporation. The name was changed in 1977 to the Lamar Community College Foundation. The primary activities of the Foundation are to raise funds and distribute them to promote the educational purpose of the Lamar Community College and purchase, lease, or improve real and personal property for Lamar Community College.

For financial reporting purposes, the Foundation is a component unit of Lamar Community College, which is a Colorado governmental unit.

**Summary of Significant Accounting Policies**

This summary of significant accounting policies for the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to the generally accepted accounting principles as promulgated by the AICPA Industry Audit and Accounting Guide for Not-for-Profit Entities.

**Basis of Accounting**

The accrual basis of accounting is employed where support and revenue are recorded when earned and expenses are recognized when incurred.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investment securities purchased with an original maturity of three months or less to be cash equivalents.

**Contributions and Promises to Give**

The Foundation has adopted the Statement of Financial Accounting Standards, FASB ASC 958 relating to contributions received and contributions made. Contributions received are recorded as an increase in net assets without restrictions or net asset with restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), net assets with restrictions are reclassified to net assets without restriction and are reported in the Statement of Activities as net assets released from restrictions. All contributions that are restricted are recorded as net assets with restrictions unless the restriction is met or expires in the year of the contribution. If the restriction is met or expires in the year received, the contribution is recorded as an increase in net assets without restrictions.

Unconditional promises to give are recognized as receivables in the period in which the Foundation is notified by the donor of his or her commitment to contribute. Conditional promises to give are recognized when the conditions on which they are dependent are substantially met.

The Foundation did not have any unconditional or conditional promises to give as of June 30, 2020 and 2019.

### **Donated Materials and Services**

The Foundation records the value of donated goods or services when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials and equipment are reflected in the accompanying statements at their estimated value at date of receipt.

The Foundation's Board of Directors and its officers serve without compensation. The value of these services is not recorded in the financial statements. Additionally, several volunteers periodically donate significant amounts of time to the Foundation. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

### **Income Taxes**

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

### **Accounting for Income Taxes**

The Foundation has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribed a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Foundation, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2020, the Foundation had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2020, the Foundation had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are

expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2020, the periods that remain open to examination under federal statute are for the tax years ended June 30, 2017 through 2019.

### **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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon the management's best estimates, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

### **Classification of Net Assets**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its ASC 958-205. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and Net asset with donor restrictions.

The assets, liabilities, and net assets of the Foundation are reported in net assets classes as follows:

- a) Net Assets without donor restrictions: Net assets without donor restrictions are resources over which the Board of Directors (the "Board") has discretionary control including those net assets invested in property and equipment at the direction of the Board. These net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.
- b) Net Assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed stipulation that may or will be met by actions of the Foundation and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions. Other net assets with donor restrictions are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Depending upon the restrictions of the donor, some net assets with donor restrictions may be maintained in perpetuity.

## **Fair Value of Financial Instruments**

All financial instruments are carried at amounts that approximate estimated fair value. FASB ASC 820, *Fair Value Measurement*, establishes a 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

### Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

### Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the assets or liability.

### Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

For the years ended June 30, 2020 and 2019, all financial instruments were Level 1 inputs under the fair value hierarchy.

## **Note 2      Marketable Investment Securities**

Investments in marketable securities are reported at their fair market values. Earnings, including realized and unrealized gains and losses from the investment of contributed funds, are treated as unrestricted resources, unless such earnings have been specifically restricted by donors.

As of June 30, 2020, and June 30, 2019 respectively, \$552,021 and \$546,890 were invested in various securities. The investments are not FDIC insured and are not insured by any government agency.

Investments consist of the following:

	June 30, 2020		June 30, 2019	
	Cost	Market	Cost	Market
Deposit Accounts	\$ 228,082	\$ 228,082	\$ 209,256	\$ 209,256
Exchange Traded Funds	288,089	293,755	278,423	281,342
Other Investments	30,396	30,184	49,754	56,292
Total	\$ 546,567	\$ 552,021	\$ 537,433	\$ 546,890

### Note 3

#### Endowments

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation generally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent 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. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the organization and 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 organization.
- 7) The investment policies of the organization.

The endowment funds may be invested in high quality, publicly traded common and preferred stocks, convertible bonds, bank common funds, mutual funds, fixed income securities and other assets as authorized by the Board of Directors of the Foundation from time to time. The nature of the assets involved, and the long-term objectives of the Foundation suggest utilizing a total return approach to investment management.

The Foundation endowment seeks preservation of principal and to provide a dependable and reasonable rate of long-term investment return consistent with moderate investment risk. The primary investment objective of the endowment is to achieve a total annual return measured on a five-year moving average basis, at least equal to the rate of inflation plus four percent (4%).

The Foundation has a policy of appropriating for distribution each year up to 4% of the average of the permanent endowment's market values on June 30<sup>th</sup> for each of the five immediately preceding years, as approved by the Foundation Board, in accordance with the endowment mission and purpose.

If the spending allocation amount of the permanent endowment would cause the Foundation's permanent endowment's value to fall below its original gift value level, then the annual spending allocation amount is limited to the amount in excess of the original gift value.

The following are the changes in endowment net assets for the year ended June 30, 2020:

	Net Assets with Restrictions
Endowment net assets, beginning of year	\$ 52,349
Contributions	-
Investment Losses	(2,272)
Endowment net assets, end of year	<u>\$ 50,077</u>

The following are the changes in endowment net assets for the year ended June 30, 2019:

	Net assets with Restrictions
Endowment net assets, beginning of year	\$ 52,646
Contributions	-
Investment losses	(297)
Endowment net assets, end of year	<u>\$ 52,349</u>

**Note 4 Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purpose:

	June 30, 2020	June 30, 2019
Unappropriated endowment funds	<u>\$ 505,901</u>	<u>\$ 649,491</u>

The funds will be used as determined by the donors.

**Note 5 Subsequent Events**

Subsequent events have been evaluated through the date of the financial statements and there are not any subsequent events to disclose.

**Note 6 Related Parties**

The Foundation is provided services by Lamar Community College (the "College"). During 2019-20 the Foundation provided \$198,429 in scholarships, \$213,671 toward programs, and \$15,142 in general, administrative, and fund raising. The Foundation receives grants that are used specifically to provide goods and services for the benefit of Lamar Community College. The Foundation accounts for the grant receipts as

contributions and for the expenses as program. During 2018-19 the Foundation provided \$208,291 in scholarships, \$82,587 towards programs, and \$9,837 in general, administrative, and fund raising. The College will bill the Foundation every two months with the Foundation approving the bill for payment at its next board meeting. As of June 30, 2020, the Foundation owed the College \$37,667 and \$36,491 as of June 30, 2019.

**Note 7 Information Regarding Liquidity**

The Lamar Community College Foundation’s liquidity management is structured to make its financial assets available as general expenditures and obligations come due. Annually, an analysis of the expected inflows/outflows for the next 12 months is prepared, and all funds anticipated to be expended that year are held as cash in checking accounts. Funds not anticipated to be expended in the fiscal year are either invested or deposited in certificates of deposit in order to maximize gains on those funds. If, at any time during a fiscal year, the Foundation is required to draw on reserves, it can access funds held in investment accounts and short-term CD’s (12 and 24 month) with LCCF Investment Committee approval. This has not happened in recent history. As certificates of deposits come due, and investment returns are analyzed, these considerations are used in an on-going decision-making process to extend or renew those investments.

The following reflects the Foundation’s financial assets as of the statement of net assets date, reduced by the amounts not available for use within one year of the statement of financial position date because of contractual or donor-imposed restricted or internal designations. Amounts available include unrestricted funds as well as donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include donor-restricted endowments.

	2020	2019
Cash	\$ 183,028	\$ 238,022
Investments – Short Term	552,021	546,890
Less Endowments	<u>(50,077)</u>	<u>(53,683)</u>
Available	<u>\$ 684,972</u>	<u>\$ 731,229</u>