

**Lamar Community College Foundation
Auditor's Report and Financial Statements
June 30, 2021 and 2020**

**Lamar Community College Foundation
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June 30, 2021 and 2020**

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Independent Auditor's Report

Board of Directors
LCC Foundation

Opinion

We have audited the financial statements of LCC Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

rfarmer, llc

August 31, 2021

Lamar Community College Foundation
 Statements of Net Assets
 June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash	\$ 308,088	\$ 183,028
Investments-Short Term	<u>623,284</u>	<u>552,021</u>
TOTAL CURRENT ASSETS	<u>931,372</u>	<u>735,049</u>
TOTAL ASSETS	<u><u>931,372</u></u>	<u><u>735,049</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	59,021	37,667
Deferred revenues	<u>44,470</u>	<u>43,471</u>
TOTAL LIABILITIES	<u>103,491</u>	<u>81,138</u>
NET ASSETS		
Without Donor Restrictions	175,114	148,010
With Donor Restrictions	<u>652,767</u>	<u>505,901</u>
TOTAL NET ASSETS	<u>827,881</u>	<u>653,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 931,372</u></u>	<u><u>\$ 735,049</u></u>

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

Lamar Community College Foundation
Statements of Activities
For the years ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
SUPPORT AND REVENUE				
Support:				
Contributions	\$ 52,356	\$ 384,899	\$ 437,255	\$ 320,376
Revenue:				
Other Income	1,207	-	1,207	1,206
Investment income (loss)	75,633	-	75,633	11,150
TOTAL SUPPORT AND REVENUE	129,196	384,899	514,095	332,732
RELEASE FROM RESTRICTIONS	238,033	(238,033)	-	-
EXPENSES				
Program Services				
Scholarships awarded	178,195	-	178,195	198,429
Program costs for Lamar Community College curriculum	149,558	-	149,558	213,671
Support Services				
General and administrative	12,372	-	12,372	11,158
Fund raising	-	-	-	3,984
TOTAL EXPENSES	340,125	-	340,125	427,242
Changes in net assets	27,104	146,866	173,970	(94,510)
Net assets, beginning	148,010	505,901	653,911	748,421
NET ASSETS, End of Year	\$ 175,114	\$ 652,767	\$ 827,881	\$ 653,911

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, 2021 and 2020

	2021	2020
SUPPORT AND REVENUE		
Support:		
Contributions	\$ 437,255	\$ 320,376
Other Income	1,207	1,206
Investment income (loss)	75,633	11,150
TOTAL SUPPORT AND REVENUE	514,095	332,732
 EXPENSES		
Program Services		
Insurance	798	802
Telephone	310	320
Software	-	809
Dues	3,395	10
Office supplies	414	1,695
Professional fees	7,455	7,522
Scholarships paid	178,195	198,429
Special events	-	3,984
Program costs for Lamar Community College curriculum	149,558	213,671
TOTAL EXPENSES	340,125	427,242
Changes in net assets	173,970	(94,510)
Net assets, beginning	653,911	748,421
 NET ASSETS, End of Year	 \$ 827,881	 \$ 653,911

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions	\$ 438,254	\$ 363,847
Investment income (loss)	75,633	11,150
Other Income	1,207	1,206
Cash paid for scholarships & special events	(306,399)	(410,924)
Cash paid for general and administrative support	(12,372)	(11,158)
Cash paid for other program expenses	-	(3,984)
Net Cash Provided (Used) by Operating Activities	196,323	(49,863)
Net Increase (Decrease) in Cash	196,323	(49,863)
Cash, Beginning of Year	735,049	784,912
Cash, End of Year	\$ 931,372	\$ 735,049
RECONCILIATION OF OPERATING INCOME		
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 173,970	\$ (94,510)
Changes in assets and liabilities related to operations:		
Accounts Payable (Decrease) Increase	21,354	1,176
Deferred revenue (Decrease) Increase	999	43,471
Net Cash provided (used) by operating activities	\$ 196,323	\$ (49,863)
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, 2021 and 2020

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, 2021 and 2020.

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, 2021, 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, 2021, 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, 2021, the periods that remain open to examination under federal statute are for the tax years ended June 30, 2018 through 2020.

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, 2021 and 2020, 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, 2021, and June 30, 2020 respectively, \$623,284 and \$552,021 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, 2021		June 30, 2020	
	Cost	Market	Cost	Market
Deposit Accounts	\$ 206,447	\$ 210,935	\$ 228,082	\$ 228,082
Exchange Traded Funds	305,029	357,584	288,089	293,755
Other Investments	53,725	54,765	30,396	30,184
Total	<u>\$ 565,201</u>	<u>\$ 623,284</u>	<u>\$ 546,567</u>	<u>\$ 552,021</u>

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 30th 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, 2021:

	Net Assets with Restrictions
Endowment net assets, beginning of year	\$ 50,077
Contributions	-
Investment gains	2,004
Endowment net assets, end of year	<u>\$ 52,081</u>

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>

Note 4 Net Assets with Donor Restrictions

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

	June 30, 2021	June 30, 2020
Unappropriated endowment funds	<u>\$ 652,767</u>	<u>\$ 505,901</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 2020-21 the Foundation provided \$178,195 in scholarships, \$149,558 toward programs, and \$7,916 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 2019-20 the Foundation provided \$198,429 in scholarships, \$213,671 towards programs, and \$15,142 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, 2021, the Foundation owed the College \$59,021 and \$37,667 as of June 30, 2020.

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.

	2021	2020
Cash	\$ 308,088	\$ 183,028
Investments – Short Term	623,284	552,021
Less Endowments	<u>(52,081)</u>	<u>(50,077)</u>
Available	<u>\$ 879,291</u>	<u>\$ 684,972</u>