

**BATON ROUGE COMMUNITY
COLLEGE FOUNDATION**

Baton Rouge, Louisiana

Financial Report
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Baton Rouge Community College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Community College Foundation as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Baton Rouge Community College Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Baton Rouge Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Baton Rouge Community College 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 Baton Rouge Community College 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of Baton Rouge Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baton Rouge Community College Foundation's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 15, 2023

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Statement of Financial Position
June 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 3,626,490
Accounts receivable	40,405
Pledge receivable, current, net	<u>13,879</u>
Total current assets	3,680,774

PROPERTY AND EQUIPMENT

Furniture, fixtures, and equipment	10,225
Instructional equipment	<u>1,028,648</u>
Total property and equipment	1,038,873
Less accumulated depreciation	<u>(808,472)</u>
Net property and equipment	230,401

OTHER NONCURRENT ASSETS

Pledges receivable, noncurrent, net	33,238
Investments	<u>1,318,952</u>
Total other noncurrent assets	<u>1,352,190</u>

TOTAL ASSETS	<u>\$ 5,263,365</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 14,307
Deferred revenue, current portion	<u>2,500</u>
Total current liabilities	<u>16,807</u>

LONG-TERM LIABILITIES

Funds held in custody	601,401
Deferred revenue, noncurrent portion	<u>6,250</u>
Total long-term liabilities	<u>607,651</u>

TOTAL LIABILITIES	<u>624,458</u>
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NET ASSETS

Without donor restrictions	504,735
With donor restrictions	<u>4,134,172</u>
Total net assets	<u>4,638,907</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,263,365</u>
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The accompanying notes are an integral part of these financial statements.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 77,959	\$ 3,033,740	\$ 3,111,699
Contributed non-financial assets	334,506	-	334,506
Dividends and interest income	-	15,780	15,780
Realized gain on investments	-	64,692	64,692
Unrealized gain on investments	-	39,124	39,124
Changes in Net Asset Restrictions:			
Released from restrictions	<u>989,657</u>	<u>(989,657)</u>	<u>-</u>
Total support and revenue	<u>1,402,122</u>	<u>2,163,679</u>	<u>3,565,801</u>
Expenses:			
Support services -			
Management and general	325,723	-	325,723
Program expenses	998,817	-	998,817
Fundraising expenses	<u>100,255</u>	<u>-</u>	<u>100,255</u>
Total expenses	<u>1,424,795</u>	<u>-</u>	<u>1,424,795</u>
INCREASE (DECREASE) IN NET ASSETS	(22,673)	2,163,679	2,141,006
NET ASSETS, beginning	<u>527,408</u>	<u>1,970,493</u>	<u>2,497,901</u>
NET ASSETS, ending	<u>\$ 504,735</u>	<u>\$ 4,134,172</u>	<u>\$ 4,638,907</u>

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

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Statement of Functional Expenses
Year Ended June 30, 2023

	Fundraising	Program	Management and General	Total
Advertising	\$ -	\$ 41,812	\$ -	\$ 41,812
Athletic equipment	-	82,862	-	82,862
Awards and scholarships	-	157,044	6,040	163,084
Bank & credit card fees	408	998	710	2,116
Books, subscriptions, reference	-	1,543	165	1,708
Depreciation	-	138,712	2,139	140,851
Fundraising fees	-	-	-	-
Non-financial assets-goods	-	315,326	-	315,326
Non-financial assets-services	83,627	-	250,880	334,507
Insurance	-	-	4,406	4,406
Interest	-	-	-	-
Mailing & printing	157	4,839	467	5,463
Meals & meetings	1,063	14,548	1,063	16,674
Membership dues & subscriptions	-	449	3,201	3,650
Miscellaneous & other expenses	-	327	121	448
Professional & accounting	15,000	165,170	38,078	218,248
Rent & parking	-	5,981	5,400	11,381
Salaries & wages	-	36,143	-	36,143
Software & telephone	-	479	9,242	9,721
Special events & tickets	-	6,820	-	6,820
Staff development	-	1,680	-	1,680
Supplies	-	17,893	388	18,281
Travel & conferences	-	6,191	3,423	9,614
	<u>\$ 100,255</u>	<u>\$ 998,817</u>	<u>\$ 325,723</u>	<u>\$ 1,424,795</u>

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

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	<u>\$ 2,141,006</u>
Adjustments to reconcile increase in net assets to cash provided by operations	
Depreciation	140,851
Amortization of discount on pledges receivable	(1,145)
Increase in funds held in custody	168,577
Unrealized (gain) loss on investments	(39,124)
Donated fixed assets	315,326
Change in current assets and liabilities	
Accounts receivable	317,930
Pledges receivable	(10,000)
Accounts payable	(89,230)
Deferred revenue	<u>(2,500)</u>
Net cash provided by operating activities	<u>2,941,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net purchase of investments	<u>(312,034)</u>
Net cash used by investing activities	<u>(312,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash used by financing activities activities	<u>-</u>
Net increase in cash	<u>2,629,657</u>
CASH, beginning of year	<u>996,833</u>
CASH, end of year	<u>\$ 3,626,490</u>

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

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

Note 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – 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.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence of absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The unspent appreciation of the Foundations donor restricted endowment fund is reported as net assets with donor restrictions. The Organization has both net assets without donor restrictions and net assets with donor restrictions as of June 30, 2023.

Revenue Recognition – Contributions received are recorded as increases in net assets with or without donor 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions are recognized when the donor makes a promise to give all that is unconditional. Conditional promises to give are not recognized until they become unconditional. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as an additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. In-kind contributions are reflected as contributions at their estimated fair value at the date of donation.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided.

Donated Assets – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Property and Equipment – Donations of property and equipment are recorded as contributions at fair value at the date of donation. Contributions of property and equipment restricted to a particular program are considered released from restrictions when the assets are placed in service. Contribution of cash that must be used to acquire property and equipment are reported as restricted contributions until the asset has been purchased and placed into service.

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation receives services, on a year-round basis, from individuals who are employed by the College and have a portion of their time allocated to the purposes and programs of the Foundation. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of Statements of Cash Flows, the Foundation considers all highly liquid investment with a maturity of three months or less to be cash equivalents.

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

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicated that the payment is merely postponed.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment – All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful life of assets are capitalized. Property and Equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Depreciation expense was \$140,851 for the year ended June 30, 2023.

Investments – Investments in marketable equity securities with readily determinable fair values are stated at fair value. Real estate investments and equity securities without readily determinable fair values are stated at cost. Dividend, interest, and other investment income, including realized and unrealized gains and losses, are recorded as increases or decreases in either net assets with or without donor restrictions.

Investment Pools – The Foundation maintains master investment accounts for its donor-restricted endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Realized and unrealized gains and losses from securities in the master investment account are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Funds Held in Custody – Under agreements with the Louisiana Board of Regents and the College, the Foundation considers all state matching funds and the proportionate share of income generated and expenses paid from the endowments or professorship scholarship as funds held in custody since they are due back to the state if endowment or the Foundation ever ends.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses.

Income Tax Status – The Foundation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundations tax exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for a charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising – The Foundation follows the policy of charging the costs of advertising to expense as incurred. The Foundation expensed \$41,812 for the year ended June 30, 2023.

Amortization – Amortization is computed for financial statement purposes on a straight-line basis. Loan issuance fees were being amortized over the life of the loan.

Recently Adopted Accounting Standard – As of July 1, 2021, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not for Profit Entities (Topic 958), Presentation and Disclosures by Not for Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts in kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts in kind. The Foundation's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

NOTE 2: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 3: FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

As of June 30, 2023, the fair value of the Foundation's investments was as follows:

Donor restricted cash	\$	408,319
Equity securities		737,774
Fixed income securities		172,859
Total investment at fair value	\$	<u><u>1,318,952</u></u>

NOTE 4: INVESTMENTS

All investments are restricted at June 30, 2023 as follows:

	<u>Cost</u>	<u>Market</u>
Donor restricted cash	\$ 408,319	\$ 408,319
Equity securities	729,758	737,774
Fixed income securities	171,992	172,859
Total investment at fair value	<u><u>\$ 1,310,069</u></u>	<u><u>\$ 1,318,952</u></u>

The investment returns for the year ended June 30, 2023 are as follows:

Interest and dividends	\$	15,780
Realized gains		64,692
Unrealized (losses) gains		39,124
	\$	<u><u>119,596</u></u>

The total return on investments was net of \$6,940 in management fees for the year ended June 30, 2023.

NOTE 5: PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to pay certain amounts in the future. Management believes that the pledges will be collected in full therefore no allowance for uncollectible receivables has been recorded. Pledges due beyond one year have been discounted at an annual rate of 2.2%. Pledges receivable consists of \$50,706 less a discount for future payments of \$3,589.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 6: CONCENTRATIONS

Cash Balances - 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 also has concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. At times the balance exceeds the FDIC limits. At June 30, 2023, the Foundation had deposits in excess of insurance coverage of \$194,639.

Revenues – For the year ended June 30, 2023, approximately 85.5% of the Foundation’s contributions came from three private and state funding sources.

NOTE 7: RELATED PARTIES

The College provides the Foundation with administrative personnel free of charge. The value of these services was approximately \$334,506 for the year ended June 30, 2023 and was recorded as contributed non-financial assets.

During the year, the Foundation paid \$109,413 to the College for scholarships and reimbursement of expenses.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following for the year ended June 30, 2023:

Scholarships	\$ 294,593
Specific Academic Projects	2,931,775
BRCC Departments	156,499
Other Institutional Support	62,266
Endowments	<u>689,039</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 4,134,172</u></u>

NOTE 9: ENDOWMENTS

The Foundation classifies net assets with donor restrictions at the original value of gifts donated to the permanent endowment fund. Earnings or losses from donor-restricted endowment fund investments are classified as net assets with donor restrictions until those amounts are appropriated for expenditure.

Return Objectives – The long-term investment objective is to maintain the purchasing power for 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 an asset allocation policy. Adequate liquidity shall be maintained to provided distributions as stipulated in the endowment agreement.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 9: ENDOWMENTS (CONTINUED)

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. On June 30, 2023, the Foundation was invested in a portfolio of 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.

Composition and changes in endowment related activities for the fiscal year ended June 30, 2023, are as follows:

Donor Restricted Endowment	
Net assets, beginning of year	\$ 1,087,642
Investment return:	
Investment income	15,806
Realized and unrealized gains (losses)	66,423
Management fees	<u>(25,830)</u>
Total investment return	56,399
Contributions	132,500
Distributions	<u>(8,000)</u>
Endowment net assets, end of year	<u><u>\$ 1,268,541</u></u>

NOTE 10: UNCERTAIN TAX POSITIONS

The Foundation may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The Foundation has analyzed its tax positions taken for filings with the Internal Revenue Service. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations, or cash flows. The Foundation's tax returns are subject for review for the three previous years.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Baton Rouge, Louisiana

Notes to Financial Statements

NOTE 11: LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets as of June 30, 2023, reduced by amounts not available for general use within one year of the balance sheet date because of the contractual or donor imposed restrictions

Financial assets, at year end	\$ 4,999,726
Endowment and earnings restricted for specific purposes	(1,318,952)
Subject to satisfaction of donor restrictions	<u>(3,329,099)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 351,675</u>

NOTE 12: SUBSEQUENT EVENTS

In preparing these financial statements, Baton Rouge Community College Foundation has evaluated all events and transactions for potential recognition or disclosure through December 15, 2023, the date the financial statements were available to be issued.

INTERNAL CONTROL AND COMPLIANCE



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& FREDERICK**
A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors of
Baton Rouge Community College Foundation
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baton Rouge Community College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge Community College Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Community College Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge Community College Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 15, 2023

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Summary Schedule of Prior Year Findings
Year Ended June 30, 2022

This section is not applicable for the fiscal year ended June 30, 2023.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION

Schedules of Findings and Questioned Costs
Year Ended June 30, 2023

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unqualified opinion has been issued on Baton Rouge Community College Foundation's financial statements as of and for the year ended June 30, 2023.

Significant Deficiencies – Financial Reporting

No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2023.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

This section is not applicable for the fiscal year ended June 30, 2023.

BATON ROUGE COMMUNITY COLLEGE FOUNDATION
Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2023

This section is not applicable for the fiscal year ended June 30, 2023.