

**ELAINE P. NUNEZ COMMUNITY  
COLLEGE FOUNDATION**

**Financial Statements**

**June 30, 2023**

**(With Independent Auditors' Report Thereon)**

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

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### **Independent Auditors' Report**

**To the Board of Directors of the  
Elaine P. Nunez Community College Foundation  
Chalmette, Louisiana**

#### ***Opinion***

**We have audited the accompanying financial statements of the Elaine P. Nunez Community College Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses 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 the Elaine P. Nunez 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Elaine P. Nunez 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 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 Elaine P. Nunez 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.**

*Auditors' 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 auditors' 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Elaine P. Nunez 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 the Elaine P. Nunez Community College Foundation's ability to continue as a going concern for a reasonable period.**

**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.**

*Griffin & Furman, LLC*

October 30, 2023

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

**Statement of Net Assets**

**June 30, 2023**

		<u>Assets</u>	
<b>Cash &amp; cash equivalents:</b>			
<b>With donor restrictions</b>	\$	452,204	
<b>Without donor restrictions</b>		146,435	
<b>Total cash &amp; cash equivalents</b>		<u>                    </u>	598,639
<b>Investments:</b>			
<b>With donor restrictions</b>		76,705	
<b>Without donor restrictions</b>		-	
<b>Total investments</b>		<u>                    </u>	76,705
<b>Other assets</b>			2,900
<b>Other receivables</b>			2,209
<b>Property &amp; equipment, net</b>			-
<b>Cash with donor endowment restrictions</b>			40,000
<b>Investments with donor endowment restrictions</b>			<u>1,250,000</u>
<b>Total assets</b>			\$ <u><u>1,970,453</u></u>

		<u>Liabilities &amp; Net Assets</u>	
<b>Liabilities:</b>			
<b>Accounts payable - unrestricted</b>	\$	1,186	
<b>Accounts payable - restricted</b>		8,890	
<b>Funds held in trust</b>		596,550	
<b>Total liabilities</b>		<u>                    </u>	606,626
<b>Net Assets:</b>			
<b>Without donor restrictions</b>		150,127	
<b>With donor restrictions</b>		1,213,700	
<b>Total net assets</b>		<u>                    </u>	1,363,827
<b>Total liabilities &amp; net assets</b>			\$ <u><u>1,970,453</u></u>

See accompanying notes to the financial statements.

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

**Statement of Activities**

**For the Year Ended June 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support &amp; revenues:</b>			
Contributions	\$ 33,197	230,645	263,842
Fundraising events (less related costs of \$8,664)	91,554	-	91,554
Interest income	2,325	15,195	17,520
Dividend income	-	22,493	22,493
Unrealized gain on investments	-	47,113	47,113
Realized (gain) loss on investments	3,255	(22,603)	(19,348)
Net assets released from restrictions	<u>212,800</u>	<u>(212,800)</u>	<u>-</u>
<b>Total support &amp; revenues</b>	<u>343,131</u>	<u>80,043</u>	<u>423,174</u>
<b>Expenses:</b>			
Program services	263,221	-	263,221
Supporting services	<u>14,987</u>	<u>-</u>	<u>14,987</u>
<b>Total expenses</b>	<u>278,208</u>	<u>-</u>	<u>278,208</u>
<b>Change in net assets</b>	64,923	80,043	144,966
<b>Net assets - beginning of year</b>	<u>85,204</u>	<u>1,133,657</u>	<u>1,218,861</u>
<b>Net assets - end of year</b>	<u>\$ 150,127</u>	<u>1,213,700</u>	<u>1,363,827</u>

See accompanying notes to the financial statements.

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

**Statement of Cash Flows**

**For the Year Ended June 30, 2023**

<b>Cash flows from operating activities:</b>		
Change in net assets	\$ <u>144,966</u>	
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Unrealized gain on investments	(47,113)	
Realized loss on restricted investments	22,603	
Realized gain on unrestricted investments	(3,255)	
<b>(Increase) decrease in assets:</b>		
Other assets	(2,900)	
<b>Increase (decrease) in liabilities:</b>		
Accounts payable - unrestricted	(6,330)	
Accounts payable - restricted	(20,788)	
Funds held in trust	<u>18,941</u>	
Total adjustments	<u>(38,842)</u>	
Net cash provided by operating activities		106,124
<b>Cash flows from investing activities:</b>		
Purchase of permanently restricted investments	(21,967)	
Purchase of investments with donor endowment restrictions	(60,000)	
Proceeds from sales of permanently restricted investments	83,193	
Proceeds from sale of unrestricted investments	<u>18,120</u>	
Net cash provided by investing activities		<u>19,346</u>
<b>Net increase in cash &amp; cash equivalents</b>		<b>125,470</b>
<b>Cash &amp; cash equivalents, beginning of year</b>		<u><b>513,169</b></u>
<b>Cash &amp; cash equivalents, end of year</b>		<b>\$ <u><u>638,639</u></u></b>
<b>Cash and cash equivalents reconciliation:</b>		
With donor restrictions	\$ 452,204	
Without donor restrictions	146,435	
Cash with donor endowment restrictions	<u>40,000</u>	
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u><u>638,639</u></u></b>	

See accompanying notes to the financial statements.

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

**Statement of Functional Expenses**

**For the Year Ended June 30, 2023**

	Program Services					Total Program Services	Supporting Services	Total
	Endowment Awards	Student Activities	Scholarships	Institutional Admin	Community Outreach			
Advertising	\$ -	-	-	-	7,508	7,508	-	7,508
Athletics	-	51,405	-	-	-	51,405	-	51,405
Bank charges	-	-	-	1,038	-	1,038	-	1,038
Contractors	-	-	-	1,500	-	1,500	-	1,500
Gifts	-	3,250	-	-	3,346	6,596	-	6,596
Events	-	-	-	7,195	2,790	9,985	-	9,985
Investment fees	-	-	-	-	-	-	13,402	13,402
Legal & professional	-	-	-	9,100	-	9,100	1,585	10,685
Meals & entertainment	-	539	90	-	21,920	22,549	-	22,549
Meeting expenses	-	-	-	440	-	440	-	440
Office supplies	-	-	-	3,651	-	3,651	-	3,651
Operational services	-	-	-	2,213	-	2,213	-	2,213
Other business expenses	-	-	24,100	56,565	-	80,665	-	80,665
Other miscellaneous service cost	-	-	-	-	13,111	13,111	-	13,111
Endowment awards	1,590	-	-	-	-	1,590	-	1,590
Registration fees	-	-	-	1,380	-	1,380	-	1,380
Scholarship awards	-	-	45,510	-	-	45,510	-	45,510
Travel	-	-	-	-	4,980	4,980	-	4,980
<b>Total functional expenses</b>	<b>\$ 1,590</b>	<b>55,194</b>	<b>69,700</b>	<b>83,082</b>	<b>53,655</b>	<b>263,221</b>	<b>14,987</b>	<b>278,208</b>

See accompanying notes to the financial statements.

# ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION

## Notes to the Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies

#### (a) General

The Elaine P. Nunez Community College Foundation (the Foundation) is a private, nonprofit 501(c)(3) organization dedicated to assisting the students attending Elaine P. Nunez Community College (the College) in pursuing their collegiate training. The Foundation also provides the College with funds to purchase personal property, pay for services for instruction, provide scholarships, and for the purpose of providing funds to carry on any proper activity of the College.

#### (b) Sources of Funding

The Foundation receives support from contributions and revenues generated by investments.

#### (c) Basis of Accounting

The Foundation maintains its accounting records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

#### (d) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

- Net assets without donor restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
- Net assets with donor restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires; that is, until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

#### (e) Use of Estimates

Management of the Foundation has made estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Notes to the Financial Statements

June 30, 2023

(f) Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

(g) Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation's evaluation as of June 30, 2023 revealed no tax position that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(h) Cash & Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include bank deposits, money market accounts, and certificates of deposit with maturities of three months or less.

(i) Cash & Cash Equivalents - Restricted

Restricted cash and cash equivalents consist of cash on deposit with financial institutions, the use of which is subject to donor restrictions.

(j) Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts at various financial institutions in the Greater New Orleans area where the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits.

The Foundation receives most of its funding from individuals and small businesses located in the Southeast Louisiana area. These donations are generally received through a pledge campaign from Friends of the College.

(k) Investments

Investments, consisting of equity securities and mutual funds, are recorded at fair value. Unrealized gains and losses on investments with readily determinable fair values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or

ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2023

law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

- Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.
- Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.
- Level 3 inputs are unobservable and generated by the entity itself.

Certain investments in equity securities consist of publicly registered, non-listed real estate investment trusts (REIT) and business development companies (BDC). These investments are not publicly traded; thus, active market prices are not available. The Foundation estimates the cost of these investments to approximate fair market value as the unit offering prices have remained unchanged since the purchase of these investments. This is considered a Level 3 input for purposes of the fair value hierarchy. Aside from the initial purchase of these investments, there were no other increases or decreases in these investments during the year. All remaining investments are measured at Level 1 inputs.

(1) Funds Held in Trust

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 as funds held in trust.

(2) Liquidity and Availability of Financial Assets

The Foundation monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation's primary sources of support are contributions and revenue from investments.

The following table reflects the Foundation's financial assets (cash & cash equivalents and investments) as of June 30, 2023:

Financial assets available within one year and free of donor restrictions:	
Cash & cash equivalents	\$ 146,435
Other receivables	<u>2,209</u>
Available without restrictions within one year	<u>148,644</u>

**ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION**

**Notes to the Financial Statements**

**June 30, 2023**

**Financial assets available within one year subject to donor restrictions:**

Cash & cash equivalents	452,204
Investments	<u>76,705</u>
Available with restrictions within one year	<u>528,909</u>

**Financial assets subject to donor endowment restrictions:**

Cash & cash equivalents	40,000
Investments	<u>1,250,000</u>
Subject to donor endowment restrictions	<u>1,290,000</u>

**Total financial assets** **\$ 1,967,553**

**(3) Investments**

Fair value hierarchy classification on June 30, 2023, is summarized by category as follows:

	<u>Carrying Value</u>	<u>Fair Value Hierarchy</u>
Mutual funds	1,296,132	Level 1
Equity securities (REIT & BDC)	<u>30,573</u>	Level 3
	<b><u>\$ 1,326,705</u></b>	

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2023:

Dividends income	\$ 22,493
Unrealized gain on investments	50,368
Realized loss on investments	<u>(22,603)</u>
	<b><u>\$ 50,258</u></b>

The following schedule summarizes the investment return recorded as an adjustment to Funds Held in Trust:

Dividends income	\$ 15,082
Unrealized gain on investments	32,122
Realized loss on investments	<u>(15,390)</u>
	<b><u>\$ 31,814</u></b>

ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2023

(4) Net Assets Released from Restrictions

Net assets subject to donor restrictions are as follows as of June 30, 2023:

Air Products PTECH Support Fund	\$	5,690
Educational Partnership		13,733
History Lecture Series		24,763
Industrial Tech Fund		47,475
Investment Income Restricted for Scholarships & Professorships		99,521
NOETC Fund		11,956
Other		6,357
Scholarships		<u>258,972</u>
	\$	<u>468,467</u>

Net assets were released from restrictions for the following purposes during the year ended June 30, 2023:

Air Products PTECH Support Fund	\$	1,000
Athletics		71,855
Energy Innovation		44,564
History Lecture Series		1,851
Investment Income Restricted for Scholarships & Professorships		13,911
Other		51,619
Scholarships		6,500
Voyage Mark		<u>21,500</u>
	\$	<u>212,800</u>

Permanently restricted net assets consist of \$1,290,000 of Endowed Professorship and Scholarship Programs (more fully disclosed in Note 5) on June 30, 2023.

(5) Restricted Assets

*Donor Designated Endowments*

The Foundation's endowment consists of the following:

**Endowed Professorships** – Nine individual funds were established to provide a permanent endowment beginning with \$100,000. These endowments are generally created by non-state contributions to the College that equal 60% of the endowment and are matched with funds from the Louisiana Board of Regents that equal 40% of the endowment.

**Endowed Scholarships** – Ten individual funds were established to provide a permanent endowment. Endowments related to nursing, allied health, and STEM transfer are generally created by non-state contributions to the College that equal 50% of the endowment and are matched with funds from the Louisiana Board of Regents equal 50% of the endowment. Endowments related to engineering technology, finance and accounting, computer and information science, construction crafts, welding, electrical, and industrial production transfer are generally created by non-state contributions to the College that equal 75% of the

Notes to the Financial Statements

June 30, 2023

endowment and are matched with funds from the Louisiana Board of Regents equal 25% of the endowment.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation 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 SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation, and (7) Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies*

The Foundation follows the Louisiana Board of Regents Statement of Investment Policy and Objectives from endowment assets that attempt to provide a source of funds through a return on the invested capital for the current and future support of the programs while maintaining the purchasing power of these endowment assets over the long-term. Accordingly, the investment process seeks to attain an average real total return at or above the level of spending and fees. The real total return is investment return (gains and losses, realized and unrealized, as well as earnings) minus inflation. Inflation is measured by the change in the Consumer Price Index – Urban.

*Spending Policy*

The Foundation follows the Louisiana Board of Regents Statement of Investment Policy and Objectives. The Foundation has a policy of appropriating for distribution each year an amount not greater than 5% of the market value of Program Assets averaged on a consistent basis for the five most recent fiscal trust fund years, provided that the market value of the Program Assets at the end of the most recent fiscal trust fund year exceeds the original corpus of the endowment. When the current market value of Program Assets is below the original corpus of that endowment (underwater endowment), no spending is allowed. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds many of which must be maintained in perpetuity because of donor restrictions and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets and provide additional real growth through investment return.

ELAINE P. NUNEZ COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

June 30, 2023

Underwater endowments consisted of seven donor-designated endowment funds, which together have an original gift value of \$290,000, a current fair value of \$285,208 and a deficiency of \$4,792 as of June 30, 2023.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds.

Changes in endowment net assets for the year ended June 30, 2023 is summarized as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 66,957	740,000	806,957
Contributions	-	10,000	10,000
Transfer from temporarily restricted funds	-	10,000	10,000
Interest and dividend income	21,965	-	21,965
Unrealized gain on investments	47,113	-	47,113
Realized loss on investments	(22,603)	-	(22,603)
Amount appropriated for expenditure	<u>(13,911)</u>	<u>-</u>	<u>(13,911)</u>
Endowment net assets, end of year	<u>\$ 99,521</u>	<u>760,000</u>	<u>859,521</u>

**(6) Contingent Liabilities**

In a prior year, the Foundation invested \$15,000 in VII Peaks Co-Optivist Income BDC II, Inc. (the BDC). The BDC is currently delinquent in its filings with the Securities and Exchange Commission and recently VII Peaks Capital, the BDC's manager, was sanctioned by the Securities and Exchange Commission for diverting fees that were due to the BDC. The net asset value price of the investment has continually declined in recent years. The current carrying value of this investment is \$10,862 and it is possible the Foundation could incur a loss up to the carrying value of this investment.

**(7) Evaluation of Subsequent Events**

The Foundation has evaluated subsequent events for potential recognition of disclosure in the financial statements through October 30, 2023, the date on which the financial statements were available to be issued.