

**BATON ROUGE COMMUNITY COLLEGE  
FOUNDATION, INC.**

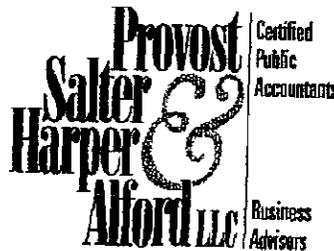
**(A NON-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/3/10



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# **BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*June 30, 2009*

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Trustees  
Baton Rouge Community College Foundation, Inc.

We have audited the accompanying statements of financial position of Baton Rouge Community College Foundation, Inc. (a nonprofit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Community College Foundation, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PROVOST, SALTER, HARPER & ALFORD, LLC



October 23, 2009

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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**Statements of Financial Position****June 30, 2009 and 2008**

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 230,984	\$ 292,725
Due from LCTCS	-	8,732
Total current assets	<u>230,984</u>	<u>301,457</u>
<b>Noncurrent Assets</b>		
Restricted Assets-		
Investments		
Funds held in custody	230,495	250,379
Scholarships and Endowed professorships	191,210	197,887
Unconditional promises to give	16,000	24,000
Total noncurrent assets	<u>437,705</u>	<u>472,266</u>
Total Assets	<u>\$ 668,689</u>	<u>\$ 773,723</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 9,000	\$ 9,000
Funds held in custody-LCTCS	-	1,500
Funds held in custody-Baton Rouge Community College	230,495	250,379
Total liabilities	<u>239,495</u>	<u>260,879</u>
<b>Net Assets</b>		
Unrestricted net assets	30,651	110,631
Temporarily restricted net assets	189,943	193,613
Permanently restricted net assets	208,600	208,600
Total net assets	<u>429,194</u>	<u>512,844</u>
Total Liabilities and Net Assets	<u>\$ 668,689</u>	<u>\$ 773,723</u>

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Statement of Activities**Year ended June 30, 2009*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Contributions	\$ 48,305	\$ 72,242	\$ -	\$ 120,547
Interest and other income	-	(14,678)	-	(14,678)
Net assets released from restrictions	61,234	(61,234)	-	-
<b>Total Revenue and Support</b>	<b>109,539</b>	<b>(3,670)</b>	<b>-</b>	<b>105,869</b>
<b>Expenses</b>				
Program services				
Scholarships	52,808	-	-	52,808
Chancellor supplemental compensation	10,000	-	-	10,000
College Support	95,765	-	-	95,765
<b>Total program services</b>	<b>158,573</b>	<b>-</b>	<b>-</b>	<b>158,573</b>
Support Services				
General and administrative	28,102	-	-	28,102
Fund Raising	2,844	-	-	2,844
<b>Total Support Services</b>	<b>30,946</b>	<b>-</b>	<b>-</b>	<b>30,946</b>
<b>Total Expenses</b>	<b>189,519</b>	<b>-</b>	<b>-</b>	<b>189,519</b>
<b>Change in Net Assets</b>	<b>(79,980)</b>	<b>(3,670)</b>	<b>-</b>	<b>(83,650)</b>
<b>Net Assets</b>				
Beginning of year	110,631	193,613	208,600	512,844
End of year	\$ 30,651	\$ 189,943	\$ 208,600	\$ 429,194

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Statement of Activities**Year ended June 30, 2008*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>				
Contributions	\$ 21,481	\$ 100,683	\$ -	\$ 122,164
Special events	102,190	-	-	102,190
Interest and other income	-	(14,059)	-	(14,059)
Net assets released from restrictions	69,655	(69,655)	-	-
<b>Total Revenue and Support</b>	<b>193,326</b>	<b>16,969</b>	<b>-</b>	<b>210,295</b>
<b>Expenses</b>				
I Scholarships				
Scholarships	71,735	-	-	71,735
Chancellor supplemental compensation	10,000	-	-	10,000
College support	90,263	-	-	90,263
<b>Total program services</b>	<b>171,998</b>	<b>-</b>	<b>-</b>	<b>171,998</b>
Support Services				
General and Administrative	9,000	-	-	9,000
Fund Raising	167,128	-	-	167,128
<b>Total Support Services</b>	<b>176,128</b>	<b>-</b>	<b>-</b>	<b>176,128</b>
<b>Total Expenses</b>	<b>348,126</b>	<b>-</b>	<b>-</b>	<b>348,126</b>
<b>Change in Net Assets</b>	<b>(154,800)</b>	<b>16,969</b>	<b>-</b>	<b>(137,831)</b>
<b>Net Assets</b>				
Beginning of year	278,314	163,761	208,600	650,675
Correction of prior year	(12,883)	12,883	-	-
Beginning as restated	265,431	176,644	208,600	650,675
<b>End of year</b>	<b>\$ 110,631</b>	<b>\$ 193,613</b>	<b>\$ 208,600</b>	<b>\$ 512,844</b>

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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**Statements of Cash Flows****Years ended June 30, 2009 and 2008**

	2009	2008
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (83,650)	\$ (137,831)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gains) in investments	28,828	45,928
(Increase) decrease in:		
Due from LCTCS	8,732	(528)
Unconditional promises to give - endowments	8,000	8,000
Increase (decrease) in:		
Accounts payable	-	(101,000)
Due to BRCC	-	-
Funds held in custody-LCTCS	(1,500)	(365,745)
Funds held in custody-State of Louisiana	(19,884)	117,466
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(59,474)</u>	<u>(433,710)</u>
<b>Cash Flows From Investing Activities</b>		
Matured investments	5,733	-
Purchase of investments	(8,000)	(157,335)
<b>Net Cash Provided By (Used in) Investing Activities</b>	<u>(2,267)</u>	<u>(157,335)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(61,741)	(591,045)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>292,725</u>	<u>883,770</u>
End of year	<u>\$ 230,984</u>	<u>\$ 292,725</u>

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# BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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*Notes to Financial Statements*

*June 30, 2009*

## 1. Nature of Activities and Significant Accounting Policies

**Nature of Activities.** In April 1998, Baton Rouge Community College Foundation, Inc. (the Foundation) was established. The Foundation was developed to provide financial and human resources for academic and vocational education programs for the Baton Rouge Community College (the College). The Foundation will provide this support through contributions from individuals, business and professional groups, and philanthropic organizations. The Foundation depends primarily on donor support; therefore, future operating results are contingent on its ability to secure contributions from donors. The majority of donors are in the greater Baton Rouge metropolitan area. One donor accounted for over 22% and 30% of contributions in the years ended June 30, 2009 and 2008, respectively.

A summary of the Foundation's significant account policies follows.

**Basis of Accounting.** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time are classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation are classified as permanently restricted. Generally, the donors of these assets permit the Foundation to use all or part of the income earned or any related expenses for general or specific purposes.

**Cash and Cash Equivalents.** For purposes of reporting the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Foundation's cash accounts are maintained in a commercial bank located in Baton Rouge, Louisiana. At times such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit. At June 30, 2009, the Foundation's account balances were fully insured.

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## BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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*Notes to Financial Statements*

*June 30, 2009*

**Donated Services.** Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No professional services were donated in 2009 or 2008.

**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 reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Funds Held in Custody.** The Foundation considers all state matching funds and unexpended income from those funds to be reported as funds held in custody. In addition, amounts held for other College affiliated foundations are reported as funds held in custody.

**Fund Raising Costs.** The Foundation incurs fund-raising costs to persuade potential donors to make contributions to the Foundation. These costs are expensed as incurred.

**Income Taxes.** The Foundation is exempt from Federal income taxes under § 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation, within the meaning of § 509(a) of the Code.

**Investments.** Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Dividends, interest, and other investment income are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on donor stipulations. Donated investments are recorded at their fair market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method.

**Non-Monetary Transactions.** The College provides the use of their facilities, office equipment and personnel at no cost to the Foundation. An in kind donation and expense of \$7,845 was recorded for the year ended June 30, 2009.

**Promises to Give.** Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

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# BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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Notes to Financial Statements

June 30, 2009

**Recent accounting pronouncements.** The Financial Accounting Standards Board (FASB) issued a staff position No. 117-1 on August 6, 2008 effective for years ended after December 15, 2008. It provides guidance on the net asset classification of donor restricted endowment funds for all not for profit organizations that are subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act of 2006* (UPMIFA). It also requires enhanced disclosures about an organization's endowment funds.

## 2. Investments

Investments were comprised of the following as of June 30, 2009 and 2008.

	2009	2008
Money Market Funds	\$ 11,219	\$ 45,387
Certificates of deposit	290,000	236,000
Stock mutual funds	120,486	166,879
Total	<u>\$ 421,705</u>	<u>\$ 448,266</u>

Balances in investments are included in the following captions:

	2009	2008
Funds held in custody	\$ 230,495	\$ 250,379
Scholarships and Endowed professorships	191,210	197,887
Total	<u>\$ 421,705</u>	<u>\$ 448,266</u>

Changes in investments were as follows for the years ended June 30, 2009 and 2008.

	Change in Investments	
	2009	2008
Balance, beginning	\$ 448,266	\$ 336,859
Investment purchases	8,000	128,000
Investment income, reinvested	14,151	29,335
Market value adjustment	(48,712)	(45,928)
Balance, ending	<u>\$ 421,705</u>	<u>\$ 448,266</u>

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Notes to Financial Statements**June 30, 2009*

Unrealized gains and losses were as follows at June 30, 2009 and 2008.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Market Value
<b>June 30, 2009</b>				
Money market funds	\$ 11,219	\$ -	\$ -	\$ 11,219
Certificates of deposit	290,000	-	-	290,000
Stock mutual funds	202,243	-	(81,757)	120,486
<b>Total investments</b>	<b>\$ 503,462</b>	<b>\$ -</b>	<b>\$ (81,757)</b>	<b>\$ 421,705</b>
<b>June 30, 2008</b>				
Money market funds	\$ 45,387	\$ -	\$ -	\$ 45,387
Certificates of deposit	236,000	-	-	236,000
Stock mutual funds	199,924	-	(33,045)	166,879
<b>Total investments</b>	<b>\$ 481,311</b>	<b>\$ -</b>	<b>\$ (33,045)</b>	<b>\$ 448,266</b>

Investments are generally managed under assets diversification strategies to avoid significant concentrations of market risk. Endowment earnings are restricted to support the College. Under the endowment spending policy, certain amounts (based on a percentage of the investment value of the endowment) are appropriated to support current operations.

Investments in the endowment pool are intended to be held for an extended period of time and are not subject to near term withdrawal. Endowment pools are expected to remain at the current level or increase during the coming years.

The following schedule summarizes the investment return in the statement of activities for the years ended June 30, 2009 and 2008:

	2009	2008
Investment income	\$ 6,461	\$ 12,805
Net realized and unrealized gains (losses)	(21,139)	(26,864)
<b>Total return (loss) on investments</b>	<b>\$ (14,678)</b>	<b>\$ (14,059)</b>

Total return on investments was net of expenses of \$369 and \$504 for the years ended June 30, 2009 and 2008, respectively.

# BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2009

The Foundation's investments are exposed to several risks, such as interest risk, market and credit risks. Due to the level of risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's statement of financial position.

The book and market values of scholarship and endowed professorship accounts are as follows at June 30, 2009 and 2008 respectively:

Account Name	Cost	Approximate Market Value	Deficiency
<b>June 30, 2009</b>			
Reilly	\$ 121,127	\$ 100,787	\$ (20,340)
Box	111,298	92,609	(18,689)
Manship	117,001	97,355	(19,646)
Albritton	110,214	91,707	(18,507)
Chase	27,249	22,674	(4,575)
Total endowed professorships	486,889	405,132	(81,757)
Scholarship	16,573	16,573	-
Total	\$ 503,462	\$ 421,705	\$ (81,757)
<b>June 30, 2008</b>			
Reilly	\$ 118,166	\$ 109,777	\$ (8,389)
Box	108,578	100,870	(7,708)
Manship	114,142	106,038	(8,104)
Albritton	107,520	99,886	(7,634)
Chase	17,051	15,841	(1,210)
Total endowed professorships	465,457	432,412	(33,045)
Scholarship	15,854	15,854	-
Total	\$ 481,311	\$ 448,266	\$ (33,045)

### 3. Investment custody agreement

The Foundation has a non-discretionary agreement with Morgan Keegan to provide custody and other services related to the Foundation's investments. Under the terms of the agreement Morgan Keegan assists the Foundation with its investment objectives, goals and risks tolerance, suggests allocation of assets among mutual fund portfolios and furnishes trade confirmations, monthly statements and investment analysis.

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**BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Notes to Financial Statements**June 30, 2009***4. Chancellor Compensation**

The Chancellor of Baton Rouge Community College, in accordance with Louisiana Community and Technical College System (LCTCS) Board of Supervisors approval, receives a salary supplement derived from funds of the Foundation. In 2003, the Board of Trustees of the Foundation approved an annual disbursement of \$10,000 to be made to the Chancellor for the work performed in connection with the College.

**5. Temporarily Restricted Net Assets**

<b>Temporarily Restricted</b>	<b>College Support</b>	<b>Process Technology</b>	<b>College Scholarships</b>	<b>Endowed Professorships</b>	<b>Total</b>
Balance: July 1, 2007	\$ 48,938	\$ 47,445	\$ 68,087	\$ 12,174	\$ 176,644
Contributions	69,888	-	30,795	-	100,683
Investment gains (losses)	-	-	682	(14,741)	(14,059)
Released from restrictions	(23,930)	(10,880)	(34,845)	-	(69,655)
<b>Balance: June 30, 2008</b>	<b>94,896</b>	<b>36,565</b>	<b>64,719</b>	<b>(2,567)</b>	<b>193,613</b>
<b>Contributions</b>	<b>8,435</b>	<b>-</b>	<b>63,807</b>	<b>-</b>	<b>72,242</b>
<b>Investment gains (losses)</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>(15,396)</b>	<b>(14,678)</b>
<b>Released from restrictions</b>	<b>(17,955)</b>	<b>(8,620)</b>	<b>(34,659)</b>	<b>-</b>	<b>(61,234)</b>
<b>Balance: June 30, 2009</b>	<b>\$ 85,376</b>	<b>\$ 27,945</b>	<b>\$ 94,585</b>	<b>\$ (17,963)</b>	<b>\$ 189,943</b>

**6. Permanently Restricted Net Assets and Funds Held in Custody-State of Louisiana****Reilly Endowed Professorship**

On May 31, 2002, the Foundation established the Sean and Jennifer Eplett Reilly Chancellor's Endowed Professorship for Leadership Excellence. The endowment was established with \$60,000 from the Louisiana Educational Quality Support Fund which is considered "funds held in custody" and a \$40,000 contribution of private funds. The funds are considered to be permanently restricted and are required to be deposited in a separate bank account. The corpus of \$100,000 cannot be spent, but investment results can be spent in accordance with the investment policy outlined in the Endowment agreement.

**Box Endowed Professorship**

On April 1, 2005, the Foundation established the Hallie H. Box Endowed Professorship in Business

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## **BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Notes to Financial Statements*

*June 30, 2009*

and Technology. The endowment was established with \$60,000 from the Louisiana Educational Quality Support Fund which is considered "funds held in custody" and a \$40,000 contribution of private funds. The funds are considered permanently restricted and are required to be deposited in a separate bank account. The corpus of \$100,000 cannot be spent, but investment results can be spent in accordance with the investment policy outlined in the endowment agreement. The endowment will be used for support of the academic activities of the professorship. The recipient of this professorship shall be selected by the Dean of the College and approved by the Chancellor of the College.

### **Manship Endowed Professorship**

On June 28, 2005, the Foundation established the Jane French Manship Endowed Professorship to benefit the Department of English at Baton Rouge Community College. The endowment was established through a private contribution of \$40,000 and \$60,000 from the Louisiana Educational Quality Support Fund which is considered "funds held in custody". The funds are considered permanently restricted and are required to be deposited in a separate bank account. The corpus of \$100,000 cannot be spent, but investment results can be spent in accordance with the investment policy outlined in the endowment agreement. The endowment will be used for support of the academic activities of the professorship. The recipient of this professorship shall be selected by the Dean of the College and approved by the Chancellor of the College.

### **Albritton Endowed Professorship**

On August 1, 2005, the Foundation established the Michael J. and Leslie Greely Albritton Endowed Professorship in the Film and Entertainment Department of Arts and Liberal Arts. The endowment was established with \$60,000 from the Louisiana Educational Quality Support Fund which is considered "funds held in custody" and a \$40,000 contribution of private funds. The funds are considered permanently restricted and are required to be deposited in a separate bank account. The corpus totaling \$100,000 cannot be spent, but investment results can be spent in accordance with the investment policy outlined in the endowment agreement. The endowment will be used for support of the academic activities of the professorship. The recipient of this professorship shall be selected by the Dean of the College and approved by the Chancellor of the College.

### **Chase Endowed Professorship**

On August 15, 2006, the Foundation established the Chase Bank Endowed Professorship in Business and Technology. The endowment was established with an initial contribution of private funds of \$8,000 and a pledge of private funds of \$32,000 payable in \$8,000 installments due in August of each year through 2010. Upon completion of the pledge the funds will qualify for state matching funds of \$60,000 under the Board of Regents Support Fund. The funds are considered permanently restricted and are required to be deposited in a separate bank account. The initial contribution, pledge and final

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## BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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*Notes to Financial Statements*

*June 30, 2009*

contribution, pledge and final corpus totaling \$100,000 cannot be spent, but investment results can be spent in accordance with the investment policy outlined in the endowment agreement. The endowment will be used for support of the academic activities of the professorship. The recipient of this professorship shall be selected by the Dean of the College and approved by the Chancellor of the College.

<b>Permanently Restricted Endowed Accounts</b>	<b>Balance July 1, 2007</b>	<b>Contributions</b>	<b>Balance June 30, 2008</b>	<b>Contributions</b>	<b>Balance June 30, 2009</b>
Reilly	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 40,000
Box	40,000	-	40,000	-	40,000
Manship	40,000	-	40,000	-	40,000
Albritton	40,000	-	40,000	-	40,000
Chase	40,000	-	40,000	-	40,000
Scholarships	8,600	-	8,600	-	8,600
	<u>\$ 208,600</u>	<u>\$ -</u>	<u>\$ 208,600</u>	<u>\$ -</u>	<u>\$ 208,600</u>

### 7. Fair Value

The following estimated fair value amounts have been determined by the Foundation using available market information and the Foundation's best judgment of appropriate valuation methods. These estimates are based on pertinent information available to the Foundation as of June 30, 2009. Although the Foundation uses its best judgment in estimating the fair values of these financial instruments, there are inherent limitations in any estimation technique or valuation methodology. For example, because an active secondary market may not exist for a portion of the Foundation's financial instruments, in certain cases, fair values are not subject to precise quantification or verification and may change as economic and market factors, and evaluation of those factors, change. Therefore, the estimated fair values presented below are not necessarily indicative of the amounts that would be realized in current market transactions. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

#### *Cash and short-term investments*

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

#### *Investment funds*

For investment funds, fair values are based on quoted market prices.

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# BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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*Notes to Financial Statements*

*June 30, 2009*

## 8. Fair value measurements

On July 1, 2008, the Foundation adopted the provisions of SFAS No. 157, *Fair Value Measurement*. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires the Foundation to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are 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.

A description of the valuation methodologies used for instruments measured at fair value on the statements of financial condition follows, as well as the classification of such instruments within the valuation hierarchy.

### *Investment funds*

Investment funds are classified within Level 1 where fair value is estimated using quoted prices in active markets for identical assets. The Foundation's current portfolio does not include Level 2 or Level 3 securities as of June 30, 2009.

## 9. Endowment

The Baton Rouge Community College Foundation Inc.'s endowment consists of six individual donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported as permanently restricted based on existence or absence of donor-imposed restrictions.

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## BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

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*Notes to Financial Statements*

*June 30, 2009*

### *Interpretation of relevant Law*

The Board of Directors of Baton Rouge Community College Foundation, Inc. (the Board) has interpreted the State of Louisiana Revised Statute 9:2237 et seq cited as the "Louisiana Uniform Management of Institutional Funds Act" (LUMIFA) as requiring the Board to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with LUMIFA, the Board may expend so much of an endowment fund as the board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long term purchasing power of the endowment fund. The Board considered the following factors in making its determination:

- 1) The purpose of the Foundation
- 2) The intent of the donor of the endowment fund
- 3) The terms of the applicable instrument
- 4) The long-term and short term needs of the Foundation and the College in carrying out its purposes
- 5) General economic conditions
- 6) The possible effect of inflation or deflation
- 7) The other resources of the Foundation and the College
- 8) Perpetuation of the endowment

As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the original value of other corpus additions including state match provided to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by LUMIFA. However, by Board policy, any appreciation is considered an asset of each individual endowment fund and is not appropriated for general Foundation or College use.

### *Spending Policy*

The Foundation's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment assets. Over the long term, the current spending policy is designed to return a net positive gain in market value (growth) after spendable transfers.

# BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

Notes to Financial Statements

June 30, 2009

The annual rate for spendable transfers, distributed annually is the amount of each endowment's principal fund's spending base. The principal fund's spending base is a percentage of the market value, and is adjusted annually.

## Investment Policy

The Foundation's investment objectives are to provide an annual real return of 5% in order to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support activities of the funds held for the college. This policy is designed to tolerate volatility in short and intermediate-term performance. The endowment assets are invested with Morgan Keegan, per the terms of a management agreement dated May 10, 2006, in a manner that is intended to produce results that exceed both the Board Policy benchmark, which expects a return in excess of the annual Consumer Price Index (CPI).

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation, through Morgan Keegan, targets a diversified asset allocation that places an emphasis on long-term objectives within prudent risk constraints.

	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment Net Asset Composition by Type of Fund</b>			
Donor-restricted endowment funds			
June 30, 2009	\$ (17,963)	\$ 208,600	\$ 190,637
June 30, 2008	\$ (2,567)	\$ 208,600	\$ 206,033
<b>Changes in Endowment Net Assets</b>			
Endowment net assets, beginning of year	\$ (2,567)	\$ 208,600	\$ 206,033
Investment return:			
Investment income	5,743	-	5,743
Net appreciation (realized and unrealized)	(21,139)	-	(21,139)
Total investment return	(15,396)	-	(15,396)
Endowment net assets, end of year	\$ (17,963)	\$ 208,600	\$ 190,637

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## **BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**

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*Notes to Financial Statements*

*June 30, 2009*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or LUMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in temporarily restricted net assets were \$17,963 and \$2,567 as of June 30, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions.

### **10. Restatement of beginning net assets**

The temporarily restricted net assets as of June 30, 2007 were restated to properly reflect earnings on endowed funds as required by FAS 117-1.

### **11. Reclassifications**

Certain items in the financial statements for 2008 have been reclassified to conform to the current year presentation. Such reclassifications had no effect on net income.

## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees  
Baton Rouge Community College Foundation, Inc.

Our report on our audit of the basic financial statements of Baton Rouge Community College Foundation, Inc. (a nonprofit corporation) as of June 30, 2009 and 2008 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in cursive script that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in dark ink and is positioned below the printed name of the firm.

October 23, 2009

## BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

*Schedule of Functional Expenses*

*Year ended June 30, 2009*

	Program Services				
	Scholarships	Chancellor Supplemental Compensation	College Support	Fund Raising	General and Administrative
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting	-	-	-	-	20,257
Awards	-	-	3,908	-	-
Bank Charges	-	-	459	-	-
Chancellor's compensation	-	10,000	-	-	-
Dues and subscriptions	-	-	4,324	-	-
Travel and meals	-	-	51,319	-	-
Memberships	-	-	4,025	-	-
Miscellaneous	-	-	17,805	-	-
Office supplies	-	-	4,737	-	-
Postage and delivery	-	-	929	-	-
Printing and reproduction	-	-	3,180	-	-
Professional fees	-	-	6	-	-
Rent	-	-	-	-	2,400
Salaries	-	-	-	-	5,445
Staff development	-	-	5,073	-	-
Scholarships	52,808	-	-	-	-
Special events	-	-	-	2,844	-
	<b>\$ 52,808</b>	<b>\$ 10,000</b>	<b>\$ 95,765</b>	<b>\$ 2,844</b>	<b>\$ 28,102</b>

## BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.

*Schedule of Functional Expenses*

*Year ended June 30, 2008*

	Program Services				
	Scholarships	Chancellor Supplemental Compensation	College Support	Fund Raising	General and Administrative
Advertising	\$ -	\$ -	\$ 980	\$ -	\$ -
Accounting	-	-	-	-	9,000
Awards	-	-	2,265	-	-
Bank Charges	-	-	1,096	-	-
Chancellors compensation	-	10,000	-	-	-
Dues and subscriptions	-	-	742	-	-
Travel and meals	-	-	43,231	-	-
Insurance	-	-	-	-	-
Memberships	-	-	4,438	-	-
Miscellaneous	-	-	27,403	-	-
Office supplies	-	-	4,498	-	-
Postage and delivery	-	-	662	-	-
Printing and reproduction	-	-	236	-	-
Professional fees	-	-	3,005	-	-
Salaries	-	-	1,707	-	-
Scholarships	71,735	-	-	-	-
Special events	-	-	-	167,128	-
	<b>\$ 71,735</b>	<b>\$ 10,000</b>	<b>\$ 90,263</b>	<b>\$ 167,128</b>	<b>\$ 9,000</b>