

**ALAMANCE COMMUNITY COLLEGE
FOUNDATION, INC.**

2019 Audited Financial Statements

AUDITED FINANCIAL STATEMENTS

For The Years Ended June 30, 2019 and 2018

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.

2019 Board of Directors

Fa irfa x Re yno lds

Pre sid e nt

Ch a rle s C a na da y, Jr.

Vic e Pre sid e nt

Jo hn Cu rin

Se c re ta ry

Ch a rle s R. Ha ris

Te a su re r

Je ry Ba ile y

Ta b Jo yc e

Jo hn Be lling ha m

Re g gie Lip sc o mb

Pe te Bla e tz

Je sse Lo ng

Te d Ch a nd le r

Pa ul Ma une y

Ch ristop he r Cle mmons

Da vid Mo o re

Ja ckie Co le

Gr o ve r Mo o re

F. Sa mu el Ebe rts, III

Vic ki Mo ra n

Al gie Ga te wo od

Aa ro n No ble , Jr.

Willia m Go mo ry

Ja c k O ve ra c re , Jr.

Da le Gre e so n

Sue Ric h

Do ug Ha rg ro ve

Ric ky Sm ith

Bra d Ha rm on

Ka thle e n Tre a dw e ll

Ami Hill

Na nc y Whitfie ld

Ed Ho o ks

Ta ylo r Wilso n

CONTENTS

INDEPENDENT AUDITORS' REPORT.....	Page 3
AUDITED FINANCIAL STATEMENTS:	
Statements of Financial Position	5
Statements of Activities.....	6
Statements of Functional Expenses.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

November 7, 2019

To the Board of Directors
Alamance Community College Foundation, Inc.
Graham, North Carolina

We have audited the accompanying financial statements of Alamance Community College Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

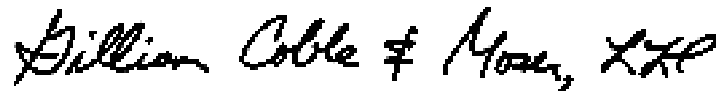
To the Board of Directors
Alamance Community College Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alamance Community College Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Alamance Community College Foundation, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Burlington, North Carolina
November 7, 2019

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,234,609	\$ 902,418
Long - term investments	11,068,740	10,749,734
Prater and Dillingham trusts	1,263,637	1,285,251
Other receivables	26,136	1,759
Promises to give - net	61,187	87,475
Grants receivable	1,002,612	-
Cash surrender value of life insurance	8,693	9,426
Funds held for others	219,471	234,186
 Total assets	 \$ 14,885,085	 \$ 13,270,249
Liabilities		
Accounts payable	\$ -	\$ 27,872
Custodial funds	219,471	234,186
 Total liabilities	 219,471	 262,058
Net Assets		
Without donor restrictions	653,803	711,500
With donor restrictions:		
Purpose restriction	6,106,440	4,714,608
Perpetual in nature	7,905,371	7,582,083
 Total net assets	 14,665,614	 13,008,191
 Total liabilities and net assets	 \$ 14,885,085	 \$ 13,270,249

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

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For The Years Ended June 30, 2019 and 2018

	Without Do not Restriction	With Do not Restriction	2019	2018
Changes in Net Assets				
Revenue and other support:				
Contributions	\$ 311,328	\$ 1,034,511	\$ 1,345,839	\$ 850,165
Contributed goods and services	163,444	1,007,474	1,170,918	84,052
Support services from ACC	233,768	-	233,768	224,853
Investment income (loss) - net	(11,027)	369,612	358,585	1,008,062
Miscellaneous	5,089	131	5,220	4,847
Net assets released from restrictions	<u>696,608</u>	<u>(696,608)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,399,210</u>	<u>1,715,120</u>	<u>3,114,330</u>	<u>2,171,979</u>
Expenses:				
Student scholarships	388,271	-	388,271	445,079
College work study match	75,000	-	75,000	75,000
Other student support	60,325	-	60,325	52,533
Programs and resources for ACC				
faculty and staff	25,866	-	25,866	29,258
Other education-related programs	640,942	-	640,942	304,083
Support services from ACC	193,434	-	193,434	203,133
Other Foundation expenses	<u>73,069</u>	<u>-</u>	<u>73,069</u>	<u>90,929</u>
Total expenses	<u>1,456,907</u>	<u>-</u>	<u>1,456,907</u>	<u>1,200,015</u>
Increase (decrease) in net assets	<u>\$ (57,697)</u>	<u>\$ 1,715,120</u>	<u>\$ 1,657,423</u>	<u>\$ 971,964</u>
Net assets - beginning of year	68,708	12,939,483	13,008,191	12,036,227
Prior period adjustment	<u>642,792</u>	<u>(642,792)</u>	<u>-</u>	<u>-</u>
Net assets - beginning of year restated	<u>711,500</u>	<u>12,296,691</u>	<u>13,008,191</u>	<u>12,036,227</u>
Net assets - end of year	<u>\$ 653,803</u>	<u>\$ 14,011,811</u>	<u>\$ 14,665,614</u>	<u>\$ 13,008,191</u>

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

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended June 30, 2019 and 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>2019</u>	<u>2018</u>
Expense:				
Student scholarships	\$ 388,271	\$ -	\$ 388,271	\$ 445,079
College work study match	75,000	-	75,000	75,000
Other student support	60,325	-	60,325	52,533
Programs and resources for ACC				
faculty and staff	25,866	-	25,866	29,258
Other reduction-related programs	640,942	-	640,942	304,083
Support services from ACC	-	193,434	193,434	203,133
Other Foundation expenses	<u>-</u>	<u>73,069</u>	<u>73,069</u>	<u>90,929</u>
Total expense	<u>\$ 1,190,404</u>	<u>\$ 266,503</u>	<u>\$ 1,456,907</u>	<u>\$ 1,200,015</u>

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

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,657,423	\$ 971,964
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	82,814	(684,725)
Endowment contributions	(283,028)	(269,124)
Depreciation	-	283
Change in discount on promises to give	(21)	138
Allowance for uncollectible on promises to give	1,833	(44)
Cash surrender value of life insurance	733	600
Changes in operating assets and liabilities:		
Promises to give	24,476	(33,675)
Grants receivable	(1,002,612)	-
Accounts payable	(27,872)	27,872
Other receivables	(24,377)	2,218
	429,369	15,507
Cash Flows From Investing Activities		
Proceeds from the sale of investments	11,892	689,824
Purchase of investments	(392,098)	(755,530)
	(380,206)	(65,706)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowment	283,028	269,124
	283,028	269,124
Net cash provided by financing activities	283,028	269,124
Net increase in cash	332,191	218,925
Cash - beginning of year	902,418	683,493
Cash - ending of year	\$ 1,234,609	\$ 902,418

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

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

Nature of organization - Alamance Community College Foundation, Inc. ("the Foundation") is a non profit organization which was formed for the purpose of providing financial support for educational programs of Alamance Community College ("the College") in the form of student scholarships, professional development for faculty and staff, educational enrichment, and other programs.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Fund accounting - The accounts of the Foundation are maintained in accordance with principles of fund accounting, whereby resources for various purposes are classified for accounting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund and are reported accordingly.

Operating funds include resources with and without donor restrictions. Currently, funds are restricted for scholarships and other programs. Endowment funds are used to account for donations stipulating that the principal remains intact and only the income from investing the principal is spent. Income from donor-restricted endowments is restricted for specific purposes, unless available for general use as directed by the donor.

Use of accounting estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. The Foundation has credit risk exposure arising from cash deposits in excess of federally insured limits.

Income taxes - The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the applicable state tax laws. The Internal Revenue Service has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Investments - The Foundation carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains are included in the change of net assets in the accompanying statement of activities.

AIAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment is recorded at cost if purchased, or fair market value at date of gift if donated. Renovations and significant improvements to existing structures are capitalized. Minor replacements and repairs are expensed as incurred.

Depreciation - The cost of property and equipment is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation for the years ending June 30, 2019 and 2018 was \$0 and \$283, respectively.

Advertising - The Foundation expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2019 and 2018 were \$149 and \$245, respectively.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Change in accounting principle - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retroactively to all periods presented.

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 2: Available Resources and Liquidity

The following reflects the Foundation's financial assets as of year-end, reduced by amounts not available for general use due to donor-imposed restrictions.

	2019	2018
Cash and cash equivalents	\$ 1,234,609	\$ 902,419
Investments	12,332,377	12,034,985
Promises to give – receivable in less than one year	55,552	60,023
	13,622,538	12,997,427
Less assets to fund donor restrictions	(13,009,199)	(12,296,691)
	\$ 613,339	\$ 700,736

The Foundation routinely receives support from various donors that is more than sufficient to fund operating expenses. Furthermore, management and the Board routinely monitor support through review of the annual budget.

Note 3: Property and Equipment

The following is a summary of costs and the accumulated depreciation at June 30, 2019 and 2018:

	2019	2018
Equipment and furniture	\$ 34,621	\$ 34,621
Less accumulated depreciation	(34,621)	(34,621)
	\$ -	\$ -

Note 4: Donated Materials, Facilities and Services

The Foundation receives donated services, materials and facilities from the College. Services, materials, and facilities are reported at fair market value as of the date of gift. The estimated value of these items has been reflected in the accompanying financial statements as in-kind donations with a like amount included in expenses. In-kind donations from the College reflected in the financial statements are as follows:

	2019	2018
Administrative	\$ 193,434	\$ 203,133
Other education-related programs	40,334	21,720
Total support services	\$ 233,768	\$ 224,853

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 5: Cash Surrender Value of Life Insurance

The Foundation is the beneficiary of certain whole life insurance policies donated by Foundation supporters. The policies have aggregate death benefits for the years ended June 30, 2019 and 2018 of \$44,000 with an aggregate cash surrender value of \$8,693 and \$9,426, respectively.

Note 6: Promises to Give

Promises to give, less an allowance for uncollectible items, are recorded at their fair value with amounts due later than one year at present value of estimated future cash flows. Promises to give at June 30, 2019 and 2018 are as follows:

	2019	2018
Invest in the Promise	\$ 15,000	\$ 35,800
Campus Campaign	45,677	44,223
Tribute	4,000	9,130
	64,677	89,153
Receivable in less than one year	55,552	60,023
Receivable in one to five years	9,125	29,130
Total unconditional promises to give	64,677	89,153
Less discounts to net present value (discount rate at June 30, 2019 and 2018, was 1.04% and .80%, respectively)	(249)	(270)
Less allowance for uncollectible promises to give	(3,241)	(1,408)
Net unconditional promises to give	\$ 61,187	\$ 87,475

Note 7: Grant Receivable

The Foundation is the beneficiary of a grant payable over an undetermined term for the purchase of laboratory equipment and supplies for the College's Biotechnology Center of Excellence. The balance of the grant receivable as of June 30, 2019 and 2018 was \$1,002,612 and \$0, respectively.

Note 8: Prater and Dillingham Trusts

The Foundation is the beneficiary of the Elwood Prater Alamance Community College Scholarship Endowment and the J C and Fran Dillingham Endowment administered by the Alamance Community Foundation. All assets held by the Alamance Community Foundation are subject to variance power which allows the Board of Directors of the Alamance Community Foundation to modify any restrictions or conditions on the distribution of assets for any specified charitable purpose or to specified organizations, if in their sole judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the area served by the Foundation.

AIAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 8: Prater and Dillingham Endowments (continued)

The Foundation receives an annual distribution from the endowments to use for awarding scholarships. For the years 2019 and 2018, the distribution approximated 4.0% of the endowment balance. As of June 30, 2019 and 2018, the beneficial interest in the endowments were \$1,263,637 and \$1,285,251, respectively.

The table below sets forth a summary of changes in the fair value of the Foundation's Endowments for the years ended June 30, 2019 and 2018, respectively:

	<u>Purpose</u>	<u>Perpetuity</u>	<u>Total</u>
Balance as of July 1, 2017	\$ 414,644	\$ 796,752	\$ 1,211,396
Contributions	-	30,950	30,950
Investment income - net	89,069	-	89,069
Disbursements	<u>(46,164)</u>	<u>-</u>	<u>(46,164)</u>
Balance as of June 30, 2018	\$ 457,549	\$ 827,702	\$ 1,285,251
Contributions	-	-	-
Investment income - net	25,716	-	25,716
Disbursements	<u>(47,330)</u>	<u>-</u>	<u>(47,330)</u>
Balance as of June 30, 2019	<u>\$ 435,935</u>	<u>\$ 827,702</u>	<u>\$ 1,263,637</u>

Note 9: Investments

Investments held and managed by the Foundation are reported at fair market value as of June 30, 2019 and 2018. Due to market fluctuations, the stated values may vary.

The following is a summary of investments classified by major type at June 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed income	\$ 3,207,555	\$ 3,302,340	\$ 2,639,741	\$ 3,162,639
Equities	<u>5,615,764</u>	<u>7,766,400</u>	<u>5,584,153</u>	<u>7,587,095</u>
Total	<u>\$ 8,823,319</u>	<u>\$11,068,740</u>	<u>\$ 8,223,894</u>	<u>\$ 10,749,734</u>

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Dividends and interest, net of expense s	\$ 441,399	\$ 323,337
Net realized and unrealized gains (losses)	<u>(82,814)</u>	<u>684,726</u>
Total investment income	<u>\$ 358,585</u>	<u>\$ 1,008,062</u>

Investment advisory fees totaled \$66,312 and \$70,727 for the years ended June 30, 2019 and 2018, respectively.

AIAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 10: Custodial Funds

In 2015, The Foundation became the custodian of certain investments held for the benefit of the College, provided as a donation through the Rebecca S. Thigpen estate. The fair market value of the account was \$219,471 and \$234,186 as of June 30, 2019 and 2018, respectively.

Note 11: Fair Value Measurement

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC), *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as instruments for which the determination of fair value requires significant judgement or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks, corporate bonds, and U.S. government securities: Value at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value of shares held by the Foundation at year end.

Promises to give: Discounted to approximate fair value.

Trust funds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuers.

There have been no changes in the methodology used at June 30, 2019 and 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

AIAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 11: Fair Value Measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 3,302,340	\$ -	\$ -	\$ 3,302,340
Equities	7,766,400	-	-	7,766,400
Trust funds	-	1,263,637	-	1,263,637
Promises to give, net	<u>-</u>	<u>-</u>	<u>61,187</u>	<u>61,187</u>
Total assets at fair value	<u>\$ 11,068,740</u>	<u>\$ 1,263,637</u>	<u>\$ 61,187</u>	<u>\$ 12,393,564</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 3,162,639	\$ -	\$ -	\$ 3,162,639
Equities	7,587,095	-	-	7,587,095
Trust funds	-	1,285,251	-	1,285,251
Promises to give, net	<u>-</u>	<u>-</u>	<u>87,475</u>	<u>87,475</u>
Total assets at fair value	<u>\$ 10,749,734</u>	<u>\$ 1,285,251</u>	<u>\$ 87,475</u>	<u>\$ 12,122,460</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2019:

Balance, beginning of year	\$ 87,475
New pledges, payments, and discounts - net	<u>(26,288)</u>
Balance, end of year	<u>\$ 61,187</u>

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2018:

Balance, beginning of year	\$ 53,893
New pledges, payments, and discounts - net	<u>33,582</u>
Balance, end of year	<u>\$ 87,475</u>

AIAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Net assets with a restricted purpose are available for scholarships, college work study, and other educational programs and totaled \$6,106,440 and \$4,714,608 as of June 30, 2019 and 2018, respectively.

Net assets to be held in perpetuity consist of academic, program, memorial, and various other endowment funds and totaled \$7,905,371 and \$7,582,083 as of June 30, 2019 and 2018, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2019 and 2018.

	2019	2018
Student scholarships	\$ 274,732	\$ 319,990
Other student support	16,900	13,212
Other education related programs	402,086	226,597
Other Foundation expenses	2,890	3,430
Total Net Assets Released	\$ 696,608	\$ 563,229

Note 13: Related Party Transactions

Foundation Directors conduct transactions with the Foundation that occur within a normal contributor or supplier relationship, on terms and conditions no more favorable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director at arm's length in similar circumstances. These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of the financial statements:

Directors' contributions and donations to the Foundation and its endowments totaled \$68,771 and \$56,614 for the years ended June 30, 2019 and 2018, respectively.

Note 14: Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, and insurance, which are part of the support services from ACC line item in the statements of functional expenses. They are all allocated based on estimates of time and effort, as the only space used by the Foundation is office space and time spent determines the use of that area.

Note 15: Subsequent Events

The Foundation has evaluated events and transactions that occurred between June 30, 2019 and November 7, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 16: Prior Period Adjustment

The accompanying financial statements have been restated to reflect an increase of \$642,792 of net assets without donor restriction, based on a comprehensive evaluation of prior years' contributions by donors. This amount represents the cumulative investment earnings of endowed funds gifted in prior years which permit earnings to be used without restriction. Net assets with donor restriction have been decreased by this same amount.