

**ALAMANCE COMMUNITY COLLEGE
FOUNDATION, INC.**

2021 Audited Financial Statements

For The Years Ended June 30, 2021 and 2020

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.

2021 Board of Directors

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Gilliam Bell Moser^{LLP}
we hear you

INDEPENDENT AUDITORS' REPORT

October 20, 2021

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Alamance Community College Foundation, Inc. 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gillian Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
October 20, 2021

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,279,343	\$ 1,666,790
Long - term investments	14,700,897	11,194,472
Prater and Dillingham endowments	1,535,043	1,211,803
Other receivables	399	322
Promises to give - net	136,135	59,380
Grants receivable	921,266	910,671
Cash surrender value of life insurance	7,223	7,874
Funds held for others	241,023	199,247
Total assets	\$ 19,821,329	\$ 15,250,559
Liabilities		
Custodial funds	\$ 241,023	\$ 199,247
Total liabilities	241,023	199,247
Net Assets		
Without donor restrictions	937,499	641,436
With donor restrictions:		
Purpose restriction	10,243,220	6,290,667
Perpetual in nature	8,399,587	8,119,209
Total net assets	19,580,306	15,051,312
Total liabilities and net assets	\$ 19,821,329	\$ 15,250,559

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, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Changes in Net Assets				
Revenue and other support:				
Contributions	\$ 311,356	\$ 1,492,306	\$ 1,803,662	\$ 1,237,204
Contributed goods and services	23,408	4,405	27,813	107,720
Support services from ACC	291,218	-	291,218	279,912
Investment income - net	114,275	4,003,812	4,118,087	88,787
Miscellaneous	3,380	4,522	7,902	335
Net assets released from restrictions	1,272,114	(1,272,114)	-	-
Total revenue and other support	<u>2,015,751</u>	<u>4,232,931</u>	<u>6,248,682</u>	<u>1,713,958</u>
Expenses:				
Student scholarships	380,211	-	380,211	358,211
College work study match	-	-	-	75,000
Other student support	34,215	-	34,215	35,023
Programs and resources for ACC faculty and staff	23,621	-	23,621	28,047
Other education-related programs	1,002,551	-	1,002,551	553,460
Support services from ACC	234,391	-	234,391	224,548
Other Foundation expenses	44,699	-	44,699	53,971
Total expenses	<u>1,719,688</u>	<u>-</u>	<u>1,719,688</u>	<u>1,328,260</u>
Increase in net assets	\$ 296,063	\$ 4,232,931	\$ 4,528,994	\$ 385,698
Net assets - beginning of year	641,436	14,409,876	15,051,312	14,665,614
Net assets - end of year	<u>\$ 937,499</u>	<u>\$ 18,642,807</u>	<u>\$ 19,580,306</u>	<u>\$ 15,051,312</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, 2021 and 2020

	Program Services	Management and General	2021	2020
Student scholarships	\$ 380,211	\$ -	\$ 380,211	\$ 358,211
College work study match	-	-	-	75,000
Other student support	34,215	-	34,215	35,023
Programs and resources for ACC faculty and staff	23,621	-	23,621	28,047
Other education-related programs	1,002,551	-	1,002,551	553,460
Support services from ACC	-	234,391	234,391	224,548
Other Foundation expenses	-	44,699	44,699	53,971
Total expenses	\$ 1,440,598	\$ 279,090	\$ 1,719,688	\$ 1,328,260

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, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 4,528,994	\$ 385,698
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(3,939,664)	227,998
Endowment contributions	(240,119)	(173,579)
Change in discount on promises to give	(63)	(92)
Allowance for uncollectible on promises to give	5,231	(1,690)
Cash surrender value of life insurance	651	819
Changes in operating assets and liabilities:		
Promises to give	(81,923)	3,589
Grants receivable	(10,595)	91,941
Other receivables	(77)	25,814
Net cash provided by operating activities	262,435	560,498
Cash Flows From Investing Activities		
Proceeds from the sale of investments	4,277,683	3,148,684
Purchase of investments	(4,167,684)	(3,450,580)
Net cash provided by (used in) investing activities	109,999	(301,896)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowment	240,119	173,579
Net cash provided by financing activities	240,119	173,579
Net increase in cash	612,553	432,181
Cash - beginning of year	1,666,790	1,234,609
Cash - ending of year	\$ 2,279,343	\$ 1,666,790

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

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

Nature of organization - Alamance Community College Foundation, Inc. ("the Foundation") is a nonprofit organization which was formed for the purpose of providing financial support for educational programs of Alamance Community College ("ACC") 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, 2020, 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 of \$250,000.

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.

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, 2021 and 2020 was \$0.

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (continued)

Advertising - The Foundation expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2021 and 2020 were \$1,824 and \$1,719, 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.

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.

	2021	2020
Cash and cash equivalents	\$ 2,279,343	\$ 1,666,790
Investments	16,235,940	12,406,275
Promises to give – receivable in less than one year	59,250	60,963
	18,574,533	14,134,028
Less assets to fund donor restrictions	17,721,541	13,499,205
	\$ 852,992	\$ 634,823

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.

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 3: Property and Equipment

The following is a summary of costs and the accumulated depreciation:

	2021	2020
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:

	2021	2020
Administrative	\$ 233,088	\$ 224,548
Other education-related programs	58,130	55,364
Total support services	\$ 291,218	\$ 279,912

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, 2021 and 2020 of \$44,000 with an aggregate cash surrender value of \$7,223 and \$7,874, 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 are as follows:

	2021	2020
Invest in the Promise	\$ -	\$ 15,000
BCOE Equipment Campaign	99,500	-
Campus Campaign	43,136	44,213
Tribute	375	1,875
	143,011	61,088
Receivable in less than one year	59,250	60,963
Receivable in one to five years	83,761	125
Total unconditional promises to give (forward)	143,011	61,088

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 6: Promises to Give (continued)

Total unconditional promises to give (forwarded)	143,011	61,088
Less discounts to net present value (discount rate at June 30, 2021 and 2020, was 0.12% and 2.10%, respectively)	94	157
Less allowance for uncollectible promises to give	<u>6,782</u>	<u>1,551</u>
Net unconditional promises to give	<u>\$ 136,135</u>	<u>\$ 59,380</u>

Note 7: Grants 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, 2021 and 2020 was \$910,264 and \$910,671, respectively.

The Foundation has a grant receivable from United Way of Alamance County with a balance of \$11,002 and \$0 as of June 30, 2021 and 2020, respectively.

Note 8: Prater and Dillingham Endowments

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.

The Foundation receives an annual distribution from the endowments to use for awarding scholarships. For the years 2021 and 2020, the distribution approximated 4.0% of the endowment balance. As of June 30, 2021 and 2020, the beneficial interest in the endowments were \$1,535,043 and \$1,211,803, 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, 2021 and 2020, respectively:

	<u>Purpose</u>	<u>Perpetuity</u>	<u>Total</u>
Balance as of July 1, 2019	\$ 435,935	\$ 827,702	\$ 1,263,637
Investment loss - net	(2,742)	-	(2,742)
Disbursements	<u>(49,092)</u>	<u>-</u>	<u>(49,092)</u>
Balance as of June 30, 2020	\$ 384,101	\$ 827,702	\$ 1,211,803
Investment income - net	372,699	-	372,699
Disbursements	<u>(49,459)</u>	<u>-</u>	<u>(49,459)</u>
Balance as of June 30, 2021	<u>\$ 707,341</u>	<u>\$ 827,702</u>	<u>\$ 1,535,043</u>

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 9: Investments

Investments held and managed by the Foundation are reported at fair market value as of June 30, 2021 and 2020. Due to market fluctuations, the stated values may vary.

The following is a summary of investments classified by major type at June 30, 2021 and 2020:

	2021		2020	
	Cost	Market	Cost	Market
Fixed income	\$ 3,766,642	\$ 3,851,551	\$ 2,608,971	\$ 2,760,079
Equities	6,001,224	10,849,346	6,860,819	8,434,393
Total	\$ 9,767,866	\$ 14,700,897	\$ 9,469,790	\$ 11,194,472

Investment income consists of the following:

	2021	2020
Dividends and interest, net of expenses	\$ 178,423	\$ 316,785
Net realized and unrealized gains (losses)	3,939,664	(227,998)
Total investment income	\$ 4,118,087	\$ 88,787

Investment advisory fees totaled \$75,163 and \$66,963 for the years ended June 30, 2021 and 2020, respectively.

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 \$241,023 and \$199,247 as of June 30, 2021 and 2020, 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.

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note 11: Fair Value Measurement (continued)

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: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Consists of equity mutual funds and fixed income mutual funds listed on national markets or exchanges. These mutual funds are valued at the last sales price or, if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange.

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, 2021 and 2020.

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.

The following table sets forth, by level within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 3,851,551	\$ -	\$ -	\$ 3,851,551
Equities	10,849,346	-	-	10,849,346
Trust funds	-	1,535,043	-	1,535,043
Promises to give - net	<u>-</u>	<u>-</u>	<u>136,135</u>	<u>136,135</u>
Total assets at fair value	<u>\$ 14,700,897</u>	<u>\$ 1,535,043</u>	<u>\$ 136,135</u>	<u>\$ 16,372,075</u>

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income	\$ 2,760,079	\$ -	\$ -	\$ 2,760,079
Equities	8,434,393	-	-	8,434,393
Trust funds	-	1,211,803	-	1,211,803
Promises to give - net	<u>-</u>	<u>-</u>	<u>59,380</u>	<u>59,380</u>
Total assets at fair value	<u>\$ 11,194,472</u>	<u>\$ 1,211,803</u>	<u>\$ 59,380</u>	<u>\$ 12,465,655</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, 2021:

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 59,380	\$ 61,187
New pledges, payments, and discounts - net	<u>76,755</u>	<u>(1,807)</u>
Balance - end of year	<u>\$ 136,135</u>	<u>\$ 59,380</u>

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 \$10,243,220 and \$6,290,667 as of June 30, 2021 and 2020, respectively.

Net assets to be held in perpetuity consist of academic, program, memorial, and various other endowment funds and totaled \$8,399,587 and \$8,119,209 as of June 30, 2021 and 2020, 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, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Student scholarships	\$ 318,775	\$ 276,600
Other student support	26,014	21,033
Other education related programs	925,171	351,256
Other Foundation expenses	<u>2,154</u>	<u>6,397</u>
Total net assets released	<u>\$ 1,272,114</u>	<u>\$ 665,286</u>

ALAMANCE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 \$99,250 and \$49,756 for the years ended June 30, 2021 and 2020, 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, 2021 and October 20, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.