

**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

Financial Statements

for the year ended  
September 30, 2018

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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	9



## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Bishop State Community College Foundation  
Mobile, Alabama

We have audited the accompanying financial statements of the Bishop State Community College Foundation (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 auditor's 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 auditor considers 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.

**Opinion**

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

*Russell Thompson Butler & Houston, LLP*

*Mobile, Alabama*

*August 30, 2019*

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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**Statement of Financial Position  
September 30, 2018**Assets**

Cash	\$ 148,604
Investments	24,483
Promises to give without restrictions	1,235

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**Total assets** \$ 174,322

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**Liabilities and Net Assets****Liabilities**

Accrued expenses	\$ 7,750
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<b>Total liabilities</b>	7,750
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**Net assets**

Without donor restrictions	86,582
With donor restrictions	79,990

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<b>Total net assets</b>	166,572
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**Total liabilities and net assets** \$ 174,322

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*See notes to financial statements*

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Statement of Activities  
Year ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Contributions	\$ 41,909	\$ 1,000	\$ 42,909
Investment income	2,046	-	2,046
<b>Total revenues and support</b>	<b>43,955</b>	<b>1,000</b>	<b>44,955</b>
Releases from restrictions	876	(876)	-
<b>Total revenues, support and releases</b>	<b>44,831</b>	<b>124</b>	<b>44,955</b>
<b>Expenses</b>			
Program services			
Gala expense	16,973	-	16,973
Scholarships and other	7,595	-	7,595
<b>Total program services</b>	<b>24,568</b>	<b>-</b>	<b>24,568</b>
Supporting services			
Management and general	10,217	-	10,217
<b>Total expenses</b>	<b>34,785</b>	<b>-</b>	<b>34,785</b>
<b>Change in net assets</b>	<b>10,046</b>	<b>124</b>	<b>10,170</b>
<b>Net assets</b>			
Beginning of year	76,536	79,866	156,402
End of year	\$ 86,582	\$ 79,990	\$ 166,572

*See notes to financial statements*

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Statement of Functional Expenses  
Year ended September 30, 2018

	Program Services			Supporting Services		Total
	Gala	Scholarships	Total Program Services	Management & General	Total Supporting Services	
Honorariums	\$ 5,470	\$ -	\$ 5,470	\$ -	\$ -	\$ 5,470
Hospitality	7,091	-	7,091	-	-	7,091
Professional fees	-	-	-	9,000	9,000	9,000
Scholarships	-	7,595	7,595	-	-	7,595
Supplies	4,412	-	4,412	1,217	1,217	5,629
<b>Totals</b>	<b>\$ 16,973</b>	<b>\$ 7,595</b>	<b>\$ 24,568</b>	<b>\$ 10,217</b>	<b>\$ 10,217</b>	<b>\$ 34,785</b>

*See notes to financial statements*



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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

Statement of Cash Flows  
Year ended September 30, 2018

**Cash flows from operating activities**

Cash received from revenues and support	\$ 41,424
Cash paid for expenses	(27,285)
Interest and dividends received	535
<b>Net cash provided by operating activities</b>	<b>14,674</b>

**Cash flows from investing activities**

Proceeds from sale of investments	308
Purchases of investments	(470)
<b>Net cash (used in) investing activities</b>	<b>(162)</b>

**Net increase in cash** 14,512

**Cash**

Beginning of year	134,092
End of year	<b>\$ 148,604</b>

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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

Statement of Cash Flows (continued)

Year ended September 30, 2018

**Reconciliation of change in net assets to net  
cash provided by operating activities**

<b>Change in net assets</b>	<b>\$ 10,170</b>
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**Adjustments to reconcile change in net assets to  
net cash provided by operating activities:**

Unrealized gains on investments	(1,453)
Realized gains on investments	(308)
Increase (decrease) in:	
Accrued expenses	7,500
Promises to give	(1,235)
<b>Total adjustments</b>	<b>4,504</b>

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<b>Net cash provided by operating activities</b>	<b>\$ 14,674</b>
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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements  
September 30, 2018

### **Note 1 - Nature of activities**

Bishop State Community College Foundation (the Foundation) was formed primarily to work in coordination with the individual and corporate citizens of its service area to develop a strong and supportive Foundation in furtherance of the mission of the Bishop State Community College (the College); to support the fundraising efforts of the College and coordinate its fundraising with the College's President and development staff in order to meet the College's particular needs and priorities; and to provide the College with mechanisms to receive and manage gifts and make gift revenues and assets of the Foundation available to the College to support approved College programs and activities, while maintaining a high degree of fiscal and institutional integrity in all of its functions on behalf of the College; and includes making funds available to the College for scholarships.

### **Note 2 - Summary of significant accounting policies**

#### *Financial statement presentation*

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby net assets and activities are reported, based on the existence or absence of donor-imposed restrictions, into two classes: net assets without donor restrictions and net assets with donor restrictions.

#### *Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash and cash equivalents*

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets on the statement of activities.

#### *Contributions*

Contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions. The Foundation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

Notes to Financial Statements (continued)  
September 30, 2018

**Note 2 - Summary of significant accounting policies (continued)*****Unconditional promises to give***

Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

***Revenue recognition***

Contributions and grants received are reported as unrestricted support unless they are received with donor stipulations, in which case they are reported as support with restrictions. Upon meeting the donor's stipulations, net assets with restrictions are released to net assets without restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenue without restrictions.

***Income taxes***

The Foundation is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

***Functional expense allocation***

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the benefitting programs and supporting services.

***Uncertain tax positions***

The Foundation implemented the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2018, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With few exceptions, the Foundation is no longer subject to Federal or state income tax examinations by taxing authorities for years before 2014.

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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2018

### Note 2 - Summary of significant accounting policies (continued)

#### *Recently issued accounting standards*

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-14 on the Presentation of Nonprofit Financial Statements to improve the current net asset classification requirements and the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The guidance is effective for annual periods beginning after December 15, 2017, but allows for early adoption. The Foundation elected to early adopt ASU 2016-14 for the financial statements as allowed by the guidance.

#### *Subsequent events*

Management's evaluation of subsequent events through August 30, 2019, which is the date the financial statements were available to be issued, revealed no significant matters to be recorded or disclosed.

### Note 3 - Liquidity and availability of funds

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

September 30	2018
<b>Financial assets at year end</b>	\$ 174,322
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with purpose restrictions	(79,990)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 94,332</b>

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2018

### Note 4 - Investments

Investments are held in a fund of another foundation and one directly owned stock holding. The following schedule summarizes the change in investment values:

September 30	2018
Market value, beginning of year	\$ 22,561
Interest and dividends	483
Realized gains	308
Unrealized gains	1,453
Withdrawals and fees	(322)
Market value, end of year	\$ 24,483

Investment return as reported in the statement of activities is comprised of the following:

Year ended September 30	2018
Interest and dividends	\$ 535
Net realized gains	308
Net unrealized gains	1,453
Trustee and other fees	(250)
Total investment return, net	\$ 2,046

The Financial Accounting Standards Board established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are unobservable and have the lowest priority. The fair value of investments measured on a recurring basis at September 30, 2018, is based on quoted prices in active markets for identical assets (Level 1 as required by FASB ASC 820). There have been no changes in valuation techniques and related inputs.

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2018

### Note 5 - Concentrations of credit risk

As of September 30, 2018, the Foundation held all of their cash funds in accounts with Community Bank and Commonwealth National Bank that were insured by the FDIC.

### Note 6 - Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes:

September 30	2018
Subject to expenditure for a specific program:	
Airbus - Dual Enrollment	\$ 399
American Gas Association	22,600
Bedsole Foundation - Dual Enrollment	438
Blacks in Government - Culinary Arts	250
BP - South Mobile County WFD	13,494
Central High School - Barber Cos	500
David Thomas, Sr	235
Eric Beck	500
Huntington Ingalls Industries	31,824
Judge Kahn - Nursing	9,000
Monica J. Beasley - Graphic Comm	500
Vincent Warren Henderson - Culinary Arts	250
<b>Totals</b>	<b>\$ 79,990</b>

### Note 7 - Related party transactions

A summary of transactions and balances with the Foundation are as follows:

Year ended September 30	2018
Support and donations	\$ 11,091
Program service expenses	7,126

A member of the Foundation's governing board is the President of Bishop State Community College in which it is under. Several other board members donate to this Foundation for the scholarship gala that is held every year in the spring. The revenue amount recorded relating to this Community College and the board members for the years ended September 30, 2018 was \$11,091.