

WARREN COUNTY COMMUNITY
COLLEGE FOUNDATION
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
JUNE 30, 2020 AND 2019

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19
 <u>Supplemental Schedules</u>	
Roster of Officials	20
Consultants and Advisors	21
Management Suggestion	22



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

Members of the Board of Directors of
Warren County Community College Foundation
Warren County, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Warren County Community College Foundation (the "Foundation") in the County of Warren, which comprise the statement of financial position as of June 30, 2020 and 2019, 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 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 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 Foundation'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 Foundation'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 Warren County Community College Foundation, as of June 30, 2020 and 2019, 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.

Members of the Board of Directors of
Warren County Community College Foundation
Warren County, New Jersey
Page 2

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion that information is fairly stated in all material respects in relation to the financial statements as a whole.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP

NISIVOCCIA LLP

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and Cash Equivalents	\$ 109,276	\$ 283,900
Real Estate Held for Sale	112,000	
Investments	899,010	863,620
Restricted Cash and Cash Equivalents	17,958	18,231
Total Assets	<u>\$ 1,138,244</u>	<u>\$ 1,165,751</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts Payable - Vendors	\$ 3,282	\$ 223
Scholarships Payable	14,658	17,929
Total Liabilities	<u>17,940</u>	<u>18,152</u>
Net Assets:		
Without Donor Restrictions:		
Board Designated funds for Endowment	505,093	554,821
With Donor Restrictions:		
Purpose Restrictions	337,049	330,033
Perpetual in Nature	278,162	262,745
Total Net Assets With Donor Restrictions	<u>615,211</u>	<u>592,778</u>
Total Net Assets	<u>1,120,304</u>	<u>1,147,599</u>
Total Liabilities and Net Assets	<u>\$ 1,138,244</u>	<u>\$ 1,165,751</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and Revenue:				
Contributions	\$ 24,002	\$ 24,002	\$ 15,774	\$ 15,774
Fundraising	62,313	62,313	57,286	57,286
Dividend and Interest Income	8,898	10,100	6,871	9,841
Unrealized Gain on Investments	4,059	12,333	12,565	9,810
Other Income	14,000	14,000		
Total Support and Revenue	113,272	22,433	92,496	19,651
Expenses:				
Program Services:				
General Scholarship Payments	45,400		16,659	
Total Program Services	45,400		16,659	
Supporting Services:				
Management and General Expenses	199,119		38,397	
Direct Fundraising	30,481		33,263	
Total Supporting Services	229,600		71,660	
Total Expenses	275,000		88,319	
Change in Net Assets before Other Items	(161,728)	22,433	4,177	19,651
Other Items:				
Contribution of Real Estate Transfers	112,000		(17,185)	17,185
Change in Net Assets after Other Items	(49,728)	22,433	(13,008)	36,836
Net Assets, Beginning of Year	554,821	592,778	567,829	555,942
Net Assets, End of Year	\$ 505,093	\$ 615,211	\$ 554,821	\$ 592,778
				\$ 1,147,599

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Supporting Services		Program Services	Supporting Services	
		Management and General	Direct Fundraising		Management and General	Direct Fundraising
General Scholarship Payments	\$ 45,400			\$ 45,400	\$ 16,659	\$ 16,659
Community Support		18,257		18,257		19,355
Postage		624		624		167
Legal Expense		5,110		5,110		
Travel/ Meetings/Advertising		4,232		4,232	1,228	1,228
Supplies		436		436	126	126
Director and Staff Development		998		998	2,490	2,490
Other Miscellaneous		169,462		169,462	15,031	15,031
Direct Fundraising			\$ 30,481		\$ 33,263	\$ 33,263
Total Expenditures	\$ 45,400	\$ 199,119	\$ 30,481	\$ 275,000	\$ 16,659	\$ 38,397
						\$ 88,319

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flow from Operating Activities:		
Change in Net Assets	\$ (139,295)	\$ 23,828
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used for) Operating Activities:		
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Accounts Payable	3,059	(839)
Increase/(Decrease) in Scholarships Payable	(3,271)	448
Net Cash Provided by/(Used for) Operating Activities	<u>(139,507)</u>	<u>23,437</u>
Cash Flows (Used for) Investing Activities:		
(Increase) in Interest and Dividends Reinvested	(18,998)	(16,712)
(Increase) in Unrealized Gains	(16,392)	(22,375)
Net Cash (Used for) Investing Activities	<u>(35,390)</u>	<u>(39,087)</u>
Net (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	(174,897)	(15,650)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents Beginning of Year	<u>302,131</u>	<u>317,781</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents End of Year	<u>\$ 127,234</u>	<u>\$ 302,131</u>
Non-cash Activities:		
Contribution of Real Estate	<u>\$ 112,000</u>	
Supplemental Disclosure of Non-Cash Activities:		
Unrealized Gain in Investments	<u>\$ 16,392</u>	<u>\$ 22,375</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1: Summary of Significant Accounting Policies

Nature of Activities

The Warren County Community College Foundation's (The "Foundation") purpose is to assist the Trustees of the Warren County Community College in the development and growth of college scholarships, programs and facilities that broaden and enhance educational opportunities and services provided for those seeking postsecondary education in Warren County, New Jersey.

The Foundation's mission is to aid the Warren County Community College Trustee Board in carrying out the mission and the educational goals of the institution.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The significant accounting policies followed by the Foundation are described below:

The Foundation prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), 605-205-15, *Accounting for Contributions Received and Made*, and FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Foundation manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. FASB ASC 605-205-15, *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are resources representing the portion of expendable funds available for support of the Foundation's programs and general operations. These resources are not subject to donor-imposed restrictions. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Directors. Board designated funds amounted to \$407,751 and \$554,821 for the years ended June 30, 2020 and 2019, respectively, and has been designated for endowment purposes.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Basis of Presentation (Cont'd)

Net Assets With Donor Restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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. The Foundation had net assets with donor restrictions of \$615,211 and \$592,778 for the years ended June 30, 2020 and 2019, respectively.

Adoption of New Accounting Standards

In May 2014, the FASB issued guidance Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Foundation adopted ASC 606 as amended with a date of the initial application of July 1, 2019 as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

The Foundation applied ASC 606 using the modified retrospective method, with no effect recorded to revenue and net assets without donor restrictions at July 1, 2019.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because there are no contract modifications, there is not a significant impact as a result of electing these practical expedients.

Analysis of various provisions of this standard resulted in no changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued audited comparative financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying comparative financial statements under a modified prospective basis.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Adoption of New Accounting Standards (Cont'd)

Because the Foundation previously accounted for their Section 8 payments as an exchange transaction, the adoption of ASU 2018-08 did not result in any changes to the Foundation's comparative financial statements. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

As of July 1, 2019, the Foundation adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that restricted cash and cash equivalents be included in the beginning and ending cash in the statement of cash flows. The adoption of ASU 2016-18 resulted in the reclassification of certain items to restricted cash in the comparative statement of cash flows for the years ended June 30, 2020 and 2019.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control of the sale at a specific point in time. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place. There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

The Foundation recognizes contributions and pledges when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Performance Obligations Satisfied at a Point in Time	<u>\$ 62,313</u>	<u>\$ 57,286</u>

Revenue from performance obligations satisfied at a point in time consists of the Foundation's fundraising efforts.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash. Concentration of credit risk associated with investments is considered low due to the credit quality of the financial institutions holding these investments.

Investments in Marketable Securities

The Foundation follows FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the comparative statement of financial position. Unrealized gains and losses are included in the change in net assets. The fair value of investments is determined by reference to quoted market prices. Investment income or loss (including interest and dividends) and gain on sale of investments are included in the comparative statement of activities unless the income or loss is restricted by donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the comparative statement of activities and a new cost basis would be established. For the years ended June 30, 2020 and 2019, the Foundation did not record any impairment charge in the comparative statement of activities

Income Taxes

The Foundation is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501 (a) of the Code. The Foundation is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for federal or state income taxes has been presented in the accompanying financial statements. The Foundation follows the provisions of FASB ASC, *Income Taxes*.

The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Foundation does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the years ended June 30, 2020 and 2019. However, the Foundation is subject to regular audit by tax authorities. The Foundation believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the Foundation files informational returns with both the Federal and New Jersey State governments on an annual basis – Form 990 with the Internal Revenue Service, and Form CR1-300R with the State. These returns are subject to examination by these authorities within certain statutorily defined periods for both the federal and State of New Jersey.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

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

The Foundation considers all donated funds for the purposes of scholarships invested with an original maturity of twelve months or more to be restricted cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported with the accompanying statement of financial position to the sum of the corresponding amounts within the accompanying statement of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 109,276	\$ 283,900
Restricted Cash and Cash Equivalents	17,958	18,231
	<u>\$ 127,234</u>	<u>\$ 302,131</u>

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Foundation is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Fair Value of Financial Instruments (Cont'd)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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 valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Cash and cash equivalents, restricted cash and cash equivalents, accounts payable – vendors and scholarships payable: The carrying amounts approximate fair value because of the short maturity of these instruments.

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

Real Estate: Valued at the appraised value at the date of donation.

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

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Functional Expenses (Cont'd)

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited.

The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to the program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on estimates made by management. Program expenses are those related to Foundation services. Management and general expenses relate to administrative expenses associated to that program and is allocated based on estimates of time and effort considered by management to be reasonable.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Real Estate

The Foundation records donated property at fair value at the date of donation. In 2020 the Foundation received real estate property as a donation which was appraised for \$112,000 located in Lopatcong Township, New Jersey. The Foundation's intent is to sell the property and therefore has recorded it as real estate held for sale in the statement of financial position.

Note 2: Accounts Receivable and Pledges Receivable and Allowances for Uncollectible Accounts

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Note 3: Contributed Services

The professional services of the Foundation are subsumed within the Office of Foundation and Advancement. The College provides these services to the Foundation at no cost.

Note 4: Donated Services

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in various functions. No amounts have been recognized in the statement of activities, because it does not meet the criteria of recognition under U.S. Generally Accepted Accounting Principles.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 5: Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Foundation manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 127,234	\$ 302,131
Investments	899,010	863,620
Total financial assets	<u>1,026,244</u>	<u>1,165,751</u>
Less: amounts not available to be used within one year		
Net assets with donor restrictions	615,211	592,778
Board Designated funds for Endowment	<u>505,093</u>	<u>554,821</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ (94,060)</u>	<u>\$ 18,152</u>

The Foundation has Board designated funds for endowment that supports the mission of the Warren County Community College. As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments. In the event the need arises to utilize board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution as well.

Note 6: Investments in Marketable Securities

The Foundation may invest in commercial paper, repurchase agreements, treasury bills, certificates of deposit, money market funds, component debt securities, common stocks, preferred stocks, convertible securities and obligations of the United States Government.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 6: Investments in Marketable Securities (Cont'd)

As of June 30, 2020 and 2019 the actual changes in the fair market value of the Foundation's investments consisted of the following:

		June 30, 2020		
		Cost Value	Fair Value	Unrealized Appreciation/ (Depreciation)
Mutual Funds (Level 1)				
Equities:				
Domestic				
	\$	604,887	\$ 899,010	\$ 294,123
	\$	<u>604,887</u>	<u>\$ 899,010</u>	<u>\$ 294,123</u>
		June 30, 2019		
		Cost Value	Fair Value	Unrealized Appreciation/ (Depreciation)
Mutual Funds (Level 1)				
Equities:				
Domestic				
	\$	604,887	\$ 863,620	\$ 258,733
	\$	<u>604,887</u>	<u>\$ 863,620</u>	<u>\$ 258,733</u>

Investment activity in 2020 and 2019 is as follows:

	2020	2019
Beginning Balance	\$ 863,620	\$ 824,533
Interest and Dividends Reinvested	18,998	16,712
Unrealized Gains	<u>16,392</u>	<u>22,375</u>
Ending Balance	<u>\$ 899,010</u>	<u>\$ 863,620</u>

Investment return summarized is as follows:

	2020	2019
Interest and Dividends Reinvested	\$ 18,998	\$ 16,712
Unrealized Gains	<u>16,392</u>	<u>22,375</u>
	<u>\$ 35,390</u>	<u>\$ 39,087</u>

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 7: Investments- Board designated and Donor designated Endowment (SPMIFA) after implementation of FASB Accounting Standards Codification (ASC) 958-205-45

The Warren County Community College Foundation was established under a Memorandum of Understanding between the College and the Foundation to “preserve, protect, invest and grow over time contributions made to the College in the most prudent possible fashion.” Under New Jersey statutes, the Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA).

The Foundation’s funds consist of:

The Endowment Fund which includes both donor-restricted general endowment funds and funds designated by the Board to function as endowment. The original funds received by the Foundation from the College are donor restricted under the Memorandum of Understanding.

Other Funds consists of both donor-restricted funds and funds designated by the Board to function for specific purposes.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As of June 30, 2020 and 2019, the Board of Directors had designated \$407,751 and \$554,821, respectively, of net assets without donor restriction as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restriction.

The Board of Directors of the Foundation has interpreted the above documents as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted in perpetuity (a) the original value of gifts donated by the College as well as any subsequent gifts so designated, (b) any accumulations made to the permanent endowment as required by the gift. The remaining portion of donor-restricted funds are classified as restricted for a purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of any donor fund
2. Purposes of the organization and the donor restricted
3. General economic conditions
4. Possible effects of inflation or deflation
5. Expected total return from income and appreciation of the invested funds
6. Other resources of the Foundation
7. Investment policies of the Foundation

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 7: Investments- Board designated and Donor designated Endowment (SPMIFA) after implementation of FASB Accounting Standards Codification (ASC) 958-205-45 (Cont'd)

Investment Return Objectives, Risk Parameters and Strategies: the Foundation has adopted an Investment Policy whose objective is to maintain, over time, the current value of the funds taking into account inflation and to grow the value of the funds so as to permit higher distributions for the use of the College. The Foundation has adopted a commingled investment pool for all funds held and allocated returns to such funds based upon their respective shares. The investments made are in accordance with a policy of allocation which requires a diversified asset mix. In addition, the policies require consideration of maximum investment in any individual issuer, no exposure to investment which may require call of additional investment; and that no pledge of any assets of the Funds may be made; and other similar requirements.

The Investment in Marketable Securities Footnote herein discloses the allocation made such policies by general category of investment i.e. debt, equity, certificates of deposit, etc. Actual returns in any year may vary; however, the return objective in quantitative terms is to earn a general return of at least 5% over the rate of inflation over a time period of three to five years.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy, for the Endowment fund is to have a minimum contribution of at least \$100,000 to support the general operations of the Foundation and to increase such amount giving consideration to the returns of the investment funds and the amount in the Endowment Fund. The Board of Directors of the Foundation determine the annual Endowment support of the general operation of the College based upon the recommendation of the Investment Committee of the Board, which gives consideration to the criteria of the governing instruments.

The spending policy for the funds is based upon the College needs supported by the specific fund purposes. Expenditures made, which qualify under the terms of the funds restrictions, are reimbursed upon the furnishing of appropriate documentation.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 7: Investments- Board designated and Donor designated Endowment (SPMIFA) after implementation of FASB Accounting Standards Codification (ASC) 958-205-45 (Cont'd)

Endowment net asset composition by type of fund as of June 30, 2020 and 2019, are as follows:

	2020		
	Net Assets without Donor Restriction	Net Assets with Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds		\$ 615,211	\$ 615,211
Board-designated endowment funds	\$ 505,093		505,093
Total funds	\$ 505,093	\$ 615,211	\$ 1,120,304
	2019		
	Net Assets without Donor Restriction	Net Assets with Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds		\$ 592,778	\$ 592,778
Board-designated endowment funds	\$ 554,821		554,821
Total funds	\$ 554,821	\$ 592,778	\$ 1,147,599

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(Continued)

Note 8: Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
General Scholarship	\$ 35,834	\$ 35,834
Trustee Scholarship	30,000	30,000
Faculty and Staff Development Grant	28,865	28,865
Elite 20 Fund	10,000	10,000
Capital Campaign	100,506	100,506
Facilities Endowment	131,844	124,828
	<u>337,049</u>	<u>330,033</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Bill Boll Scholarship	19,344	18,229
A&D Sintich Scholarship	30,536	28,568
Trustee Memorial Scholarship	15,239	14,263
Trubek Endowed Scholarship	124,044	117,437
Haytaian Endowed Scholarship	88,999	84,248
Total Endowments	<u>278,162</u>	<u>262,745</u>
	<u>\$ 615,211</u>	<u>\$ 592,778</u>

Note 9: Subsequent Events

Management has reviewed subsequent events and transactions that occurred after June 30, 2020 through the date of the independent auditors' report and the date the financial statements were available to be issued on December 7, 2020. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure. However, the Coronavirus Disease 2019 ("COVID-19") global pandemic has created stock market volatility, economic uncertainties and other uncertainties that may have an impact on the Foundation's operations, comparative financial statements and cash flows in the future. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and extent of the pandemic and mitigation measures implemented in the United States and New Jersey, impact on our donors, employees and suppliers all of which are uncertain and cannot be predicted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and impact. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION

SUPPLEMENTAL SCHEDULES

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
ROSTER OF OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>
<u>Foundation Officials:</u>		
Mr. Dan Inscho	Chairperson	June 30, 2022
Dr. Jennifer Harrison	Vice Chairperson	June 30, 2022
Mrs. Tiffani Warren	Treasurer	June 30, 2020
Ms. Alyson Zaycer	Secretary	June 26, 2021

Directors:

Mr. Dennis Florentine		June 30, 2022
Mrs. Mary Beth Hall		June 26, 2023
Mr. Donnell Joyce		June 26, 2023
Mrs. Holly Mackey		June 26, 2021
Ms. Deborah McKinley		June 26, 2023
Mr. Craig Neier		June 26, 2021
Ms. Allison Nething		June 26, 2023
Mrs. Lori Page-Knerr		June 26, 2021
Mrs. Crystal Piela		June 26, 2021
Mr. Douglas Philipsen		June 26, 2023
Mr. Steven Pomerantz		June 26, 2021
Mrs. Rhonda Thomas-Boothe		June 26, 2023
Mrs. Jennifer Vorhies		February 11, 2022

College Board of Trustees:

Mrs. Maria Maier
Mrs. Betti Singh

Staff to the Foundation:

Mr. Samir Elbassiouny	Executive Director
Mr. Dan Hirshberg	Public Relations
Mrs. Genevieve Vasko	Administrative Assistant

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
CONSULTANTS AND ADVISORS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

21

Audit Firm

Nisivoccia LLP
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856

Lawrence Business Park
11 Lawrence Road
Newton, New Jersey 07860

Official Depository

Ameriprise Financial
1420 US Highway 206, Suite 130
Bedminster, New Jersey 07921

WARREN COUNTY COMMUNITY COLLEGE FOUNDATION
COMMENTS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2020

Management Suggestion:

None