

**BISHOP STATE COMMUNITY COLLEGE  
FOUNDATION**

Financial Statements

for the years ended  
September 30, 2019 and 2018

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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

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## **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, 2019 and 2018, and the related statements of activities and functional expenses for the year ended September 30, 2019 and cash flows for the years ended September 30, 2019 and 2018, 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 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 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.

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**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, 2019 and 2018, the changes in its net assets for the year ended September 30, 2019 and its cash flows for the years ended September 30, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Bishop State Community College Foundation's statement of activities for the year ended September 30, 2018, and we expressed an unmodified audit opinion on that financial statement in our report dated August 30, 2019. In our opinion, the summarized comparative information presented herein for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statement from which it has been derived.

*Russell Thompson Butler & Houston, LLP*

*Mobile, Alabama  
October 5, 2020*

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

### Statement of Financial Position

September 30	2019	2018
<b>Assets</b>		
Cash	\$ 182,262	\$ 148,604
Pledge receivable	1,500	-
Investments	25,731	24,483
Prepaid software expense	4,048	-
Promises to give without restrictions	7,701	1,235
<b>Total assets</b>	<b>\$ 221,242</b>	<b>\$ 174,322</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Scholarship awards payable	\$ 14,216	\$ -
Accrued expenses	16,225	7,750
<b>Total liabilities</b>	<b>30,441</b>	<b>7,750</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	110,627	86,582
Board designated for book fund	1,000	-
With donor restrictions	79,174	79,990
<b>Total net assets</b>	<b>190,801</b>	<b>166,572</b>
<b>Total liabilities and net assets</b>	<b>\$ 221,242</b>	<b>\$ 174,322</b>

*See notes to financial statements*

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

### Statement of Activities

Year Ended September 30	2019			2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Total Only	
<b>Revenues and support</b>					
Contributions	\$ 64,584	\$ 7,439	\$ 72,023	\$	42,909
Gift-in-kind revenue	3,297	-	3,297	-	-
Investment income, net of expense	1,527	-	1,527	2,046	-
<b>Totals</b>	<b>69,408</b>	<b>7,439</b>	<b>76,847</b>	<b>44,955</b>	<b>-</b>
<b>Net assets released from restrictions</b>					
Satisfaction of purpose restrictions	8,255	(8,255)	-	-	-
<b>Total revenues, support and releases</b>	<b>77,663</b>	<b>(816)</b>	<b>76,847</b>	<b>44,955</b>	<b>-</b>
<b>Expenses</b>					
Gala expense	9,671	-	9,671	16,973	-
Hall of Fame Banquet	10,594	-	10,594	-	-
Scholarships	14,216	-	14,216	7,126	-
Management and general	15,427	-	15,427	10,686	-
Fund-raising	2,710	-	2,710	-	-
<b>Total expenses</b>	<b>52,618</b>	<b>-</b>	<b>52,618</b>	<b>34,785</b>	<b>-</b>
<b>Change in net assets</b>	<b>25,045</b>	<b>(816)</b>	<b>24,229</b>	<b>10,170</b>	<b>-</b>
<b>Net assets</b>					
Beginning of year	86,582	79,990	166,572	156,402	-
End of year	\$ 111,627	\$ 79,174	\$ 190,801	\$ 166,572	-

*See notes to financial statements*

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

### Statement of Functional Expenses

Year Ended September 30

	2019								2018
	Program Services				Supporting Services				Comparative Totals Only
	Gala	Hall of Fame Banquet	Scholarships	Total Program Services	Management & General	Fund- Raising	Total Supporting Services	Total	
Computer & software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,061	\$ 1,061	\$ 1,061	\$ -
Memberships	-	-	-	-	1,750	-	1,750	1,750	-
Honorariums	-	-	-	-	-	-	-	-	5,470
Hospitality	9,671	5,354	-	15,025	-	-	-	15,025	7,091
Professional fees	-	-	-	-	9,725	-	9,725	9,725	9,000
Rent	-	-	-	-	1,648	1,649	3,297	3,297	-
Scholarships	-	4,861	14,216	19,077	-	-	-	19,077	7,126
Supplies	-	379	-	379	1,712	-	1,712	2,091	6,098
Travel & meetings	-	-	-	-	592	-	592	592	-
<b>Totals</b>	<b>\$ 9,671</b>	<b>\$ 10,594</b>	<b>\$ 14,216</b>	<b>\$ 34,481</b>	<b>\$ 15,427</b>	<b>\$ 2,710</b>	<b>\$ 18,137</b>	<b>\$ 52,618</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	2019	2018
<b>Cash flows from operating activities</b>		
Cash received from revenues and support	\$ 64,057	41,424
Cash paid for expenses	(30,678)	(27,285)
Interest and dividends received	514	535
<b>Net cash provided by operating activities</b>	<b>33,893</b>	<b>14,674</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	998	308
Purchases of investments	(1,233)	(470)
<b>Net cash (used in) investing activities</b>	<b>(235)</b>	<b>(162)</b>
<b>Net increase in cash</b>	<b>33,658</b>	<b>14,512</b>
<b>Cash</b>		
Beginning of year	148,604	134,092
End of year	\$ 182,262	\$ 148,604

*See notes to financial statements*

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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

## Statement of Cash Flows (continued)

Year Ended September 30	2019	2018
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
<b>Change in net assets</b>	\$ 24,229	\$ 10,170
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Unrealized gains on investments	(15)	(1,453)
Realized gains on investments	(998)	(308)
(Increase) decrease in:		
Pledge receivable	(1,500)	-
Prepaid software expense	(4,048)	-
Promises to give	(6,466)	(1,235)
Increase (decrease) in:		
Scholarship award payable	14,216	-
Accrued expenses	8,475	7,500
<b>Total adjustments</b>	9,664	4,504
<b>Net cash provided by operating activities</b>	\$ 33,893	\$ 14,674

*See notes to financial statements*

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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements  
September 30, 2019 and 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 further the mission of the Bishop State Community College (the College); to support the fundraising efforts of the College in order to meet the College's particular needs and priorities; and to provide the College with mechanisms to receive and manage gifts. Gift revenues and assets of the Foundation are available to the College to support approved College programs and activities 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.

The statements of activities and functional expenses include certain prior year summarized comparative data in total, but not by net 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 September 30, 2018, from which the summarized data was derived.

#### *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.

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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

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

#### *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.

#### *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.

#### *Adoption of FASB Accounting Standards Update 2014-09*

The Foundation has implemented FASB Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* and subsequent clarification (ASUs) effective October 1, 2018. The standard prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount and timing of revenue and cash flows. The adoption of the new standard update does not have a material effect on the Foundation's financial statements.

#### *Adoption of FASB Accounting Standards Update 2018-08*

The Foundation has implemented FASB Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and subsequent clarification (ASUs) effective September 30, 2019. The standard is intended to assist entities in evaluating whether transactions should be accounted for as contributions or exchange transactions subject to other guidance and determining whether a contribution is conditional. The adoption of the new standard update does not have a material effect on the Foundation's financial statements.

#### *Revenue recognition*

Contributions and grants received are recognized as revenue when received and 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.

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**BISHOP STATE COMMUNITY COLLEGE FOUNDATION**

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

**Note 2 - Summary of significant accounting policies (continued)*****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.

***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, 2019, 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 2015.

***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.

***Subsequent events***

Management's evaluation of subsequent events through October 5, 2020, which is the date the financial statements were available to be issued, revealed no significant matters to be recorded or disclosed other than as described in Note 9.

**Note 3 – Reclassification**

Certain amounts in the 2018 financial statements have been reclassified to conform to the current year presentation. These reclassifications have no effect on net assets or change in net assets as previously reported.

**Note 4 - Concentrations of credit risk**

As of September 30, 2019, the Foundation held their cash funds in accounts that were insured by the FDIC.

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

### Note 5 - 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. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

September 30	2019	2018
<b>Financial assets at year end</b>	\$ 217,194	\$ 174,322
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(79,174)	(79,990)
Board designations:		
Book Fund	(1,000)	-
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 137,020</b>	<b>\$ 94,332</b>

### Note 6 - Investments

The following schedule summarizes the change in investment values:

September 30	2019	2018
Market value, beginning of year	\$ 24,483	\$ 22,561
Interest and dividends, reinvested	493	483
Realized gains	998	308
Unrealized gains	15	1,453
Withdrawals and fees	(258)	(322)
<b>Market value, end of year</b>	<b>\$ 25,731</b>	<b>\$ 24,483</b>

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

### Note 6 - Investments (continued)

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. All assets have been valued using a market approach and there have been no changes in valuation techniques and related inputs.

Fair values of assets measured on a recurring basis are as follow:

September 30, 2019	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity funds	\$ 4,209	\$ 4,209	\$ -
Pooled investment funds	21,522	-	21,522
<b>Totals</b>	<b>\$ 25,731</b>	<b>\$ 4,209</b>	<b>\$ 21,522</b>

September 30, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Equity funds	\$ 3,475	\$ 3,475	\$ -
Pooled investment funds	21,008	-	21,008
<b>Totals</b>	<b>\$ 24,483</b>	<b>\$ 3,475</b>	<b>\$ 21,008</b>

## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

### Note 6 – Investments (continued)

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

Year ended September 30	2019	2018
Interest and dividends	\$ 772	\$ 535
Net realized gains	998	308
Net unrealized gains	15	1,453
Trustee and other fees	(258)	(250)
<b>Total investment return, net</b>	<b>\$ 1,527</b>	<b>\$ 2,046</b>

### Note 7 - Net assets with donor restrictions

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

September 30	2019	2018
Subject to expenditure for scholarship program:		
Airbus - Dual Enrollment	\$ 399	\$ 399
American Gas Association	16,080	22,600
Bedsole Foundation - Dual Enrollment	438	438
Blacks in Government - Culinary Arts	-	250
BP - South Mobile County Work Force Development	13,494	13,494
Central High School - Barber College	-	500
David Thomas, Sr.	-	235
Eric Beck	500	500
Huntington Ingalls Industries	31,824	31,824
Judge Kahn - Nursing	9,500	9,000
Monica J. Beasley - Graphic Communication	500	500
Vincent Warren Henderson - Culinary Arts	-	250
Poarch Creek Indians	501	-
Dr. Reginald Sykes Book Fund	538	-
Alabama Power	5,400	-
<b>Totals</b>	<b>\$ 79,174</b>	<b>\$ 79,990</b>



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## BISHOP STATE COMMUNITY COLLEGE FOUNDATION

Notes to Financial Statements (continued)  
September 30, 2019 and 2018

### Note 8 - Related party transactions

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

Year ended September 30	2019	2018
Scholarship awards payable	\$ 14,216	\$ -
Support and donations	25,903	11,091
Program service expenses	22,408	7,126
Supporting service expenses	178	-

The President of Bishop State Community College is member of the Foundation's governing board. Several other board members fund this Foundation in the form of direct donations and through fundraising events. The Foundation hosts the Hall of Fame Banquet and the net proceeds are distributed to Bishop State Community College Athletic Department. Proceeds in the amount of \$4,861 were distributed for the year ended September 30, 2019. Scholarship awards from the Foundation are paid to Bishop State Community College which then in turn distributes to the individual recipients. Scholarships in the amount of \$14,216 and \$7,126 were awarded for the years ended September 30, 2019 and 2018, respectively.

### Note 9 – Subsequent events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have risen which may impact operating results. Additionally, subsequent to September 30, 2019, market values of investments have been affected by market volatility. The related financial impact, if any, and duration resulting from these events cannot be reasonably estimated at this time.