

RANDOLPH COMMUNITY COLLEGE
FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2008

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Randolph Community College Foundation, Inc.
Asheboro, North Carolina

I have audited the accompanying statements of financial position of Randolph Community College Foundation, Inc., a nonprofit organization, as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Randolph Community College Foundation, Inc. as of June 30, 2008 and 2007, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 28, 2008


Certified Public Accountant

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and cash equivalents	\$ 238,062	\$ 157,126
Investments held by fiscal agent	8,421,856	8,837,991
Accounts receivable	929	707
Pledges receivable	3,902	13,902
Coin collection	300	300
Total Assets	\$ <u>8,665,049</u>	\$ <u>9,010,026</u>
Liabilities:		
Accounts payable	\$ -	\$ 1,930
Total Liabilities	-	1,930
Net Assets:		
Unrestricted	1,104,453	1,143,817
Temporarily restricted	4,136,879	4,467,489
Permanently restricted	<u>3,423,717</u>	<u>3,396,790</u>
Total Net Assets	<u>8,665,049</u>	<u>9,008,096</u>
Total Liabilities and Net Assets	\$ <u>8,665,049</u>	\$ <u>9,010,026</u>

The Notes to Financial Statements are an integral part of these statements.

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2008 and 2007

	2008		2007					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:								
Contributions	\$ 6,787	\$ 91,419	\$ 31,255	\$ 129,461	\$ -	\$ 25,794	\$ 82,638	\$ 108,432
Income earned on investments	42,304	278,871	-	321,175	39,410	255,703	-	295,113
Net realized and unrealized gains on investments	(61,037)	(391,816)	-	(452,853)	112,597	659,589	-	772,186
Other income	1,079	-	-	1,079	1,427	-	-	1,427
Net assets released from restrictions	316,576	(316,576)	-	-	228,313	(228,313)	-	-
Satisfaction of program restrictions	-	-	-	-	-	-	-	-
Satisfaction of gift requirements	-	-	-	-	-	-	-	-
Total Revenues, Gains and Other Support	305,709	(338,102)	31,255	(1,138)	381,747	712,773	82,638	1,177,158
Expenses:								
Contributions to Randolph Community College for								
Scholarships	91,712	-	-	91,712	63,582	-	-	63,582
Support of various College programs	141,480	-	-	141,480	31,050	-	-	31,050
Grants	9,649	-	-	9,649	15,376	-	-	15,376
Special projects	20,396	-	-	20,396	64,354	-	-	64,354
Management and general	78,672	-	-	78,672	77,765	-	-	77,765
Total Expenses	341,909	-	-	341,909	252,127	-	-	252,127
Change in Net Assets	(36,200)	(338,102)	31,255	(343,047)	129,620	712,773	82,638	925,031
Net Assets - Beginning of Year	1,143,817	4,467,489	3,396,790	9,008,096	1,014,197	3,754,716	3,314,152	8,083,065
Categorical Restatements from Prior Years	(3,164)	7,492	(4,328)	-	-	-	-	-
Net Assets - End of Year	\$ 1,104,453	\$ 4,136,879	\$ 3,423,717	\$ 8,665,049	\$ 1,143,817	\$ 4,467,489	\$ 3,396,790	\$ 9,008,096

The Notes to Financial Statements are an integral part of these statements.

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (343,047)	\$ 925,031
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in accounts receivable	(222)	195
(Increase) decrease in pledges receivable	10,000	6,500
Increase (decrease) in accounts payable	(1,930)	(174)
Net realized and unrealized gains on investments	452,853	(772,186)
Collection of endowment fund support	(31,255)	(82,638)
	<u>86,399</u>	<u>76,728</u>
Net Cash (Used) Provided by Operating Activities		
	<u>86,399</u>	<u>76,728</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	8,310,798	2,589,803
Purchases of investments	(8,347,516)	(2,737,955)
	<u>(36,718)</u>	<u>(148,152)</u>
Net Cash Used by Investing Activities		
	<u>(36,718)</u>	<u>(148,152)</u>
Cash Flows from Financing Activities:		
Collection of endowment fund support	31,255	82,638
	<u>31,255</u>	<u>82,638</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
	80,936	11,214
Cash and Cash Equivalents - Beginning of Year		
	<u>157,126</u>	<u>145,912</u>
Cash and Cash Equivalents - End of Year		
	<u>\$ 238,062</u>	<u>\$ 157,126</u>

The Notes to Financial Statements are an integral part of these statements.

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

Nature of Activity

Randolph Community College Foundation, Inc. (the Foundation) is a legally separate nonprofit organization incorporated on October 26, 1979. The purposes of the Foundation are to foster public understanding of, and support for, Randolph Community College and to solicit and promote donations of any kind for the exclusive benefit of the College.

The Foundation is tax-exempt as an organization described in Section 501(c)(3) of the Internal Revenue Code and received a tax determination letter dated February 20, 1980.

Financial Statement Presentation

The accompanying financial statements are reflective of the Foundation's operations for the years ended June 30, 2008 and 2007 and present all funds for which the Foundation's Board of Directors is responsible. The Foundation presents its financial statements using accounting principles generally accepted in the United States of America as established by the AICPA's "Audits of Certain Nonprofit Organizations" audit and accounting guide including the Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," SFAS No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." SFAS No. 116 requires contributions and pledges to be recognized as revenue in the period received. Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. SFAS No. 117 establishes standards for general purpose external financial statements provided by a not-for-profit organization. SFAS No. 124 establishes standards of financial accounting and reporting for most investments held by not-for-profit organizations.

These financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes: permanently restricted, temporarily restricted, and unrestricted as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the college.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets - Net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting.

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 short-term investments to be cash equivalents. Short-term investments include amounts on deposit held by a fiscal agent.

Donated Services

When donated services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, the amounts are reflected in the financial statements as revenue and expense if the value of the donated services is ascertainable. There were no such donated services recorded in the accompanying financial statements for the years ended June 30, 2008 and 2007. However, during the periods, board and committee members donated time not meeting the above requirement for inclusion in the financial statements.

Donated Materials, Facilities, and Equipment

The Foundation reports donated materials, facilities, and equipment at their estimated values at the date of receipt. During the years ended June 30, 2008 and 2007 office space and personnel support were provided to the Foundation at no charge by Randolph Community College. Due to the relationship between the two organizations, no in-kind support has been recognized in these financial statements for the use of these facilities or personnel.

Note 2 - Concentration of Credit Risk

All funds of the Foundation are deposited in board-designated official depositories. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per type of account. At June 30, 2008, uninsured bank balances total \$38,454. At June 30, 2007, there were no uninsured bank balances. The cash balances are maintained at financial institutions with high credit-quality ratings and the Foundation believes no significant risk of loss exists with respect to those balances.

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 - Pooled Investments Held by Fiscal Agent

All investments are valued in the financial statements at fair value based on publicly available trading values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. The fair value of the investments held by the fiscal agent at June 30, 2008 and 2007 compared to their original cost was as follows:

	2008			2007		
	Cost	Fair Value	Carrying Value	Cost	Fair Value	Carrying Value
	Cash and cash equivalents	\$ 517,107	\$ 511,930	\$ 511,930	\$ 125,435	\$ 138,136
Equity Mutual Funds	3,357,267	3,312,321	3,312,321	2,794,010	3,910,867	3,910,867
Fixed Income Funds	4,770,753	4,597,605	4,597,605	4,789,319	4,788,988	4,788,988
Total investments	\$ 8,645,127	\$ 8,421,856	\$ 8,421,856	\$ 7,708,764	\$ 8,837,991	\$ 8,837,991

The following schedule summarized the investment return and its classification in the statements of activities for the years ended June 30, 2008 and 2007:

	2008			2007		
	Temporarily		Total	Temporarily		Total
	Unrestricted	Restricted		Unrestricted	Restricted	
Income earned on investments	\$ 42,304	\$ 278,871	\$ 321,175	\$ 39,410	\$ 255,703	\$ 295,113
Net realized and unrealized gains on investments	(61,037)	(391,816)	(452,853)	112,597	659,589	772,186
	\$ (18,733)	\$ (112,945)	\$ (131,678)	\$ 152,007	\$ 915,292	\$ 1,067,299

The investments held by fiscal agent account reflects all cash deposited with the fiscal agent for investment on behalf of the Foundation. The allocation of the investments held by the fiscal agent at June 30, 2008 and 2007 was as follows:

	2008			2007		
	Cost	Fair Value	Carrying Value	Cost	Fair Value	Carrying Value
	Associate Degree Nursing Endowment Fund	\$ 1,567,683	\$ 1,527,935	\$ 1,527,935	\$ 1,382,172	\$ 1,576,754
Endowed Scholarships Fund	1,461,781	1,426,091	1,426,091	1,294,308	1,468,792	1,468,792
Ferguson Endowed Scholarship Fund	267,429	259,440	259,440	246,890	280,731	280,731
Titl� III Endowment for Excellence Fund	833,363	805,070	805,070	766,887	833,257	833,257
R. Alton Cox Endowment Fund	3,335,361	3,252,127	3,252,127	2,987,234	3,476,857	3,476,857
General Endowment Fund	60,247	58,155	58,155	54,838	55,198	55,198
Total Endowment Funds	7,525,864	7,328,818	7,328,818	6,732,329	7,691,589	7,691,589
General Unrestricted Funds	1,119,263	1,093,038	1,093,038	976,435	1,146,402	1,146,402
Total	\$ 8,645,127	\$ 8,421,856	\$ 8,421,856	\$ 7,708,764	\$ 8,837,991	\$ 8,837,991

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3 - Pooled Investments Held by Fiscal Agent (Concluded)

The investments for the endowment funds consist of \$3,568,592 (\$3,509,756 for 2007) for the endowment principal and \$3,760,226 (\$3,884,218 for 2007) for the endowment income.

Note 4 - Functional Expenses

Expenses were incurred for:

	2008				2007			
	Total	Contributions	Management	Special	Total	Contributions	Management	Special
		to RCC	and General	Projects		to RCC	and General	Projects
Scholarships	\$ 91,712	\$ 91,712	\$ -	\$ -	\$ 63,582	\$ 63,582	\$ -	\$ -
Support of Programs	141,480	141,480	-	-	31,050	31,050	-	-
Grants	9,649	9,649	-	-	15,376	15,376	-	-
Investment Fees	32,665	-	32,665	-	31,996	-	31,996	-
Conference Center	2,001	-	-	2,001	86	-	-	86
Other Expenses	64,402	-	44,006	20,396	110,037	-	45,769	64,268
Total	\$ 341,909	\$ 242,841	\$ 76,671	\$ 22,397	\$ 252,127	\$ 110,008	\$ 77,765	\$ 64,354

Note 5 - Temporarily Restricted Net Assets

The temporarily restricted net assets that were released from restrictions during the years ended June 30, 2008 and 2007 were used primarily for contributions to Randolph Community College for scholarships and various College programs. The temporarily restricted net assets include funding from endowment income and a term endowment in the amount of \$150,000 received from the U.S. Department of Education in 1987. The term endowment plus its related income were released to the Foundation in October, 2007. At that time, the term endowment and its related income became available for educational purposes of the College. The other temporarily restricted funds are primarily available for scholarships and program support.

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Associate Degree Nursing Endowment Fund	\$ 913,513	\$ 987,448
Endowed Scholarships Fund	338,007	414,126
Ferguson Endowed Scholarship Fund	54,440	75,931
Title III Endowment for Excellence Fund	540,318	569,560
R. Alton Cox Endowment Fund	2,058,993	2,283,724
Other	231,608	136,700
	\$ 4,136,879	\$ 4,467,489

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 - Temporarily Restricted Net Assets (Concluded)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose Restriction Accomplished	<u>2008</u>	<u>2007</u>
Scholarships Awarded from:		
Endowed Scholarships Fund	\$ 44,562	\$ 46,275
Ferguson Endowed Scholarship Fund	17,113	2,000
Title III Endowment for Excellence Fund	618	450
R. Alton Cox Endowment Fund	6,374	4,616
Continuing Education Scholarship Fund - Cox	5,840	4,953
Continuing Education Money Market	11	-
Designated Fund	17,194	5,288
Program Support Awarded from:		
Title III Endowment for Excellence Fund	15,000	10,000
Associate Degree Nursing Endowed Fund	23,132	15,000
College Support TBD – R. Alton Cox	103,158	-
Designated Fund	190	6,050
Grants Awarded from:		
R. Alton Cox Endowment Fund	3,409	8,595
Student Ambassador Grant – Cox Endowment	6,240	6,781
Other:		
Miscellaneous Designated Funds	20,396	64,354
Conference Center Building	2,001	-
Emergency Fund – Title III	4,368	-
Bad Debts	-	(5,000)
Expenses from Cox Fund	18,531	31,086
Investment Management Fees	28,439	27,865
Total Net Assets Released from Restrictions	<u>\$ 316,576</u>	<u>\$ 228,313</u>

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

Note 6 - Permanently Restricted Net Assets

Permanently restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Associate Degree Nursing Endowment Fund	\$ 614,422	\$ 614,312
Endowed Scholarships Fund	1,088,084	1,037,692
Ferguson Endowed Scholarship Fund	205,000	205,000
Title III Endowment for Excellence Fund	264,752	256,095
R. Alton Cox Endowment Fund	1,193,134	1,193,134
General Endowment Fund	58,325	54,153
Other	-	36,404
	<u>\$ 3,423,717</u>	<u>\$ 3,396,790</u>

Note 7 - Pledges

Pledges receivable are primarily the result of a campaign to raise funds for a conference center for Randolph Community College. The pledges are due as follows:

	<u>2008</u>	<u>2007</u>
Amounts Due in:		
Less than One Year	\$ 18,902	\$ 18,902
More than One Year	-	10,000
	<u>18,902</u>	<u>28,902</u>
Less Allowance for Doubtful Accounts	(15,000)	(15,000)
	<u>\$ 3,902</u>	<u>\$ 13,902</u>

Note 8 - Related Party Transactions

A Board member of the Foundation is the president of the bank that serves as investment manager. The Foundation paid investment fees to the bank of \$32,665 and \$32,174 for the years ended June 30, 2008 and 2007.

Note 9 - Restatement of Net Assets

Categorical reclassifications were necessary to properly present the funds of Unrestricted, Temporarily Restricted, and Permanently Restricted net assets from prior years. Total net assets has not been affected due to the reclassifications, only the presentation of these categories within the funds.