

RANDOLPH COMMUNITY COLLEGE
FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2010 and 2009

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-10



MAXTON McDOWELL

Certified Public Accountant

379 South Cox Street
Asheboro, North Carolina 27203
Phone: (336) 626-9970
Fax: (336) 626-5981

Member
American Institute of Certified
Public Accountants
North Carolina Association of
Certified Public Accountants

126 North Second Street
Albemarle, North Carolina 28001
Phone: (704) 983-5012
Fax: (704) 983-5109

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, 2010 and 2009, 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, 2010 and 2009, 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.

Certified Public Accountant

January 20, 2011

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Cash and cash equivalents	\$ 395,254	\$ 320,182
Investments held by fiscal agent	7,792,770	6,859,453
Accounts receivable	250,038	693
Pledges receivable	3,902	3,902
Coin collection	300	300
Total Assets	\$ <u>8,442,264</u>	\$ <u>7,184,530</u>
Liabilities:		
Accounts payable	\$ <u>1,406</u>	\$ <u>87</u>
Total Liabilities	<u>1,406</u>	<u>87</u>
Net Assets:		
Unrestricted	1,022,512	909,644
Temporarily restricted	3,923,128	2,824,371
Permanently restricted	3,495,218	3,450,428
Total Net Assets	<u>8,440,858</u>	<u>7,184,443</u>
Total Liabilities and Net Assets	\$ <u>8,442,264</u>	\$ <u>7,184,530</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, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:								
Contributions	\$ -	\$ 371,636	\$ 44,790	\$ 416,426	\$ -	\$ 68,121	\$ 26,711	\$ 94,832
Income earned on investments	45,377	314,350	-	359,727	33,237	224,642	-	257,879
Net realized and unrealized gains on investments	108,832	742,838	-	851,670	(205,911)	(1,242,644)	-	(1,448,555)
Net assets released from restrictions	330,067	(330,067)	-	-	362,627	(362,627)	-	-
Total Revenues, Gains and Other Support	<u>484,276</u>	<u>1,098,757</u>	<u>44,790</u>	<u>1,627,823</u>	<u>189,953</u>	<u>(1,312,508)</u>	<u>26,711</u>	<u>(1,095,844)</u>
Expenses:								
Contributions to Randolph Community College for								
Scholarships	121,808	-	-	121,808	111,209	-	-	111,209
Support of various College programs	103,980	-	-	103,980	50,873	-	-	50,873
Grants	11,916	-	-	11,916	26,450	-	-	26,450
Special projects	39,612	-	-	39,612	113,911	-	-	113,911
Management and general	94,092	-	-	94,092	82,319	-	-	82,319
Total Expenses	<u>371,408</u>	<u>-</u>	<u>-</u>	<u>371,408</u>	<u>384,762</u>	<u>-</u>	<u>-</u>	<u>384,762</u>
Change in Net Assets	<u>112,868</u>	<u>1,098,757</u>	<u>44,790</u>	<u>1,256,415</u>	<u>(194,809)</u>	<u>(1,312,508)</u>	<u>26,711</u>	<u>(1,480,606)</u>
Net Assets - Beginning of Year	<u>909,644</u>	<u>2,824,371</u>	<u>3,450,428</u>	<u>7,184,443</u>	<u>1,104,453</u>	<u>4,136,879</u>	<u>3,423,717</u>	<u>8,665,049</u>
Net Assets - End of Year	<u>\$ 1,022,512</u>	<u>\$ 3,923,128</u>	<u>\$ 3,495,218</u>	<u>\$ 8,440,858</u>	<u>\$ 909,644</u>	<u>\$ 2,824,371</u>	<u>\$ 3,450,428</u>	<u>\$ 7,184,443</u>

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,256,415	\$ (1,480,606)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in accounts receivable	(249,345)	236
(Increase) decrease in pledges receivable	-	-
Increase (decrease) in accounts payable	1,319	87
Net realized and unrealized gains on investments	(851,670)	1,448,555
Collection of endowment fund support	<u>(44,790)</u>	<u>(26,711)</u>
Net Cash (Used) Provided by Operating Activities	<u>111,929</u>	<u>(58,439)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	8,356,642	17,667,304
Purchases of investments	(8,551,435)	(17,600,115)
Proceeds from investment income	359,154	263,951
Other additions and withdrawals	<u>(246,008)</u>	<u>(217,292)</u>
Net Cash Used by Investing Activities	<u>(81,647)</u>	<u>113,848</u>
Cash Flows from Financing Activities:		
Collection of endowment fund support	<u>44,790</u>	<u>26,711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	75,072	82,120
Cash and Cash Equivalents - Beginning of Year	<u>320,182</u>	<u>238,062</u>
Cash and Cash Equivalents - End of Year	<u>\$ 395,254</u>	<u>\$ 320,182</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for:		
Investment fees	<u>\$ 32,374</u>	<u>\$ 28,651</u>

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

RANDOLPH COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

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, 2010 and 2009 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 FASB ASC 958-605-05, "Accounting for Contributions Received and Contributions Made," FASB ASC 958-205-45-1, "Financial Statements of Not-for-Profit Organizations" and FASB ASC 958-320-05, "Accounting for Certain Investments Held by Not-for-Profit Organizations" FASB ASC 958-605-05 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. FASB ASC 958-205-45-1 establishes standards for general purpose external financial statements provided by a not-for-profit organization. FASB ASC 958-320-05 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 (Concluded)

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

The Foundation received donated services from a variety of unpaid board and committee members assisting the Foundation in administrative duties. No amounts have been recognized in the accounting statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958-605-25-16 have not been satisfied.

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, 2010 and 2009 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.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses of \$3,277 were included in operating expenses for the year ended 2010.

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 \$250,000, respectively, per type of account. The Foundation also qualifies for the Transaction Account Guarantee (TAG) Program. Any account earning 0.25% in interest or less is 100% guaranteed. After that, Community One pledges securities to the State to cover all funds. At June 30, 2010 and 2009, there were no uninsured bank 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, 2010 and 2009 compared to their original cost was as follows:

	2010			2009		
	Cost	Fair	Carrying	Cost	Fair	Carrying
		Value	Value		Value	Value
Cash and cash equivalents	\$ 218,681	\$ 1,507,611	\$ 1,507,611	\$ 298,700	\$ 308,787	\$ 308,787
Equity Mutual Funds	3,286,255	3,689,841	3,689,841	3,558,635	3,672,943	3,672,943
Fixed Income Funds	2,361,993	2,474,141	2,474,141	2,854,363	2,877,723	2,877,723
Total investments	<u>\$ 5,866,929</u>	<u>\$ 7,671,593</u>	<u>\$ 7,671,593</u>	<u>\$ 6,711,698</u>	<u>\$ 6,859,453</u>	<u>\$ 6,859,453</u>

The following schedule summarized the investment return and its classification in the statements of activities for the years ended June 30, 2010 and 2009:

	2010			2009		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Income earned on investments	\$ 45,377	\$ 314,350	\$ 359,727	\$ 33,237	\$ 224,642	\$ 257,879
Net realized and unrealized gains on investments	108,832	742,838	851,670	(205,911)	(1,242,644)	(1,448,555)
	<u>\$ 154,209</u>	<u>\$ 1,057,188</u>	<u>\$ 1,211,397</u>	<u>\$ (172,674)</u>	<u>\$ (1,018,002)</u>	<u>\$ (1,190,676)</u>

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, 2010 and 2009 was as follows:

	2010			2009		
	Cost	Fair	Carrying	Cost	Fair	Carrying
		Value	Value		Value	Value
Associate Degree Nursing Endowment Fund	\$ 1,029,138	\$ 1,433,815	\$ 1,433,815	\$ 1,237,014	\$ 1,263,397	\$ 1,263,397
Endowed Scholarships Fund	1,069,430	1,458,817	1,458,817	1,183,577	1,213,406	1,213,406
Ferguson Endowed Scholarship Fund	131,947	243,759	243,759	205,141	208,761	208,761
Title III Endowment for Excellence Fund	714,622	764,491	764,491	672,305	689,285	689,285
R. Alton Cox Endowment Fund	2,189,681	2,885,138	2,885,138	2,533,427	2,584,760	2,584,760
General Endowment Fund	31,656	49,467	49,467	45,756	47,395	47,395
Total Endowment Funds	5,166,474	6,835,487	6,835,487	5,877,220	6,007,004	6,007,004
General Unrestricted Funds	700,455	957,281	957,281	834,478	852,449	852,449
Total	<u>\$ 5,866,929</u>	<u>\$ 7,792,768</u>	<u>\$ 7,792,768</u>	<u>\$ 6,711,698</u>	<u>\$ 6,859,453</u>	<u>\$ 6,859,453</u>

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 \$3,644,071 (\$3,600,428 for 2009) for the endowment principal and \$3,191,417 (\$2,406,576 for 2009) for the endowment income.

Note 4 - Functional Expenses

Expenses were incurred for:

	2010				2009			
	Total	Contributions	Management	Special	Total	Contributions	Management	Special
		to RCC	and General	Projects		to RCC	and General	Projects
Scholarships	\$ 121,808	\$ 121,808	\$ -	\$ -	\$ 111,209	\$ 111,209	\$ -	\$ -
Support of Programs	103,980	103,980	-	-	50,873	50,873	-	-
Grants	11,916	11,916	-	-	26,450	26,450	-	-
Investment Fees	28,247	-	28,247	-	28,823	-	28,823	-
Conference Center	71	-	-	71	88	-	-	88
Café Renovation	3,647	-	-	3,647	95,200	-	-	95,200
Other Expenses	101,739	-	65,845	35,894	72,119	-	53,496	18,623
Total	\$ 371,408	\$ 237,704	\$ 94,092	\$ 39,612	\$ 384,762	\$ 188,532	\$ 82,319	\$ 113,911

Note 5 - Temporarily Restricted Net Assets

The temporarily restricted net assets that were released from restrictions during the years ended June 30, 2010 and 2009 were used primarily for contributions to Randolph Community College for scholarships and various College programs.

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Associate Degree Nursing Endowment Fund	\$ 819,308	\$ 648,900
Endowed Scholarships Fund	305,166	101,604
Ferguson Endowed Scholarship Fund	38,759	3,761
Title III Endowment for Excellence Fund	499,044	423,988
R. Alton Cox Endowment Fund	1,692,005	1,391,626
Other	568,846	254,492
	<u>\$ 3,923,128</u>	<u>\$ 2,824,371</u>

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>2010</u>	<u>2009</u>
Scholarships Awarded from:		
Endowed Scholarships Fund	\$ -	\$ 39,646
Endowed Scholarships Fund - Money Market	7,604	9,934
Ferguson Endowed Scholarship Fund	-	-
Ferguson Endowed Scholarship Fund - Money Market	1,959	2,838
Title III Endowment for Excellence Fund	845	976
Title III Endowment for Excellence Fund - Money Market	125	310
R. Alton Cox Endowment Fund	3,848	5,462
R. Alton Cox Endowment Fund - Money Market	4,012	-
Continuing Education Scholarship Fund - Cox	7,311	9,799
Continuing Education - Money Market	8,661	248
Designated Fund	33,127	34,391
Student Ambassador - Cox Endowment	308	7,605
Student Ambassador - Cox Endowment - Money Market	9,146	-
Cox Scholarship Support for Endowed & Ferguson	44,862	-
Program Support Awarded from:		
Title III Endowment for Excellence Fund	15,771	10,766
Title III Endowment for Excellence Fund - Money Market	281	-
Title III - Margin of Excellence	3,288	-
Title III - Margin of Excellence - Money Market	6,807	-
Associate Degree Nursing Endowed Fund	-	3,647
Associate Degree Nursing Endowed Fund - Money Market	18,755	30,000
College Support TBD - R. Alton Cox	35,381	5,939
College Support TBD - R. Alton Cox - Money Market	15,892	-
Designated Fund	1,173	521
Grants Awarded from:		
R. Alton Cox Endowment Fund	277	8,624
R. Alton Cox Endowment Fund - Money Market	4,851	3,700
Emergency Fund - Title III	3,348	8,457
Emergency Fund - Title III - Money Market	1,963	-
Other:		
Miscellaneous Designed Funds	35,894	113,823
Conference Center Building	71	88
Café Renovation Expenses	3,647	5,669
Expenses from Cox Fund	36,298	35,049
Investment Management Fees	24,562	25,135
Total Net Assets Released from Restrictions	<u>\$ 330,067</u>	<u>\$ 362,627</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>2010</u>	<u>2009</u>
Associate Degree Nursing Endowment Fund	\$ 614,507	\$ 614,497
Endowed Scholarships Fund	1,153,651	1,111,802
Ferguson Endowed Scholarship Fund	205,000	205,000
Title III Endowment for Excellence Fund	265,447	265,297
R. Alton Cox Endowment Fund	1,193,134	1,193,134
General Endowment Fund	<u>62,662</u>	<u>60,698</u>
	<u>\$ 3,494,401</u>	<u>\$ 3,450,428</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>2010</u>	<u>2009</u>
Amounts Due in:		
Less than One Year	\$ 18,902	\$ 18,902
More than One Year	<u>-</u>	<u>-</u>
	18,902	18,902
Less Allowance for Doubtful Accounts	<u>(15,000)</u>	<u>(15,000)</u>
	<u>\$ 3,902</u>	<u>\$ 3,902</u>

Note 8 - Related Party Transactions

For the year ended June 30, 2010 and 2009, the Foundation had no related party transactions.

Note 9 - Evaluation of Subsequent Events

In May 2009, the FASB issued FASB ASC 855-10-50-1, "Subsequent Events." This statement is intended to establish general standards of accounting for the disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. This statement is effective and was adopted by the Foundation for the year ended June 30, 2010. The Foundation has evaluated subsequent events through January 21, 2011, the date the financial statements were available to be issued.