

LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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**LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

# TABLE OF CONTENTS

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	<u>Page</u>
Independent Auditors' Report .....	1-2
<b>Financial Statements:</b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7-17



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**INDEPENDENT AUDITORS' REPORT**

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**TO THE BOARD OF DIRECTORS  
LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.  
MIDDLETOWN, VIRGINIA**

**Opinion**

We have audited the accompanying financial statements of Laurel Ridge Community College Educational Foundation, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Restatement of Beginning Balances**

As described in Note 17 to the financial statements, in 2023, Laurel Ridge Community College Educational Foundation, Inc. restated beginning balances to adjust deferred rent revenue. Our opinion is not modified with respect to this matter.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objects are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
July 24, 2024

## **FINANCIAL STATEMENTS**

**LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.**

**Statement of Financial Position  
December 31, 2023  
(With Comparative Totals for 2022)**

<b>ASSETS</b>	<u><b>2023</b></u>	<u><b>2022</b></u>
Current assets:		
Cash and cash equivalents	\$ 6,084,145	\$ 9,068,404
Contributions receivable, net	<u>209,347</u>	<u>174,471</u>
Total current assets	<u>\$ 6,293,492</u>	<u>\$ 9,242,875</u>
Noncurrent assets:		
Contributions receivable, net	\$ 147,333	\$ 283,018
Investments	10,100,262	6,865,057
Property and equipment, net	<u>19,728,540</u>	<u>18,612,305</u>
Total noncurrent assets	<u>\$ 29,976,135</u>	<u>\$ 25,760,380</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 36,269,627</u></u>	<u><u>\$ 35,003,255</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 175,936	\$ 634,522
Retainage payable	-	41,512
Deferred revenue	402,500	810,000
Notes payable, current portion	117,510	112,601
Bonds payable, current portion	<u>135,240</u>	<u>274,862</u>
Total current liabilities	<u>\$ 831,186</u>	<u>\$ 1,873,497</u>
Long term liabilities:		
Bonds payable, net of current portion	\$ 4,860,036	\$ 4,843,890
Notes payable	<u>4,326,969</u>	<u>4,442,586</u>
Total liabilities	<u>\$ 10,018,191</u>	<u>\$ 11,159,973</u>
Net assets:		
Without donor restrictions	\$ 14,109,546	\$ 11,917,469
With donor restriction	<u>12,141,890</u>	<u>11,925,813</u>
Total net assets	<u>\$ 26,251,436</u>	<u>\$ 23,843,282</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 36,269,627</u></u>	<u><u>\$ 35,003,255</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.**

**Statement of Activities  
For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)**

	<b>2023</b>			<b>2022 Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public support	\$ 96,635	\$ 1,063,290	\$ 1,159,925	\$ 3,096,318
Investment return, net	-	1,185,029	1,185,029	(1,206,376)
Interest income	-	304,918	304,918	90,685
Other income	1,277	9,042	10,319	17,860
Lease revenue	827,500	-	827,500	810,000
Management fee revenue	25,105	-	25,105	54,432
In-kind contributions	1,457,458	-	1,457,458	445,383
Net assets released from restriction	2,346,202	(2,346,202)	-	-
Total revenues, gains, and other support	<u>\$ 4,754,177</u>	<u>\$ 216,077</u>	<u>\$ 4,970,254</u>	<u>\$ 3,308,302</u>
<b>EXPENSES</b>				
Program services				
Projects in support of the college	\$ 1,905,737	\$ -	\$ 1,905,737	\$ 1,991,398
Scholarships	554,397	-	554,397	427,428
Total program services	<u>\$ 2,460,134</u>	<u>\$ -</u>	<u>\$ 2,460,134</u>	<u>\$ 2,418,826</u>
Supporting services				
Management and general	332,310	-	332,310	343,747
Fundraising	174,656	-	174,656	155,706
Total expenses	<u>\$ 2,967,100</u>	<u>\$ -</u>	<u>\$ 2,967,100</u>	<u>\$ 2,918,279</u>
Changes in net assets	\$ 1,787,077	\$ 216,077	\$ 2,003,154	\$ 390,023
Net assets at beginning of year, as restated	<u>12,322,469</u>	<u>11,925,813</u>	<u>24,248,282</u>	<u>23,453,259</u>
Net assets at end of year	<u>\$ 14,109,546</u>	<u>\$ 12,141,890</u>	<u>\$ 26,251,436</u>	<u>\$ 23,843,282</u>

The accompanying notes to financial statements are an integral part of this statement.



**LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)**

	2023					2022 Total
	Program Services		Supporting Services			
	Projects in Support of the College	Scholarships	Management and General	Fund Raising	Total	
Depreciation expense	\$ 423,785	\$ -	\$ -	\$ -	\$ 423,785	\$ 409,198
Dues and subscriptions	-	-	424	-	424	323
Fundraising and public relations	-	-	8,021	39,889	47,910	48,159
Insurance	7,147	-	12,134	-	19,281	15,262
In-kind contribution of services	138,089	-	218,170	134,767	491,026	413,347
Interest expense	533,705	-	-	-	533,705	363,631
Meetings and conferences	-	-	-	-	-	51
Miscellaneous	-	-	8,182	-	8,182	11,909
Office supplies	-	-	882	-	882	482
Postage and printing	-	-	558	-	558	913
Professional development	-	-	552	-	552	4,109
Professional services	-	-	27,623	-	27,623	31,691
Projects in support of the college	734,190	-	-	-	734,190	981,894
Repairs and maintenance	-	-	24,622	-	24,622	22,484
Salaries and wages	68,821	-	21,530	-	90,351	177,772
Scholarships	-	554,397	-	-	554,397	427,428
Taxes and licenses	-	-	9,612	-	9,612	9,626
<b>Total</b>	<b>\$ 1,905,737</b>	<b>\$ 554,397</b>	<b>\$ 332,310</b>	<b>\$ 174,656</b>	<b>\$ 2,967,100</b>	<b>\$ 2,918,279</b>

The accompanying notes to financial statements are an integral part of this statement.

**LAUREL RIDGE COMMUNITY COLLEGE  
EDUCATIONAL FOUNDATION, INC.**

**Statement of Cash Flows  
For the Year Ended December 31, 2023  
(With Comparative Totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,003,154	\$ 390,023
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	423,785	409,198
Amortization of bond issuance costs	4,237	4,237
Investment return, net	(1,185,029)	1,206,376
Contributed property	(937,000)	-
(Increase) decrease in unconditional promises to give	100,809	208,050
Increase (decrease) in deferred revenue	(407,500)	-
Increase (decrease) in accounts payable	(458,586)	469,335
Net cash provided by (used for) operating activities	\$ <u>(456,130)</u>	\$ <u>2,687,219</u>
<b>Cash flows from investing activities</b>		
Sale (purchase) of investments, net	\$ (1,645,176)	\$ 720,049
Purchase of property and equipment	<u>(644,532)</u>	<u>(923,442)</u>
Net cash provided by (used for) investing activities	\$ <u>(2,289,708)</u>	\$ <u>(203,393)</u>
<b>Cash flows from financing activities</b>		
Payments of long term obligations	\$ <u>(238,421)</u>	\$ <u>(370,582)</u>
Net cash provided by (used for) financing activities	\$ <u>(238,421)</u>	\$ <u>(370,582)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (2,984,259)	\$ 2,113,244
<b>Cash and cash equivalents, beginning of year</b>	<u>9,068,404</u>	<u>6,955,160</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 6,084,145</u>	<u>\$ 9,068,404</u>

The accompanying notes to financial statements are an integral part of this statement.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

**NOTE 1—DESCRIPTION OF THE ORGANIZATION:**

Laurel Ridge Community College Educational Foundation, Inc. (the “Foundation”) is a Virginia nonprofit corporation. Its purpose is to promote the growth, progress, and general welfare of Laurel Ridge Community College.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions.

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to any donor-imposed stipulations. At December 31, 2023, the Foundation had net assets without donor restrictions of \$14,109,546.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Foundation or the passage of time. At December 31, 2023, the Foundation had net assets with donor restrictions of \$12,141,890 and consisted of the following:

	<u>2023</u>
Contributions with time restrictions	\$ 2,380,345
Endowment	<u>9,761,545</u>
Total net assets with donor restrictions	<u>\$ 12,141,890</u>

Cash and Cash Equivalents

The Foundation considers all highly liquid investments that can be readily converted to cash or with a maturity of three months or less when purchased, to be cash equivalents. Cash and cash equivalents include the bank accounts without withdrawal restrictions, cash, and money market funds.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)**

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**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis. Functional expenses are apportioned between program and supporting services based on personnel time and space utilized for the related activities. Some expense apportionments are estimates because of the overlap of activities and the difficulty of record keeping for usage. Specifically identifiable expense are directly allocated.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 179(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Materials and Services

Donated fixed assets, including real estate, investments, and equipment, are shown as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been shown in the statements for other donated services since they do not meet the criteria for recognition as contributed services.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

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**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Property and Equipment

Purchased property and equipment are stated at cost. Major renewals and betterments are capitalized. The cost of maintenance, repairs, and minor renewals are charged to operations as incurred. Depreciation is provided for using the straight-line method over estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	39
Furniture, fixtures, and equipment	5-10
Land improvements	15

Revenue Recognition

ASC 606 has been considered and does not apply to the revenue reported in the financial statements.

Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Prior year totals on the financial statements are presented for informational purposes only. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**NOTE 3—CONCENTRATION OF CREDIT RISK:**

From time to time the Foundation's cash in bank balance exceeds the Federal Deposit Insurance Corporation limit of \$250,000. At December 31, 2023, the Foundation's cash balances in insured accounts did not exceed FDIC insurance coverage.

**NOTE 4—CONTRIBUTIONS RECEIVABLE:**

Contributions receivable as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Contributions receivable at December 31:		
Contributions expected to be collected in:		
Less than one year	\$ 264,012	\$ 224,509
One to five years	185,804	364,187
	<u>449,816</u>	<u>588,696</u>
Less allowance for uncollectible contributions receivable	(67,472)	(88,304)
Less discount on contributions receivable	(25,664)	(42,903)
Net contributions receivable	<u>\$ 356,680</u>	<u>\$ 457,489</u>

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

**NOTE 5—INVESTMENTS:**

Investments are stated at fair value and are summarized as follows as of December 31, 2023 and 2022.

	<b>2022</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Carrying Value</b>
Equity exchange traded funds	\$ 3,302,556	\$ 4,006,868	\$ 4,006,868
Pooled equity funds	460,077	483,732	483,732
Fixed income securities	883,290	802,557	802,557
Income exchange traded funds	1,729,400	1,571,900	1,571,900
Total	<u>\$ 6,375,323</u>	<u>\$ 6,865,057</u>	<u>\$ 6,865,057</u>

  

	<b>2023</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Carrying Value</b>
Money market funds	\$ 1,059,986	1,059,986	1,059,986
U.S. Government obligations	1,531,604	1,552,851	1,552,851
Corporate issues	100,963	99,338	99,338
Fixed income funds	1,774,831	1,856,335	1,856,335
Equity funds	4,929,496	5,531,752	5,531,752
Total	<u>\$ 9,396,880</u>	<u>\$ 10,100,262</u>	<u>\$ 10,100,262</u>

**NOTE 6—FAIR VALUE MEASUREMENTS:**

The Foundation applies generally accepted accounting principles for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy is used that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2.* Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3.* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value for the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

**NOTE 6—FAIR VALUE MEASUREMENTS: (CONTINUED)**

The following information summarizes the Foundation's fair value measurements:

	<u>December 31, 2023</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Money market funds	\$ 1,059,986	\$ 1,059,986
U.S. Government obligations	1,552,851	1,552,851
Corporate issues	99,338	99,338
Fixed income funds	1,856,335	1,856,335
Equity funds	<u>5,531,752</u>	<u>5,531,752</u>
Total investments	<u>\$ 10,100,262</u>	<u>\$ 10,100,262</u>

**NOTE 7—MANAGEMENT FEE REVENUE:**

The Organization collects a monthly 5% management fee on all contributions to non-endowed funds.

**NOTE 8—ENDOWMENT:**

The Foundation's endowment consists of approximately 80 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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 the various funds, (2) the purposes of the organization and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

**NOTE 8—ENDOWMENT: (CONTINUED)**

*Investment Return Objectives, Risk Parameters and Strategies:* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3.5%, while growing the funds if possible. 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:* During 2021, the Foundation adopted an endowment spending policy of appropriating for distribution each year 3.5% of its endowment fund's rolling average fair value of the prior three years. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment return. The policy became effective January 1, 2021.

The net asset composition of the endowment as of December 31, 2023 and 2022 is as follows:

<u>2023</u>	<u>With Donor Restrictions</u>
Type of Endowment Fund	
Donor-restricted funds	
Perpetual endowment	\$ <u>9,761,545</u>
Total	\$ <u><u>9,761,545</u></u>
<u>2022</u>	<u>With Donor Restrictions</u>
Type of Endowment Fund	
Donor-restricted funds	
Perpetual endowment	\$ <u>8,541,388</u>
Total	\$ <u><u>8,541,388</u></u>



LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

**NOTE 8—ENDOWMENT: (CONTINUED)**

Changes in endowment net assets as of December 31, 2023 are as follows:

	<b>With Donor Restrictions</b>
Endowment net assets, December 31, 2021	\$ 8,830,314
Investment return	(1,168,619)
Contributions	1,207,000
Amounts appropriated for expenditure	(327,307)
Endowment net assets, December 31, 2022	<u>8,541,388</u>
Investment return	1,148,248
Contributions	159,250
Amounts appropriated for expenditure	(87,341)
Endowment net assets, December 31, 2023	<u>\$ 9,761,545</u>

**NOTE 9—PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Land	\$ 4,359,500	\$ 3,422,500
Building	18,118,362	16,367,909
Works of art	1,650	1,650
Construction in progress	-	1,147,433
Less: Accumulated depreciation	(2,750,972)	(2,327,187)
Property and equipment, net	<u>\$ 19,728,540</u>	<u>\$ 18,612,305</u>

**NOTE 10—BOND ORIGATION COSTS:**

Bond origination costs as of December 31, consisted of the following:

	<b>2023</b>	<b>2022</b>
Bond origination costs	\$ 127,118	\$ 127,118
Accumulated amortization of bond origination costs	(42,370)	(38,133)
Bond origination costs, net	<u>\$ 84,748</u>	<u>\$ 88,985</u>

**LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)**

**NOTE 11—BONDS PAYABLE:**

Bonds payable as of December 31, consisted of the following:

	<u>2023</u>	<u>2022</u>
Bonds payable:		
Series 2012A (Tax-Exempt) Educational Facilities Revenue Bond	\$ 5,080,024	\$ 5,207,737
Less bond origination costs, net of amortization	<u>(84,748)</u>	<u>(88,985)</u>
Total bonds payable	\$ 4,995,276	\$ 5,118,752
Less current portion	<u>(135,240)</u>	<u>(274,862)</u>
Bonds payable, net of current portion	<u>\$ 4,860,036</u>	<u>\$ 4,843,890</u>

Annual retirements to retire the bonds payable are as follows:

Year Ending December 31,	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 139,477	\$ 326,438
2025	149,748	316,167
2026	159,759	306,156
2027	175,284	290,631
2028	181,007	284,908
Thereafter	<u>4,274,749</u>	<u>2,248,015</u>
	<u>\$ 5,080,024</u>	<u>\$ 3,544,983</u>

On December 28, 2012, the Foundation issued and sold to the Industrial Development Authority of Clarke County, Virginia, a political subdivision of the Commonwealth of Virginia, \$8,400,000 of tax-exempt revenue bonds to finance the costs of constructing, equipping, improving and developing a multi-purpose student union building which will be located on the Laurel Ridge Community College main campus in Middletown, Virginia. The bond principal and interest are secured by promissory notes issued by United Bank. Principal and interest payments began on July 28, 2014 and will continue to be payable on a monthly basis until maturity on December 28, 2042. The annual rate of interest charged in 2023 on the tax-exempt bonds is 6.40%.

**NOTE 12—NOTES PAYABLE:**

Notes payable as of December 31, consisted of the following:

	<u>2023</u>	<u>2022</u>
Notes payable:		
Luray-Page County Center Note	\$ 4,444,479	\$ 4,555,187
Less current portion	<u>(117,510)</u>	<u>(112,601)</u>
Notes payable, net of current portion	<u>\$ 4,326,969</u>	<u>\$ 4,442,586</u>

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

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**NOTE 12—NOTES PAYABLE: (CONTINUED)**

Annual retirements to retire the notes payable are as follows:

Year Ending December 31,	Notes Payable	
	Principal	Interest
2024	\$ 117,510	\$ 188,407
2025	122,633	183,283
2026	127,980	177,937
2027	133,560	172,357
2028	139,382	166,534
Thereafter	3,803,414	1,817,024
	<u>\$ 4,444,479</u>	<u>\$ 2,705,542</u>

**NOTE 13—IN-KIND DONATIONS:**

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

Services contributed by the college	\$ 491,026
Donated land	937,000
Construction-related items	23,053
Supplies for food pantry	6,379
	<u>\$ 1,457,458</u>

The Foundation received contributed services valued at \$491,026 and \$413,347 during the years ended December 31, 2023 and December 31, 2022, respectively, including accounting, management, and fundraising, provided by employees of Laurel Ridge Community College (LRCC), a public institution governed by the Virginia State Board for Community Colleges. The Foundation and LRCC work together securing resources and generating support on behalf of the college. The Foundation also uses facilities owned by LRCC on a no-cost basis. The amounts above have been recorded as in-kind contributions of services for the years ended December 31, 2023 and 2022.

Donated land is recorded at the appraisal cost.

Construction-related contributions were used in the construction of the Trades Building and are included in construction in progress.

Contributed supplies are recorded at their estimated value at the date of receipt. These items are used in projects in support of the college.

All in-kind contributions during the year ended December 31, 2023 were unrestricted.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

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**NOTE 14 –LIQUIDITY AND AVAILABILITY:**

The following reflects the Organization’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of donor and board designations. Amounts not available include amounts set aside for liquidity reserves.

Financial assets at year-end:	
Cash and cash equivalents	\$ 6,084,145
Contributions receivable	356,680
Investments	10,100,262
Total financial assets available for use at year-end	\$ 16,541,087
Less financial assets held to meet donor-imposed restrictions:	
Donor-restricted endowment funds	(9,761,545)
Donor-restricted funds	(2,380,345)
Less those unavailable for general expenditures within one year, due to:	
Contributions receivable	(147,333)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,251,864

The Foundation is greatly supported by contributions, as well as investment income. Because these restrictions require resources to be used in a particular manner in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors and Board. Thus, financial assets may not be available for general expenditure within one year.

In addition, the Foundation’s financial assets available within one year of the date of the statement of financial position for general expenditures are as follows:

Cash and cash equivalents	\$ 4,042,517
Contributions receivable	209,347
	\$ 4,251,864

**NOTE 15—DEFERRED REVENUE:**

Deferred revenue is made up of the 2024 lease payments for the Student Union and Trades Lab Building. As of December 31, 2023, deferred revenue amounted to \$402,500.

LAUREL RIDGE COMMUNITY COLLEGE EDUCATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 (CONTINUED)

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**NOTE 16—LEASE REVENUE:**

The Foundation leases the Student Union, the Luray-Page County Center, and the Skilled Trades Center to Laurel Ridge Community College. Lease revenue from these leases is recognized on a straight-line basis. All three leases include two options of five years each to extend the lease term. Future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	
2024	\$ 880,000
2025	880,000
2026	880,000
2027	880,000
2028	880,000
Thereafter	732,500
Total future minimum revenues	\$ <u>5,132,500</u>

Lease income for the year ended December 31, 2023, totaled \$827,500.

**NOTE 17—RESTATEMENT OF BEGINNING BALANCES:**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net assets, as originally reported, December 31, 2022	\$ 11,917,469	\$ 11,925,813	\$ 23,843,282
Adjustment to correct deferred revenue	405,000	-	405,000
Net assets, December 31, 2022, as adjusted	<u>12,322,469</u>	<u>11,925,813</u>	<u>24,248,282</u>

**NOTE 18—DATE OF MANAGEMENT'S REVIEW:**

In the preparation of its financial statements, Laurel Ridge Community College Educational Foundation, Inc. considered subsequent events and transactions for potential recognition or disclosure through July 24, 2024, which was the date the financial statements were available to be issued.