

**Pitt Community College  
Foundation, Inc.**  
Winterville, North Carolina



**For the Twelve Months Ended June 30, 2021**

**Pitt Community College Foundation, Inc.**

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September 9, 2021

H. Edwin Gray, CPA, PA  
820 S. Evans Street  
Greenville, NC 27834

Dear Mr. Gray;

In accordance with G.S. §143-20.1, I herewith submit the financial statements of Pitt Community College Foundation, Inc. for the fiscal year June 30, 2021.

With regard to the above referenced financial statements, I attest that the financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with the prior year and that no material unrecorded assets, liabilities, reserves, fund equities, revenues or expenditures (expenses) or departures from generally accepted accounting principles exist except as disclosed in the accompanying notes.

Sincerely,

A handwritten signature in cursive script that reads "Ricky D. Brown".

Ricky D. Brown  
Vice President of Finance and Chief Financial Officer - Pitt Community College  
Treasurer - Pitt Community College Foundation, Inc.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Financial Position**  
**As of June 30, 2021**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	
Cash With State Treasurer	\$ 219,328.35
Cash in Private Institutions	1,000.00
Restricted Cash with State Treasurer	5,399,324.47
Accounts Receivable	968.70
Pledge Receivable, Current (Note 6)	<u>152,408.10</u>
Total Current Assets	5,773,029.62
Investments	
Cash and Cash Equivalents	1,367,752.05
Long-Term Investments	<u>2,547,073.83</u>
Total Investments	3,914,825.88
Property and Equipment	
Equipment	9,957.40
Software	4,360.00
Less: Accumulated Depreciation	<u>(14,314.40)</u>
Net Property and Equipment	-
Other Assets	
Net Pledges Receivable, Noncurrent (Note 6)	<u>118,708.62</u>
Total Assets	<u>\$ 9,806,564.12</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable	\$ 8,786.87
Accrued Wages and Benefits	19,258.43
Unearned Revenue	<u>1,004.30</u>
Total Liabilities	29,049.60
Net Assets	
Without Donor Restrictions	225,445.34
With Donor Restrictions	
Perpetual in Nature (Note 9)	3,835,021.56
Purpose Restrictions (Note 9)	<u>5,717,047.62</u>
Total With Donor Restrictions	<u>9,552,069.18</u>
Total Net Assets	<u>9,777,514.52</u>
Total Liabilities and Net Assets	<u>\$ 9,806,564.12</u>

The accompanying notes to the financial statements are an integral part of this statement.  
Statement prepared without audit.

PITT COMMUNITY COLLEGE FOUNDATION, INC.

Statement of Activities

For the Twelve Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions		Total With Donor Restrictions	Total
		Purpose Restrictions	Perpetual in Nature		
<b>Public Support and Revenue</b>					
Support:					
Contributions	\$ 70,689.47	\$ 563,806.38	\$ 99,712.70	\$ 663,519.08	\$ 734,208.55
Contributions - In Kind		15,442.02	79,928.02	95,370.04	95,370.04
Discount on Pledges Receivable	(33.74)	(297.98)	(1,459.66)	(1,757.64)	(1,791.38)
Revenue:					
Income Earned on Investments:	1,768.13	180,700.99	10,215.17	190,916.16	192,684.29
Fund Raising Income	73,199.09			0.00	73,199.09
Net Assets Released from Restrictions	577,920.64	(577,920.64)		(577,920.64)	0.00
<b>Total Support and Revenue</b>	<b>723,543.59</b>	<b>181,730.77</b>	<b>188,396.23</b>	<b>370,127.00</b>	<b>1,093,670.59</b>
<b>Expenses:</b>					
Contributions to Pitt Community College for:					
Scholarships & Minigrants	269,363.53				269,363.53
General Support for PCC Programs	21,606.55				21,606.55
Program Services	299,323.47				299,323.47
General Expenses	97,138.94				97,138.94
Fundraising Expenses	35,242.72				35,242.72
<b>Total Expenses</b>	<b>722,675.21</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>722,675.21</b>
Unrealized Gain on Equity Investment			516,513.03	516,513.03	516,513.03
Reclassification (Note 10)	18,736.33	5,456.19	(24,192.52)	(18,736.33)	0.00
Change in Net Assets	19,604.71	187,186.96	680,716.74	867,903.70	887,508.41
Net Assets at Beginning of the Year	205,840.63	5,529,860.66	3,154,304.82	8,684,165.48	8,890,006.11
Net Assets at End of Year	\$ 225,445.34	\$ 5,717,047.62	\$ 3,835,021.56	\$ 9,552,069.18	\$ 9,777,514.52

The accompanying notes to the financial statements are an integral part of this statement.  
Statement prepared without audit.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**Statement of Cash Flows**  
**For the Twelve Months Ended June 30, 2021**

**Cash Flows from operating activities:**

Change in net assets	\$ 887,508.41
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Unrealized (Gain) Loss on Investment	(516,513.03)
(Increase) Decrease in Pledges Receivable	189,370.07
(Increase) Decrease in Accounts Receivable	(968.70)
(Increase) Decrease in Grant Receivable	55,536.70
Increase (Decrease) in Accounts Payable	6,695.17
Increase (Decrease) in Accrued Wages and Benefits	2,635.58
Contributions Restricted for Long-Term Purposes	(178,181.06)
Interest, Dividends, Capital Gains Restricted for Reinvestment	(10,215.17)
<b>Net cash provided by operating activities</b>	<u>435,867.97</u>

**Cash flows from investing activities:**

Cash used for investment transactions (net)	(1,614,076.89)
<b>Net cash used in investing activities</b>	<u>(1,614,076.89)</u>

**Cash flows from financing activities**

Proceeds from Contributions Restricted for:	
Investment in Endowments	178,181.06
Other Financing Activities	
Interest, Dividends, Capital Gains Restricted for Reinvestment	10,215.17
<b>Net cash provided by financing activities</b>	<u>188,396.23</u>

**Net increase (decrease) in cash, cash equivalents, and restricted cash** \$ (989,812.69)

**Cash, cash equivalents, and restricted cash at beginning of year** 6,609,465.51

**Cash, cash equivalents, and restricted cash at end of year** \$ 5,619,652.82

**Supplemental disclosure of cash flow information**

Interest Expense	\$ -
Income Tax Expense	<u><u>\$ -</u></u>

The accompanying notes to the financial statements are an integral part of this statement.  
Statement prepared without audit.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**Schedule of Functional Expenses**  
**For the Twelve Months Ended June 30, 2021**

	<u>Program Services</u>	<u>Mgmt &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 5,133.38	\$ 32,930.40	\$ 10,945.00	\$ 49,008.78
Awards	1,985.19	-	-	1,985.19
Contributions to PCC - Other programs	21,606.55	-	-	21,606.55
Contributions to PCC - Scholarships	268,623.30	-	-	268,623.30
Equipment	53,076.29	-	-	53,076.29
Food	6,459.04	320.03	-	6,779.07
Membership and Dues	-	6,580.00	-	6,580.00
Miscellaneous	8,298.90	4,964.29	-	13,263.19
Printing	1,550.29	4,097.40	1,433.16	7,080.85
Professional/Contract Services	2,000.00	44,815.00	21,275.00	68,090.00
Salaries and Benefits	198,342.41	-	-	198,342.41
Software	-	39.76	1,545.00	1,584.76
Supplies	12,127.21	1,736.63	44.56	13,908.40
Telephone	1,698.46	500.43	-	2,198.89
Travel	9,392.53	1,155.00	-	10,547.53
	<u>\$ 590,293.55</u>	<u>\$ 97,138.94</u>	<u>\$ 35,242.72</u>	<u>\$ 722,675.21</u>

The accompanying notes to the financial statements are an integral part of this statement.  
Statement prepared without audit.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Pitt Community College Foundation, Inc. (the Foundation) is a nonprofit entity incorporated in the State of North Carolina on April 12, 1973. The Foundation receives charitable contributions which are provided exclusively to Pitt Community College for scholarships and other beneficial activities for students attending the college. The Foundation is supported primarily through donations from the public. In addition, Pitt Community College Foundation, Inc. conducts major fundraising events such as the “Down East Holiday Show”, “Outdoor Living Tour”, and other events. All net proceeds from fundraising events benefit Pitt Community College.

**Basis of presentation**

The financial statements of Pitt Community College Foundation, Inc. have been prepared on the accrual basis, which is in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

Pitt Community College Foundation, Inc. presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit Organizations*).

Accordingly, the standard requires the foundation to classify its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Pitt Community College Foundation Inc.’s management and board of directors. The net assets without donor restrictions at June 30, 2021 were \$225,445.34.

**Net Assets with Donor Restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Pitt Community College Foundation, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.



**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The net assets with donor restrictions at June 30, 2021 were \$9,552,069.18 (See Note 9).

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows include permanently restricted cash and cash equivalents. The Foundation places its cash and cash equivalents on deposit with the North Carolina State Treasurer Investment Fund and other local financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts, and unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. At June 30, 2021, the Foundation did not exceed the insured amount.

**Public Support**

Contributions of cash and other assets are reported as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 on the statements of activities as net assets released from restrictions.

Unconditional promises to give are recorded as pledges receivable and contribution revenue when a written promise is received by the Foundation. No allowances have been made for uncollectable amounts. Conditional promises to give are not included as support until the conditions are substantially met.

**Investments**

Pitt Community College Foundation, Inc. has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value for year-end financial reporting

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

purposes. Fair value is the amount at which an investment could be exchanged between two willing parties. Fair value for financial reporting purposes is based on quoted market prices. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without restrictions unless the income or loss is restricted by donor or law.

**Property, Equipment, and Leasehold Improvements**

Maintenance and repairs are expensed as incurred. Property, equipment, and leasehold improvements whose acquisition cost exceeds \$5,000 are capitalized and carried at cost. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed and any gain or loss is included in income. Leasehold improvements are to be amortized over the shorter of the lease term or useful life.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Cost</u>	<u>Estimated Useful Life</u>
Software	\$4,360.00	3 years
Equipment	9,957.40	5 years

All assets were fully depreciated prior to the current fiscal year. Accordingly, there was no Depreciation Expense for the fiscal year ended June 30, 2021.

**Advertising**

Advertising costs are generally charged to operations in the year incurred. The Foundation reported advertising costs of \$49,008.78 for the year ended June 30, 2021.

**Functional Allocation of Expenses**

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

Pitt Community College Foundation, Inc. is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). As such, the Foundation is not taxed on income derived from its exempt functions. However, the Foundation is subject to tax on unrelated business income, which is generated from investment income and other activities not related to their stated exempt purposes. The Foundation had no significant deferred income tax assets or liabilities as of June 30, 2021, nor was there any unrelated business income for the year ended June 30, 2021.

The Foundation has evaluated its tax positions for all open tax years. Currently, the tax years subject to examination by the Internal Revenue Service are June 30, 2018, 2019, and 2020. Pitt Community College Foundation, Inc. is not currently under audit nor has the Foundation been contacted by any jurisdictions. Therefore, no provision for the effects of uncertain tax positions have been recorded for the year ended June 30, 2021.

**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.

**Compensated Absences**

The Foundation's employees are subject to the employment policies of Pitt Community College. Compensated absences are absences for which employees will be paid, such as vacation (and bonus) leave. The Foundation records unpaid leave for compensated absences as an expense and liability when incurred. The current year financial statements report accrued vacation and bonus time related to VISIONS program in the amount of \$16,518.74.

**NOTE 2 - CASH AND INVESTMENTS**

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents on deposit at year-end consisted of the following:

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

	<u>Book Balance</u>	<u>Bank Balance</u>	Average Interest Rate
State Treasurer	\$ 219,328.35	\$ 219,328.35	0.4295%
Southern Bank	<u>1,000.00</u>	<u>1,000.00</u>	0.0000%
Total Cash and Cash Equivalents	<u>\$ 220,328.35</u>	<u>\$ 220,328.35</u>	

Restricted Cash as of June 30, 2021 consisted of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>	Average Interest Rate
State Treasurer	\$5,399,324.47	\$5,399,324.47	0.4295%
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$5,619,652.82</u>	<u>\$5,619,652.82</u>	

The cash on deposit with the State Treasurer is pooled with state agencies and similar institutions in the State Treasurer’s Short-Term Investment Fund. These moneys are invested in accordance with G.S. §147-69.1 and as required by law are “readily convertible into cash.” All investments of the fund are held either by the Department of State Treasurer or its agent in the State’s name.

The fund’s uninvested cash is either covered by federal depository insurance or pursuant to 20 NCAC 7 is collateralized by the state to secure all deposits in excess of the federal depository insurance coverage. Based on the authority provided in G.S. 147-69.3(e), the State Treasurer lends securities from its investment pools to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Treasurer’s securities custodian manages the securities lending program. During the year, the custodian lent U.S. government securities, corporate bonds, notes and common stock for collateral. The custodian is permitted to receive cash, U.S government securities, or irrevocable letters of credit as collateral for the securities lent. The securities custodian is contractually obligated to the Treasurer for certain conditions, including indemnity on a default by the borrowers to return securities and on a failure by the borrowers to maintain collateral with the securities custodian agent equal to 100% of the market value to the securities lent.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents Pitt Community College Foundation Inc.’s financial assets at June 30, 2021:

Financial Assets at year-end:	<u>06/30/21</u>
Cash and cash equivalents	\$5,619,652.82
Contributions receivable	272,085.42
Investments	<u>3,914,825.88</u>
Total financial assets	<u>9,806,564.12</u>
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions by purpose - Construction of Building	4,622,899.70
Donor restrictions by purpose - Endowments	3,835,021.56
Donor restrictions by purpose - Scholarships	895,091.57
Donor restrictions by purpose - Other	<u>227,856.68</u>
Financial assets available to meet general expenditures within one year	<u>\$ 225,694.61</u>

Pitt Community College Foundation’s Inc.’s goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including the North Carolina State Treasurer Investment fund.

**NOTE 4 – INVESTMENTS**

Pitt Community College Foundation, Inc. records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standard Board (“FASB”). In accordance with this guidance, fair value is defined as the price the Foundation would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Foundation’s investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include fixed income mutual funds, equity mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 4 – INVESTMENTS (Continued)**

Level 2 Inputs

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs

Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

Pitt Community College Foundation, Inc. does not have any Level 2 or Level 3 assets or liabilities.

A professional investment advisor manages investments with periodic review by the Foundation’s Board of Directors and The Finance and Investment Committee. The organization’s governance does not believe the investments selected pose unusual market or credit risks. The Foundation maintains a written Investment Policy to ensure proper oversight.

The fair value of investments at June 30, 2021 was comprised of the following:

Cash and Equivalents	\$ 88,566.58
Fixed Income Mutual Funds	1,279,185.47
Equity Mutual Funds	<u>2,547,073.83</u>
Total of Investments	<u>\$3,914,825.88</u>

Net investment return for the twelve months ended June 30, 2021 was as follows:

Interest, Dividends, Cap. Gains	\$ 171,570.39
Investment Fees	15,431.54
Unrealized Gain (Loss)	<u>516,513.03</u>
Total Return on Investment	<u>\$ 703,514.96</u>

The Foundation’s funds held in the State Treasurer’s Short-Term Investment Fund earned interest totaling \$36,545.44 for the twelve months ended June 30, 2021.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 5 – IN-KIND CONTRIBUTIONS**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the year ended June 30, 2021, Pitt Community College Foundation, Inc. received in-kind donations of tangible goods totaling \$13,190. Donated items received for auctions and other fundraising events were immediately sold, and the receipts were recorded as Fundraising Income. All in-kind donations of tangible goods that were not received for Fundraisers were transferred to Pitt Community College for use in various programs and / or activities. The fair market value of publicly-traded securities received during the year ended June 30, 2021 was \$82,180.04.

The Foundation did not receive any significant in-kind donations of services.

**NOTE 6 – PLEDGES RECEIVABLE**

Pledges are written, unconditional promises to make future contributions, and result in receivables that are recognized as a gift income at the discounted present value based on the expected future collections. All eligibility requirements need to be satisfied as specified by SFAS 116, “Accounting for Contributions Received and Contributions Made.” Eligibility requirements for recognition of pledges receivable and the associated contribution revenue are satisfied when the Foundation can comply with both the purpose and time requirements imposed by donors.

As of June 30, 2021 the Foundation had outstanding pledges receivable totaling \$272,908.10 with a present value discount of \$1,791.38 for a discounted value of \$271,116.72. Pledges are discounted using an effective interest rate of 0.4295%.

The discounted pledges are scheduled to be collected as follows:

Less than 1 Year	\$ 152,408.10
1 to 5 Years	<u>118,708.62</u>
	<u>\$ 271,116.72</u>

Due to the limited number of donors, and their perceived reliability, no allowance has been made for uncollectible amounts.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

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**NOTE 7 – RELATED PARTIES**

Pitt Community College Foundation, Inc. is an independent, nonprofit corporation. The Foundation has one related party, Pitt Community College, to which it provides funding for various programs, projects, and activities.

Support to the college during the year ended June 30, 2021 was as follows:

Donations to PCC for Scholarships	\$ 269,363.53
Donations to PCC for Athletics and Other Programs	<u>21,606.55</u>
	<u>\$ 290,970.08</u>

Pitt Community College provides office space, computer and technology systems, utilities, office supplies, and personnel services to the Foundation at no cost. The value of these items is not recognized by the Foundation on its financial statements due to the relationship between the entities and the Foundation's purpose.

Pitt Community College and the Pitt Community College Foundation, Inc. have five common members on their Boards of Directors. The remaining members of the College's Board of Directors and the Foundation's Board of Directors are independent.

**NOTE 8 – ENDOWMENT FUNDS**

The endowments of Pitt Community College Foundation, Inc. consist of approximately 71 individual funds established primarily for the funding of scholarships. Endowments are comprised of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of absence of donor-imposed restrictions.

The Foundation's Board of Directors has interpreted the State Management of Institutions Funds Act (SMIFA) 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, Pitt Community College Foundation, Inc. classifies these endowments as net assets with donor restrictions that are perpetual in nature (a) the original value of the gifts donated to the permanent endowment (b) the original value of the 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.



**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Twelve Months Ended June 30, 2021**

**NOTE 8 – ENDOWMENT FUNDS (Continued)**

The remaining portion of the donor-restricted endowment funds that are not perpetual in nature are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SMIFA.

In accordance with SMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (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 organization
- (7) The investment policies of the organization

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ -	\$ 3,486,309.72	\$ 3,486,309.72
Investment Income	-	184,421.68	184,421.68
Investment Fees	-	(15,431.54)	(15,431.54)
Net realized and unrealized gain	-	516,513.03	516,513.03
Total investment return	-	4,171,812.89	4,171,812.89
Contributions	-	302,226.32	302,226.32
Disbursements	-	(164,910.41)	(164,910.41)
Reclassifications	-	(12,372.84)	(12,372.84)
Endowment net assets, End of year	\$ <u>-</u>	\$ <u>4,296,755.96</u>	\$ <u>4,309,128.80</u>

The Foundation's Board of Directors has developed investment and spending policies for endowment assets that attempt to provide a reasonable and relatively predictable stream of funding to support its mission and purpose. Under these policies, endowment assets will be invested utilizing a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
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**NOTE 8 – ENDOWMENT FUNDS (Continued)**

The Foundation’s Board of Directors develops a policy of appropriating endowment funds available for distribution each year. The distribution level is reviewed at least annually by the Board to prudently monitor market conditions and trends, investment performance, and funding needs.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets are released from donor restrictions by incurring expenses satisfying the purpose specified by donors. Net Assets totaling \$577,920.64 were released from restrictions during the year ended June 30, 2021, and were used primarily for scholarships and general purposes.

No endowed assets were released from restrictions during the year ended June 30, 2021. These endowed assets are the endowment principle, which consists of the contributions received as endowments. The investment income and gains on sales of investments are reflected as revenues to net assets with donor restrictions.

Increases and decreases are reported on the Statement of Activities. The net assets with donor restrictions at June 30, 2021 were \$9,552,069.18 which are restricted for the following purposes:

Perpetual in Nature - Endowments	\$3,835,021.56
Purpose Restricted:	
Construction of Building	4,621,895.40
Scholarships	872,191.90
Other	<u>222,960.32</u>
Total	<u>5,717,047.62</u>
Total Net Assets with Donor Restrictions	<u>\$9,552,069.18</u>

**NOTE 10 – RECLASSIFICATION OF NET ASSETS**

A reclassification among Net Assets without Donor Restrictions and Net Assets with Donor Restrictions as of June 30, 2021 was required in accordance with accounting principles generally accepted in the United States of America. This reclassification, which corrected the placement of endowment funds, is reported on the Statement of Activities but had no effect on the current year Change in Net Assets.

**PITT COMMUNITY COLLEGE FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through September 9, 2021, the date the financial statements were available to be issued.