

**Lee College Foundation, Inc.**  
Financial Statements  
August 31, 2023 and 2022  
(With Independent Auditor's Report Thereon)





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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Lee College Foundation, Inc.:

### ***Opinion***

We have audited the financial statements of Lee College Foundation Inc., (the "Foundation") which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Change in Accounting Principle***

As discussed in Note 1(c) to the financial statements, on September 1, 2022, the Foundation adopted Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which requires enhanced financial statement presentation and disclosures of contributed nonfinancial assets. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives 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 auditor's 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 GAAS 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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.

*Jaynes, Reitzmeier, Boyd & Threlwell, P.C.*

November 7, 2023



**Lee College Foundation, Inc.**

Statements of Financial Position

August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,452,414	4,092,317
Contributions receivable	6,200	-
Prepaid expenses	13,632	5,935
Investments	<u>13,637,035</u>	<u>12,226,406</u>
	<u>\$ 17,109,281</u>	<u>16,324,658</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 3,005	2,320
Due to affiliated organization	41,192	471,040
Deferred revenue	78,025	53,975
Funds held for the benefit of others	<u>-</u>	<u>1,500</u>
Total liabilities	<u>122,222</u>	<u>528,835</u>
Net assets:		
Without donor restrictions:		
Board designated	121,091	122,871
Unrestricted	<u>819,645</u>	<u>768,986</u>
Total without donor restrictions	<u>940,736</u>	<u>891,857</u>
With donor restrictions:		
Purpose restriction	1,354,604	1,309,647
Perpetual in nature	8,813,490	8,705,527
Accumulated investment gains available for spending policy	<u>5,878,229</u>	<u>4,888,792</u>
Total with donor restrictions	<u>16,046,323</u>	<u>14,903,966</u>
Total net assets	<u>16,987,059</u>	<u>15,795,823</u>
	<u>\$ 17,109,281</u>	<u>16,324,658</u>

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**

Statement of Activities

Year Ended August 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions of cash and other financial assets	\$ 21,527	473,973	495,500
Contributions of nonfinancial assets	464,329	296,632	760,961
Special events, net of fund-raising expenses of \$60,880	117,261	-	117,261
Net investment income	254,004	1,317,397	1,571,401
Net assets released from restrictions	<u>945,645</u>	<u>(945,645)</u>	<u>-</u>
 Total revenue and other support	 <u>1,802,766</u>	 <u>1,142,357</u>	 <u>2,945,123</u>
Expenses:			
Program expenses:			
Scholarships	773,308	-	773,308
Capital facilities assistance	148	-	148
Emergency assistance / basic needs	173,969	-	173,969
Other program expenses	<u>296,632</u>	<u>-</u>	<u>296,632</u>
Total program expenses	1,244,057	-	1,244,057
 Management and general	 <u>509,830</u>	 <u>-</u>	 <u>509,830</u>
 Total expenses	 <u>1,753,887</u>	 <u>-</u>	 <u>1,753,887</u>
 Change in net assets	 48,879	 1,142,357	 1,191,236
 Net assets at beginning of year	 <u>891,857</u>	 <u>14,903,966</u>	 <u>15,795,823</u>
 Net assets at end of year	 <u>\$ 940,736</u>	 <u>16,046,323</u>	 <u>16,987,059</u>

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**

Statement of Activities

Year Ended August 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions of cash and other financial assets	\$ -	1,788,843	1,788,843
Contributions of nonfinancial assets	386,337	-	386,337
Special events, net of fund-raising expenses of \$23,006	88,702	-	88,702
Net investment income (loss)	132,627	(2,068,610)	(1,935,983)
Net assets released from restrictions	<u>970,183</u>	<u>(970,183)</u>	<u>-</u>
 Total revenue and other support	 <u>1,577,849</u>	 <u>(1,249,950)</u>	 <u>327,899</u>
Expenses:			
Program expenses:			
Scholarships	798,476	-	798,476
Capital facilities assistance	117,747	-	117,747
Emergency assistance / basic needs	<u>59,825</u>	<u>-</u>	<u>59,825</u>
Total program expenses	976,048	-	976,048
 Management and general	 <u>420,720</u>	 <u>-</u>	 <u>420,720</u>
 Total expenses	 <u>1,396,768</u>	 <u>-</u>	 <u>1,396,768</u>
 Change in net assets	 181,081	 (1,249,950)	 (1,068,869)
Net assets at beginning of year	<u>710,776</u>	<u>16,153,916</u>	<u>16,864,692</u>
Net assets at end of year	<u>\$ 891,857</u>	<u>14,903,966</u>	<u>15,795,823</u>

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**

Statement of Functional Expenses

Year Ended August 31, 2023

	Year Ended August 31, 2023			
	Program Services	Supporting Services		
	Scholarships and Gifts	Management and General	Fund-raising	Total
Scholarships	\$ 773,308	-	-	773,308
Capital facilities assistance	148	-	-	148
Emergency assistance / basic needs	173,969	-	-	173,969
Contract services	-	11,980	-	11,980
Insurance	-	3,733	-	3,733
Gala	-	-	27,771	27,771
Mixed Martial Arts	-	-	33,109	33,109
In-kind expenses:				
Salaries and benefits	-	381,134	-	381,134
General office expense	-	7,712	-	7,712
Software	-	69,633	-	69,633
Rent	-	5,850	-	5,850
Classroom equipment	295,132	-	-	295,132
Other	1,500	-	-	1,500
Other	-	29,788	-	29,788
Total expense by function	1,244,057	509,830	60,880	1,814,767
Less expenses included in revenues	-	-	(60,880)	(60,880)
	\$ 1,244,057	509,830	-	1,753,887

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended August 31, 2022**

	Year Ended August 31, 2022			
	Program Services	Supporting Services	Fund-raising	Total
	Scholarships and Gifts	Management and General		
Scholarships	\$ 798,476	-	-	798,476
Capital facilities assistance	117,747	-	-	117,747
Emergency assistance / basic needs	59,825	-	-	59,825
Contract services	-	16,584	-	16,584
Insurance	-	3,076	-	3,076
Dancing For Our Stars	-	-	23,006	23,006
In-kind expenses:				
Salaries and benefits	-	344,989	-	344,989
General office expense	-	5,500	-	5,500
Software	-	29,057	-	29,057
Rent	-	5,850	-	5,850
Other	-	941	-	941
Other	-	14,723	-	14,723
Total expense by function	\$ 976,048	420,720	23,006	1,419,774
Less expenses included in revenues	-	-	(23,006)	(23,006)
	<u>\$ 976,048</u>	<u>420,720</u>	<u>-</u>	<u>1,396,768</u>

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**

Statements of Cash Flows

Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,191,236	(1,068,869)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Cash contributions restricted for endowment	(107,963)	(1,155,087)
Net investment losses (gains)	(1,453,523)	1,907,210
Changes in operating assets and liabilities:		
Contributions receivable	(6,200)	3,975
Prepaid expenses	(7,697)	(1,610)
Accounts payable	685	(57,179)
Due to affiliated organization	(429,848)	471,040
Deferred revenue	24,050	53,975
Funds held for the benefit of others	(1,500)	(50,480)
Net cash provided by (used in) operating activities	<u>(790,760)</u>	<u>102,975</u>
Cash flows from investing activities:		
Proceeds from sales of investments	<u>42,894</u>	<u>390,109</u>
Net cash provided by investing activities	<u>42,894</u>	<u>390,109</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment	<u>107,963</u>	<u>1,155,087</u>
Net cash provided by financing activities	<u>107,963</u>	<u>1,155,087</u>
Net increase (decrease) in cash and cash equivalents	(639,903)	1,648,171
Cash and cash equivalents at beginning of year	<u>4,092,317</u>	<u>2,444,146</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,452,414</u></u>	<u><u>4,092,317</u></u>

See accompanying notes to financial statements.



**Lee College Foundation, Inc.**

## Notes to Financial Statements

August 31, 2023 and 2022

(1) Summary of Significant Accounting Policies and Practices(a) Organization and Nature of Activities

Lee College Foundation, Inc. (the “Foundation”) was created to solicit and receive support for purposes of developing and extending the facilities of Lee College District (the “District”) and enhancing the educational opportunities of residents in the geographical area the District serves. The Foundation receives a significant portion of its revenue through contributions from individuals and businesses in the District’s service area. The Foundation is governed by a 25 member board of directors, which includes three appointed District regents.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Financial Accounting Standards Board (“FASB”) has established the Accounting Standards Codification (“ASC”) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP.

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

- *Net Assets Without Donor Restrictions* – these net assets are available for general use and not subject to donor restrictions and may be used at the discretion of the Board of Directors.
- *Net Assets With Donor Restrictions* – these net assets represent contributions that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity with the earnings to be spent on scholarships for students of the District.

Donor restricted contributions and unrealized gains and losses are reported as increases and decreases 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 statements of activities.



**Lee College Foundation, Inc.**Notes to Financial Statements  
(Continued)(1) Summary of Significant Accounting Policies and Practices (continued)(c) Revenues and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

On September 1, 2022, the Foundation adopted Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which requires enhanced financial statement presentation and disclosures of contributed nonfinancial assets.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(d) Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. The Foundation had \$2,595,187 and \$2,487,256 in cash equivalents at August 31, 2023 and 2022, respectively.

(e) Investments

Investments are measured at their fair value in the accompanying statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value measurements.



**Lee College Foundation, Inc.**Notes to Financial Statements  
(Continued)(1) Summary of Significant Accounting Policies and Practices (continued)(e) Investments (continued)

Net investment income (loss) (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets with or without donor restrictions based upon the nature and restrictions of the underlying assets.

(f) Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is generally not subject to federal income tax.

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation records interest and penalties related to unrecognized tax benefits in management and general expenses.

(g) Fair Value Measurements

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies and Practices (continued)

(h) Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. The statements 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. Such allocations are determined by management on an equitable basis that is consistently applied.

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Significant items subject to such estimates include the fair value of investments. Actual results could differ from those estimates.

(j) Reclassifications

Certain reclassifications have been made to prior year amounts to make them comparable with those of the current year.

(2) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position date are comprised of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,452,414	4,092,317
Contributions receivable	6,200	-
Investments	<u>13,637,035</u>	<u>12,226,406</u>
	17,095,649	16,318,723



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(2) Liquidity and Availability (continued)

	<u>2023</u>	<u>2022</u>
Less amounts not available to be used within one year:		
Amounts with donor purpose restrictions	(1,354,604)	(1,309,647)
Amounts held in perpetuity	(8,813,490)	(8,705,527)
Amounts held for benefit of others	-	(1,500)
Board designated net assets for scholarships and purpose to be determined	<u>(121,091)</u>	<u>(122,871)</u>
	<u>\$ 6,806,464</u>	<u>6,179,178</u>

As described in Note 4, the Foundation's endowments, which are used to fund scholarships, are subject to an annual spending rate, which was 5% of the funds' average monthly market value over the preceding 36 months for the year ended August 31, 2022. The rate decreased to 4.75% in 2023. As of August 31, 2023, a spendable amount of \$689,496 has been designated by the Board from these endowments for the next twelve months.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, it invests cash in excess of daily requirements in deposit and money market accounts. Although the Foundation does not intend to spend from their endowment (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary.

(3) Investments and Fair Value Hierarchy

Investments at August 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Funds of management investment company:		
Multi-strategy equity fund	\$ 10,778,386	9,327,059
Multi-strategy bond fund	<u>2,858,649</u>	<u>2,899,347</u>
	<u>\$ 13,637,035</u>	<u>12,226,406</u>

The fair values of the investments as of August 31, 2023 and 2022 represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs.



**Lee College Foundation, Inc.**Notes to Financial Statements  
(Continued)(3) Investments and Fair Value Hierarchy (continued)

However, in situations where there is little, if any, market activity at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset.

Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates available and observable and unobservable inputs.

The fair value of investments is estimated using the net asset value of shares held by the Foundation at year-end as a practical expedient.

The funds of a management investment company (the Multi-Strategy Equity Fund and Multi-Strategy Bond Fund) are investments in the Common Fund for Nonprofit Organizations ("Commonfund"), a tax-exempt membership corporation that pools endowment funds for the exclusive benefit of eligible educational institutions. The investment objectives of the Multi-Strategy Equity Fund are to add value over long time periods above the return of the U.S. equity market as measured by the S&P 500 Index with similar risk characteristics. The Multi-Strategy Equity Fund is invested principally in a diversified portfolio of marketable common stocks and other marketable equity type investments including, but not limited to, convertible bonds, convertible preferred stocks, and warrants. The investment objectives of the Multi-Strategy Bond Fund are to add value above the return of the broad U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregate Bond Index with similar characteristics providing broad exposure to global debt markets. The Multi-Strategy Bond Fund is invested principally in, but not limited to, obligations of or guaranteed by the U.S. government and its agencies, debt securities rated Baa or better by Moody's or BBB or better by Standard and Poor's, and obligations of or guaranteed by national or state banks or bank holding companies which are rated A or better by Fitch Investors Services. Redemption provisions vary by fund but are typically either monthly or quarterly. However, the funds have the ability to impose a suspension or postponement of redemptions on the payment of a portion of redemption proceeds until the annual audited financial statements of the funds are distributed. In some cases, the funds may also limit redemptions to month-end or quarter-end and require 10 to 60 days advance written notice. There are no unfunded commitments related to these investments.

(4) Endowments

The Foundation's net assets with donor restrictions at August 31, 2023 and 2022 consisted of donor-restricted endowment funds that have been established for scholarships and capital facilities and other assistance. As required by professional standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(4) Endowments (continued)

Explicit donor stipulations define amounts that may be expended for each of the Foundation's endowments. As a result, the Foundation classifies as donor 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 (decrements) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets must be invested in a conservative manner. Earnings are added to the endowment funds until such time as they are released to be expended on scholarships in accordance with the Foundation's spending policy.

Following is a summary of the changes to the endowment funds for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>With Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Balance, beginning of year	\$ 14,903,966	16,153,916
Contributions	770,605	1,788,843
Interest and dividends	160,773	16,150
Net investment gains (losses)	1,199,519	(2,039,837)
Investment fees	(42,895)	(44,923)
Scholarships, capital facilities assistance, and other assistance awarded	<u>(945,645)</u>	<u>(970,183)</u>
Balance, end of year	<u>\$ 16,046,323</u>	<u>14,903,966</u>



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(5) Net Assets Without Donor Restrictions – Board Designated

Net assets without donor restrictions designated by the Board for the following purposes at August 31, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Marjorie Eastwood Estate - use to be determined at a later date	\$ 112,971	112,971
Kids at College - Scholarship	<u>8,120</u>	<u>9,900</u>
	<u>\$ 121,091</u>	<u>122,871</u>

(6) Net Assets With Donor Restrictions - Purpose Restriction

Net assets with donor restrictions that are restricted as to a purpose are available for the following specific programs at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 723,724	700,504
Facilities	284,334	266,482
Basic needs	339,546	342,561
Other	<u>7,000</u>	<u>100</u>
	<u>\$ 1,354,604</u>	<u>1,309,647</u>

(7) Net Assets With Donor Restrictions – Perpetual in Nature

Net assets with donor restrictions that are restricted as perpetual in nature at August 31, 2023 and 2022 consist of various endowment funds to be held in perpetuity, the income of which is available to be spent in accordance with the Foundation's spending policy as described in Note 2. Income generated from these funds are recorded as net assets with donor restrictions until released to be spent on scholarships.



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(8) Net Investment Income (Loss)

Net investment income (loss) is comprised of the following for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 160,773	16,150
Net investment gains (losses)	1,453,523	(1,907,210)
Investment fees	<u>(42,895)</u>	<u>(44,923)</u>
	<u>\$ 1,571,401</u>	<u>(1,935,983)</u>

(9) Contributions of Nonfinancial Assets

The Foundation receives contributed nonfinancial assets. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the years ended August 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Services	\$ 381,134	344,989
Supplies	78,845	35,498
Occupancy	5,850	5,850
Classroom equipment	<u>295,132</u>	<u>-</u>
	<u>\$ 760,961</u>	<u>386,337</u>

Contributed services are comprised of administrative personnel and are valued based on the cost for the personnel providing those services. Contributed supplies are valued from actual invoices received which are comparable to current rates for similar products. Contributed occupancy is valued per square footage which is comparable to fair market value in the surrounding areas. Contributed equipment was restricted by donors to be used in the classrooms and labs. Contributed classroom equipment is valued based on fair market value of comparable items if such items had to be purchased based on their condition at the time of donation.



**Lee College Foundation, Inc.**

Notes to Financial Statements  
(Continued)

(9) Contributions of Nonfinancial Assets (continued)

Total in-kind contributions are reflected as follows in the accompanying statements of activities:

	<u>2023</u>	<u>2022</u>
Revenues:		
Contributions of nonfinancial assets	\$ <u>760,961</u>	<u>386,337</u>
Total revenues	\$ <u><u>760,961</u></u>	<u><u>386,337</u></u>
Expenses:		
Other program expenses	\$ 296,632	-
Management and general	<u>464,329</u>	<u>386,337</u>
Total expenses	\$ <u><u>760,961</u></u>	<u><u>386,337</u></u>

The District provides administrative personnel and general office services to the Foundation which are included in the contributed nonfinancial assets above. These services all relate to management and general activities. Below is a summary of these contributions for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Salaries and benefits	\$ 381,134	344,989
General office expense	7,712	5,500
Software	69,633	29,057
Rent and utilities	<u>5,850</u>	<u>5,850</u>
	\$ <u><u>464,329</u></u>	<u><u>385,396</u></u>

(10) Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to significant concentrations of credit and market risk consist primarily of cash and cash equivalents and investments.

At August 31, 2023 and 2022, and at various times during the years, the balance of deposits at a financial institution exceeded the amount of federal deposit insurance coverage.



**Lee College Foundation, Inc.**Notes to Financial Statements  
(Continued)(10) Concentrations of Credit and Market Risk (continued)

Investment diversification can subject the Foundation to risk arising from such factors as interest rate fluctuations, credit deterioration, market fluctuations and changes in regulatory and political policy which can result in actual losses or inadequate investment returns. Management believes the Foundation's investments do not represent significant concentrations of market risk, and the possibility of significant adverse impact upon the financial condition of the Foundation arising from such risk is remote.

(11) Subsequent Events

The Foundation has evaluated subsequent events from the date of the statements of financial position through November 7, 2023, the date at which the financial statements were available to be issued, and determined there are no items to disclose.