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ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

(A Component Unit of Asheville-Buncombe Technical
Community College)

FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

**ASHEVILLE-BUNCOMBE TECHNICAL
COMMUNITY COLLEGE FOUNDATION, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asheville-Buncombe Technical Community College Foundation, Inc.
Asheville, North Carolina

Opinion

We have audited the accompanying financial statements of Asheville-Buncombe Technical Community College Foundation, Inc., a nonprofit organization (the Foundation), which comprise the statement of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Asheville-Buncombe Technical Community College Foundation, Inc. as of June 30, 2023 and 2022, and the changes in 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. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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.

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 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 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 generally accepted auditing standards, 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 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.

Sharpe Patel PLLC

Raleigh, North Carolina

December 13, 2023

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 942,435	\$ 783,872
Restricted cash and cash equivalents	2,115,007	1,934,494
Contributions receivable	241,501	291,288
Other current assets	26,860	37,125
Total Current Assets	<u>3,325,803</u>	<u>3,046,779</u>
Noncurrent Assets:		
Foundation endowment investments	8,667,973	8,316,838
Long-term contributions receivable, net	2,216,042	2,210,235
Charitable remainder trusts receivable, net	1,780,922	1,502,901
Total Noncurrent Assets	<u>12,664,937</u>	<u>12,029,974</u>
Total Assets	<u><u>\$ 15,990,740</u></u>	<u><u>\$ 15,076,753</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	<u>\$ 19,520</u>	<u>\$ 29,171</u>
Net Assets:		
Without donor restrictions	2,196,005	2,003,575
With donor restrictions	<u>13,775,215</u>	<u>13,044,007</u>
Total Net Assets	<u>15,971,220</u>	<u>15,047,582</u>
Total Liabilities and Net Assets	<u><u>\$ 15,990,740</u></u>	<u><u>\$ 15,076,753</u></u>

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and Revenue:				
Contributions	\$ 97,664	\$ 451,191	548,855	\$ 895,779
Grant revenue	-	845,929	845,929	522,635
Investment return, net	142,898	503,072	645,970	(1,201,447)
Change in value-charitable remainder trusts	-	278,021	278,021	(273,679)
Special events revenue	137,952	7,003	144,955	100,680
In-kind contributions	649,529	11,779	661,308	481,234
Other revenue	90	8,905	8,995	12,085
Net assets released from restrictions	1,374,692	(1,374,692)	-	-
Total Support and Revenue	<u>2,402,825</u>	<u>731,208</u>	<u>3,134,033</u>	<u>537,287</u>
Expenses:				
Program Expenses:				
Student scholarships	596,851	-	596,851	415,460
Noncapital equipment and supplies gifted to College	20,212	-	20,212	18,950
Ivy project for the College	32,029	-	32,029	6,393
College personnel costs	52,145	-	52,145	53,195
Grant funded expenses	512,971	-	512,971	341,060
Emergency fund expenses	39,503	-	39,503	41,951
Departmental program support	17,314	-	17,314	9,229
Professional development	98,229	-	98,229	53,188
Contributed salaries and benefits	174,149	-	174,149	119,301
Contributed goods and services	151,294	-	151,294	77,176
Projects	81,729	-	81,729	82,068
Total Program Expenses	<u>1,776,426</u>	<u>-</u>	<u>1,776,426</u>	<u>1,217,971</u>
Management and General Expenses:				
Contributed salaries and benefits	180,359	-	180,359	159,692
Contracted services	11,945	-	11,945	17,463
Administrative expenses	12,923	-	12,923	8,004
Software contracts	48,708	-	48,708	43,644
Other	2,791	-	2,791	1,896
Total Management and General Expenses	<u>256,726</u>	<u>-</u>	<u>256,726</u>	<u>230,699</u>
Fundraising Expenses:				
Special events	21,737	-	21,737	23,080
Contributed salaries and benefits	130,925	-	130,925	118,307
Contributed goods and services	24,581	-	24,581	6,758
Total Fundraising Expenses	<u>177,243</u>	<u>-</u>	<u>177,243</u>	<u>148,145</u>
Total Expenses	<u>2,210,395</u>	<u>-</u>	<u>2,210,395</u>	<u>1,596,815</u>
Change in net assets	\$ 192,430	\$ 731,208	\$ 923,638	\$ (1,059,528)
Net assets, beginning of year	2,003,575	13,044,007	15,047,582	16,107,110
Net assets, end of year	<u>\$ 2,196,005</u>	<u>\$ 13,775,215</u>	<u>\$ 15,971,220</u>	<u>\$ 15,047,582</u>

The accompanying notes to the financial statements are an integral part of these statements

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Support and Revenue:			
Contributions	\$ 188,805	\$ 706,974	\$ 895,779
Grant revenue	-	522,635	522,635
Investment return, net	(170,117)	(1,031,330)	(1,201,447)
Change in value-charitable remainder trusts	-	(273,679)	(273,679)
Special events revenue	78,325	22,355	100,680
In-kind contributions	410,900	70,334	481,234
Other revenue	205	11,880	12,085
Net assets released from restrictions	982,996	(982,996)	-
Total Support and Revenue	<u>1,491,114</u>	<u>(953,827)</u>	<u>537,287</u>
Expenses:			
Program Expenses:			
Student scholarships	415,460	-	415,460
Noncapital equipment and supplies gifted to College	18,950	-	18,950
Ivy project for the College	6,393	-	6,393
College personnel costs	53,195	-	53,195
Grant funded expenses	341,060	-	341,060
Emergency fund expenses	41,951	-	41,951
Departmental program support	9,229	-	9,229
Professional development	53,188	-	53,188
Contributed salaries and benefits	119,301	-	119,301
Contributed goods and services	77,176	-	77,176
Projects	82,068	-	82,068
Total Program Expenses	<u>1,217,971</u>	<u>-</u>	<u>1,217,971</u>
Management and General Expenses:			
Contributed salaries and benefits	159,692	-	159,692
Contracted services	17,463	-	17,463
Administrative expenses	8,004	-	8,004
Software contracts	43,644	-	43,644
Other	1,896	-	1,896
Total Management and General Expenses	<u>230,699</u>	<u>-</u>	<u>230,699</u>
Fundraising Expenses:			
Special events	23,080	-	23,080
Contributed salaries and benefits	118,307	-	118,307
Contributed goods and services	6,758	-	6,758
Total Fundraising Expenses	<u>148,145</u>	<u>-</u>	<u>148,145</u>
Total Expenses	<u>1,596,815</u>	<u>-</u>	<u>1,596,815</u>
Change in net assets	\$ (105,701)	\$ (953,827)	(1,059,528)
Net assets, beginning of year	2,109,276	13,997,834	16,107,110
Net assets, end of year	<u>\$ 2,003,575</u>	<u>\$ 13,044,007</u>	<u>\$ 15,047,582</u>

The accompanying notes to the financial statements are an integral part of these statements

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 923,638	\$ (1,059,528)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributions and income restricted for investments in endowment	(119,575)	(188,913)
Reinvested interest and investment income	(55,300)	(32,200)
Investment (gains) losses	(531,213)	1,238,535
Change in value-charitable remainder trusts	(278,021)	273,679
Change in contribution receivable discount	(55,807)	(54,182)
Net changes in assets and liabilities:		
Contributions receivable	99,787	(74,565)
Other current assets	10,265	(37,125)
Accounts payable	(9,651)	(54,293)
Net cash flows from operating activities	(15,877)	11,408
Cash flows from investing activities:		
Transfers to Community Foundation of Western North Carolina	(59,652)	(191,308)
Distributions from Community Foundation of Western North Carolina	295,030	305,686
Net cash flows from investing activities	235,378	114,378
Cash flows from financing activities:		
Contributions restricted for investment in endowment	119,575	188,913
Net change in cash and cash equivalents	\$ 339,076	\$ 314,699
Cash, cash equivalents, and restricted cash, beginning of year	2,718,366	2,403,667
Cash, cash equivalents, and restricted cash, end of year	\$ 3,057,442	\$ 2,718,366
 Cash and cash equivalents	 \$ 942,435	 \$ 783,872
Restricted cash and cash equivalents	2,115,007	1,934,494
Cash, cash equivalents, and restricted cash, end of year	\$ 3,057,442	\$ 2,718,366

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 1—Organization and nature of Foundation

Asheville-Buncombe Technical Community College Foundation, Inc. (the “Foundation”) supports the programs of Asheville-Buncombe Technical Community College (the “College”) by providing scholarships to students, equipment and special technology to the College, mini-grants to faculty and staff, funding for renovation of selected facilities, and other programs.

The Foundation was established in 1996 as a non-profit corporation under the North Carolina “Non-Profit Corporation Act” and is a legally separate entity from the College. The Foundation qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is classified as a publicly supported organization by virtue of its status as an organization operated for the benefit of a college that is part of a governmental unit.

The Foundation is supported primarily by contributions from the general public.

Note 2—Summary of significant accounting policies

Basis of Accounting – The accompanying basic financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation – Net assets and revenues, expenses, 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 – Net assets available for use in the day-to-day operations of the Foundation without donor-imposed restrictions and those resources invested in property and equipment. The governing board or management has designated, from net assets without donor restrictions, certain amounts to be utilized/invested to meet specific objectives of the Foundation. The governing board has designated gifts without donor restrictions for a quasi-endowment to provide perpetual faculty and staff support as further described in Note 5.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions or by law, which may or will be met, either by actions of the Foundation and/or the passage of time or are maintained in perpetuity by the Foundation. When a restriction expires, that is when a stipulated time restriction ends or the Foundation satisfies the purpose, the Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Note 10 further describes reporting of nonfinancial gifts received by the Foundation.

Cash and Cash Equivalents – The Foundation considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents, unless Board designated or donor-restricted to long-term purposes. Unrestricted and donor restricted amounts invested in the State Treasurer’s Short-Term Investment Fund by the College on behalf of the Foundation are considered cash equivalents.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Restricted Cash and Cash Equivalents – The Foundation segregates restricted cash and cash equivalents. At June 30, 2023 and 2022, restricted cash was \$2,115,007 and \$1,934,494, respectively, representing the uninvested balance of contributions including, net of endowment spending, balances that were restricted for the endowment fund.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statements of financial position. Unrealized and realized gains and losses are presented in the statements of activities as investment return.

Revenue Recognition – Contributions are recognized when cash, securities or other assets, an unconditional contribution receivable, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions Receivable – Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are recorded at the present value of their estimated cash flows using risk-adjusted rates applicable to the years in which they are to be received.

Contributions receivable are stated at unpaid balances, less an allowance, if any, when management determines the receivable will not be collected. An allowance for uncollectible contributions receivable is based on the Foundation's historical collection experience, general economic conditions, and other circumstances that may affect the ability of donors to meet their obligations.

The amortization of the discount and change in provision for allowance on contributions receivable is included in contributions on the accompanying statements of activities.

Contributed Services, Salaries and Benefits, Goods, and Use of Facilities – Contributed services are recognized if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services are valued at the estimated fair market value. Program, management, and fundraising activities of the Foundation are carried out by employees of the College. The associated expense to the College for salaries and benefits is reported as an in-kind contribution. Donations of land, buildings, and equipment are recorded as revenue and capitalized at their estimated fair market value when received. Other nonfinancial gifts are recognized when a donation is received from a donor and is valued at the estimated fair market value.

In-kind donations are recorded as without donor restrictions unless the donor restricted the donated asset to a specific purpose. Donations with explicit restrictions regarding their use or use of proceeds from the sale are reported as restricted revenue. The Foundation does not sell in-kind contributions unless the donated goods have become obsolete or are more than the Foundation or College's needs.

Property and Equipment – Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. The capitalization threshold is \$5,000. No depreciation expense was incurred for the years ended June 30, 2023 and 2022.

Charitable Remainder Trusts – The Foundation recognizes irrevocable trusts in which the Foundation is a named beneficiary in contributions and values the contribution and the corresponding asset at fair value.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Fair Value Measurements – The Foundation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820-10. This standard establishes a single definition of fair value and a framework for measuring fair value. The standard also expands disclosures about fair value measurements. Fair value is defined as, “the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.” That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. Items carried at fair value on a recurring basis by the Foundation consist of funds invested with the Community Foundation of Western North Carolina and charitable remainder trusts.

Income Taxes/Uncertain Tax Positions – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC. Exempt organizations, however, may be subject to income tax on unrelated business income. The Foundation had minimal income from unrelated business activities in 2023 and 2022 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The Foundation believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses – The Foundation reports its expenses in the functional areas of Program, Management and General, and Fundraising. Expenses that can be attributed to a specific area are assigned directly to that area. Other expenses that are common to two or more functions are allocated by management estimates. The expense allocated is contributed salaries and it is allocated based on time and effort.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 3—Liquidity and availability of resources

The Foundation considers general expenditures to include program expenses, supporting services, and any other commitments or liabilities to be paid in the subsequent year. As part of the Foundation's liquidity management plan, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and invests cash more than those requirements in short-term investments. The Foundation's endowment fund consists of donor-restricted endowments and funds designated by the board and management as endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Donor-restricted endowment funds are subject to appropriation using a board approved annual spending rate, which is 4% of the average fair value of the endowment investments at the end of the previous three years (twelve quarters).

To help manage unanticipated liquidity needs, the Foundation has a board-designated endowment which reduces total financial assets in the schedule below. Although the Foundation does not intend to spend from its donor-restricted and board-designated endowments beyond the expected appropriation, the board-designated amounts could be made available, if necessary, at the discretion of the board.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures, that is, without donor or other restrictions, are as follows:

	2023	2022
Financial assets at year-end:		
Cash, cash equivalents, and restricted cash	\$ 3,057,442	\$ 2,718,366
Contributions receivable, net	2,457,543	2,501,523
Investments	8,667,973	8,316,838
Charitable remainder trusts receivable, net	1,780,922	1,502,901
Total financial assets	15,963,880	15,039,628
Less amounts not available to be used for general expenditures within one year:		
Board-designated endowment funds not available to be used within one year	1,227,222	1,195,459
Contributions receivable not expected to be collected within one year	2,216,042	2,210,235
Restricted by donor with purpose or time restrictions	5,246,289	4,758,197
Endowment	6,071,383	5,784,287
Financial assets not available to be used within one year	14,760,936	13,948,178
Financial assets available to meet general expenditures within one year	<u>\$ 1,202,944</u>	<u>\$ 1,091,450</u>

Note 4—Concentration of credit risk

The State Treasurer's Short-Term Investment Fund ("STIF") is a portfolio within the North Carolina State Treasurer's Investment Pool, an external investment pool that is not registered with the U.S. Securities and Exchange Commission and does not have a credit rating. This investment pool is administered by the State Treasurer pursuant to GS 159-30-c. The Foundation has not experienced any losses with its STIF holding through the College, and the Foundation believes that it is not exposed to any significant credit risk on its STIF balances. At June 30, 2023 and 2022, the amount shown in the statements of financial position as cash and cash equivalents includes \$2,879,079 and \$2,609,583, respectively, of STIF holdings.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 5—Endowment funds

The Foundation's endowment consists of approximately 80 individual donor-restricted funds established for a variety of purposes. A donor's stipulation that requires a gift be invested in perpetuity creates a donor restricted endowment fund. The endowment principal consists of the fair value of the gift when received. Interest, dividends, and investment appreciation on endowment accounts are used to fund a corresponding temporarily restricted scholarship account in the donor's name. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net asset composition by restriction as of June 30, 2023 and 2022 consists of the following donor-restricted endowed funds:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,227,222	\$ -	\$ 1,227,222
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,454,602	4,454,602
Accumulated investment gains	-	1,616,781	1,616,781
Total endowment net assets at June 30, 2023	<u>\$ 1,227,222</u>	<u>\$ 6,071,383</u>	<u>\$ 7,298,605</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,195,459	\$ -	\$ 1,195,459
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,385,147	4,385,147
Accumulated investment gains	-	1,399,140	1,399,140
Total endowment net assets at June 30, 2022	<u>\$ 1,195,459</u>	<u>\$ 5,784,287</u>	<u>\$ 6,979,746</u>

The Board of Directors of the Foundation (the "Board") has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 stipulation to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions of a perpetual nature (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 5—Endowment funds (continued)

The remaining portion of the donor-restricted endowment fund that is not classified as held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the Foundation 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 Foundation, and
7. The investment policies of the Foundation.

The Foundation chooses to spend only a portion of investment income earned (including changes in the value of investments) each year. Under the policy established by the Board, 4% of the average fair value of the endowment investments at the end of the previous three years (twelve quarters) has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending policy exceeds the investment income.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of June 30, 2021	\$ 1,419,541	\$ 6,654,861	\$ 8,074,402
Investment return, net	(175,004)	(836,101)	(1,011,105)
Contributions	-	188,913	188,913
Transfers	-	33,222	33,222
Amounts appropriated for expenditure	(49,078)	(256,608)	(305,686)
Balance as of June 30, 2022	\$ 1,195,459	\$ 5,784,287	\$ 6,979,746
Investment return, net	83,436	409,496	492,932
Contributions	-	119,575	119,575
Transfers	-	53,055	53,055
Amounts appropriated for expenditure	(51,673)	(295,030)	(346,703)
Balance as of June 30, 2023	\$ 1,227,222	\$ 6,071,383	\$ 7,298,605

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration (underwater losses). There were no deficiencies of this nature reported in net assets as of June 30, 2023 and 2022. Any deficiencies will be the result of unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 6—Net assets with donor restrictions

The Foundation holds net assets with donor restrictions in over 260 funds. The purposes are summarized as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Capital project	\$ 1,948,935	\$ 1,899,284
Scholarships and grants	1,738,985	1,451,480
Business incubator/technology	552,049	582,824
Other	1,682,941	1,823,231
Subject to the passage of time:		
Charitable remainder trust	1,780,922	1,502,901
Endowment funds subject to the Foundation's spending policy for the purpose of scholarships	1,616,781	1,399,140
Endowment funds subject to restriction in perpetuity for the purpose of scholarships	4,454,602	4,385,147
	<u>\$ 13,775,215</u>	<u>\$ 13,044,007</u>

Note 7—Charitable remainder trusts

The Foundation has been named a beneficiary in four trusts. The trusts became fully irrevocable in January 2006 when the donors relinquished their rights to change the Foundation as a beneficiary in each trust. The valuation is based on the estimated future value of the trust assets less the annual annuity distribution to the donors, with the result discounted to present value. The trust assets are re-valued annually. The statements of activities include a gain of \$278,021 and loss of \$273,679 for the years ended June 30, 2023 and 2022, respectively. The year-end values of the trusts are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Estimated future value	\$ 2,505,936	\$ 2,220,469
Less discount to present value	(725,014)	(717,568)
Charitable Reminder Trusts, net of discount	<u>\$ 1,780,922</u>	<u>\$ 1,502,901</u>

The Foundation has also been named a beneficiary in several other charitable remainder trusts that do not meet the criteria for recording in income because they are either revocable or the donors have reserved the right to change the named beneficiaries.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 8—Contributions receivable

Contributions receivable, net, consist of the following as of June 30:

	2023	2022
Amounts due in:		
Less than one year	\$ 241,501	\$ 291,288
Greater than one year	2,800,000	2,850,000
Less discount to present value	(583,958)	(639,765)
Total Contributions Receivable	2,457,543	2,501,523
Less current portion of Contributions Receivable	(241,501)	(291,288)
Long-Term Contributions Receivable, net	\$ 2,216,042	\$ 2,210,235

Note 9—Fair value measurements of assets and liabilities

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value as follows:

Level 1– Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments;

Level 2 – Valuation is based on inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined using models or other valuation methodologies; and

Level 3 – Valuation is based on unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to pricing of the asset or liability including assumptions regarding risk.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

When available, the Foundation uses unadjusted quoted market prices to determine the fair value of investment securities, and they are included in Level 1. For investments held in partnerships, the Foundation uses other inputs including the net asset value (“NAV”) per share estimated by the investment partnerships’ general manager. Such investments may not have readily available market values and may be subject to certain redemption restrictions.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 9—Fair value measurements of assets and liabilities (continued)

Fair values of assets are measured on a recurring basis at June 30, 2023 are as follows:

	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Unobservable (Level 3)
Investments with Community				
Foundation of WNC	\$ 8,667,973	\$ -	\$ -	\$ 8,667,973
Beneficial interest in remainder trusts	1,780,922	-	-	1,780,922
	<u>\$ 10,448,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,448,895</u>

Fair values of assets are measured on a recurring basis at June 30, 2022 are as follows:

	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Unobservable (Level 3)
Investments with Community				
Foundation of WNC	\$ 8,316,838	\$ -	\$ -	\$ 8,316,838
Beneficial interest in remainder trusts	1,502,901	-	-	1,502,901
	<u>\$ 9,819,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,819,739</u>

In May 2009, Asheville-Buncombe Technical Community College Foundation established an account with Community Foundation of Western North Carolina Foundation, Inc. ("CFWNC") for its endowment funds. It allows the distribution of an annual spendable amount from investment income as provided for in CFWNC's investment and distribution policies.

Fair value for the beneficial interests in remainder trusts is determined by estimating the present values of the future distributions expected to be received. Inputs include June 30, 2023 and 2022 values of the investments in the trusts, data from published life expectancy tables, and a 5% discount rate. There have been no changes in the valuation techniques and related inputs.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 9—Fair value measurements of assets and liabilities (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	CFWNC	Beneficial Interest in Remainder Trusts
As of July 1, 2021	\$ 9,637,551	\$ 1,776,580
Cash transfers and withdrawals, net	(114,378)	-
Investment income and interest	96,787	-
Investment loss	(1,238,535)	-
Investment fees	(18,400)	-
Community Foundation fees	(46,187)	-
Present value adjustment	-	(273,679)
As of July 1, 2022	8,316,838	1,502,901
Cash transfers and withdrawals, net	(235,378)	-
Investment income and interest	110,942	-
Investment gain	531,213	-
Investment fees	(13,724)	-
Community Foundation fees	(41,918)	-
Present value adjustment	-	278,021
As of July 1, 2023	<u>\$ 8,667,973</u>	<u>\$ 1,780,922</u>

Note 10—In-kind contributions

In-kind contributions included in the statement of activities are as follows for the year ended June 30, 2023:

	Valuation	Donor Restriction	Utilization in Programs/Activities
Foundation Staff Services	\$ 485,433	None	Foundation
Program Equipment/Supplies	151,189	Restricted for use by High School Fire Academy, Culinary Competition Teams, and designated department for instructional purposes	Brewing, Barbering, Construction Management, Culinary, Emergency Services, Engineering, and Spa Therapies Programs
Fundraising Supplies	24,581	Restricted for use in Autumn in Asheville, Golf Tournament, and Culinary Fundraisers	Annual fundraising events and Culinary Program
Clothes	105	Restricted for use by Career Clothes Corner	Student Support Services
	<u>\$ 661,308</u>		

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 10—In-kind contributions (continued)

In-kind contributions included in the statement of activities are as follows for the year ended June 30, 2022:

	<u>Valuation</u>	<u>Donor Restriction</u>	<u>Utilization in Programs/Activities</u>
Foundation Staff Services	\$ 397,300	None	Foundation
Program Equipment/Supplies	56,581	Restricted for use by High School Fire Academy and Culinary Competition Teams	Emergency Services Department and Culinary Program
Safety Supplies	13,500	None	Transitional Studies Department
Fundraising Supplies	6,103	Restricted for use in Autumn in Asheville, Golf Tournament, and Culinary Fundraisers	Annual fundraising events and Culinary Program
Clothes	7,700	Restricted for use by Career Clothes Corner	Student Support Services
Gift Card	50	None	Student Support Services
	<u>\$ 481,234</u>		

No in-kind contributions were monetized during the years ended June 30, 2023 and 2022.

Note 11—College personnel expenses

The Foundation disburses funding to support specific personnel positions at the College. Expenses of \$52,145 and \$53,195 were incurred for College initiatives for the years ended June 30, 2023 and 2022, respectively.

Note 12—Related party transactions

The Foundation is discretely presented as a component unit of the College's financial statements in accordance with standards established by the Governmental Accounting Standards Board.

The Foundation exists primarily to provide financial assistance and other support to the College. The College operates on a fiscal year ended June 30. The Foundation has reimbursed the College \$596,851 and \$415,460 for scholarships for the years ended June 30, 2023 and 2022, respectively. The Foundation has also reimbursed the College \$72,357 and \$72,145 for noncapital equipment, supplies, and personnel costs for the years ended June 30, 2023 and 2022, respectively.

The Foundation's programs are carried out by College employees, who divide their time between College and Foundation activities. These employees include a Grant Writer/Coordinator, Foundation Accountant, Development Coordinator, and College Relations, among others. Contributed services of \$485,433 and \$397,300 from the College have been recognized in both income and expenses on the statements of activities to reflect the estimated value of the specialized services received by the Foundation during the years ended June 30, 2023 and 2022, respectively.

The Foundation has a gross unconditional contribution receivable from a Board member of \$2,500,000 as of June 30, 2023 and 2022.

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Note 13—Grant funded expenses

The Foundation disburses grant funding to the College to support specific grant-funded projects. Disbursements were made during the audit year in connection with the following grants for the years ended June 30:

	2023	2022
Skills Training and Employment Program (STEP)	\$ 325,535	\$ 236,247
GEAR Up Program (Appalachian State University)	28,892	28,714
Nursing Program (CarePartners)	25,000	25,000
Nursing Faculty (HCA)	40,291	-
Early Childhood Education (Dogwood Health Trust)	20,157	-
Upskill Program (Appalachian Regional Commission)	-	3,816
DOTS JumpStart Program	-	53
Other grant projects	73,096	47,230
Total grant funded expenses	<u>\$ 512,971</u>	<u>\$ 341,060</u>

Note 14—Special events

The Foundation's fundraising events during the year included its annual golf tournament, as well as other smaller events. Event income and direct expenses, excluding in-kind contributions, were as follows for the years ended June 30:

	2023	2022
Event revenue	\$ 144,955	\$ 100,680
Less direct event expenses	(21,737)	(23,080)
Net income from special events	<u>\$ 123,218</u>	<u>\$ 77,600</u>

Note 15—Subsequent events

Management considered subsequent events occurring through December 13, 2023 the date the financial statements were available to be issued.