



**Annual Financial Report  
For the Year Ended March 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Louisiana Community Foundation

We have audited the accompanying financial statements of the Central Louisiana Community Foundation (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Louisiana Community Foundation as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rozier, McKay & Willis  
Alexandria, Louisiana  
September 22, 2021



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**Statement of Financial Position**  
**March 31, 2021**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 174,734
Investments (Marketable Securities)	7,747,347
Receivables	<u>500,000</u>

Total Current Assets 8,422,081

Assets Restricted for Long-Term Purposes

Investments (Marketable Securities)	<u>18,158,195</u>
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Total Assets \$ 26,580,276

**Liabilities**

Current Liabilities:

Accounts Payable and Other Current Liabilities	<u>\$ 78,841</u>
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Total Liabilities (Current) 78,841

**Net Assets**

Without Donor Restrictions	8,343,240
With Donor Restrictions	<u>18,158,195</u>

Total Net Assets 26,501,435

Total Liabilities and Net Assets \$ 26,580,276

*The accompanying notes are an integral part of the financial statements.*



**Statement of Activities**  
**For the Year Ended March 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Support</u>			
Contributions	\$ 646,562	\$ 3,810,048	\$ 4,456,610
Investment Income (Loss), net	1,564,176	4,302,666	5,866,842
Fees and Other Income	82,489	-	82,489
Net Assets Released From Restrictions	<u>3,888,612</u>	<u>(3,888,612)</u>	<u>-</u>
 Total Revenue and Support	 <u>6,181,839</u>	 <u>4,224,102</u>	 <u>10,405,941</u>
 <u>Expenses</u>			
Program Services			
Charitable and Philanthropic Activities			
Grants and Contributions	<u>3,820,367</u>	<u>-</u>	<u>3,820,367</u>
Support Services			
Management and General			
Payroll	271,736	-	271,736
Benefits	24,421	-	24,421
Professional Fees	23,250	-	23,250
Insurance	9,143	-	9,143
Utilities and Telephone	11,221	-	11,221
Office Supplies and Expense	48,984	-	48,984
Miscellaneous	10,192	-	10,192
Total Management and General	<u>398,947</u>	<u>-</u>	<u>398,947</u>
 Total Expenses	 <u>4,219,314</u>	 <u>-</u>	 <u>4,219,314</u>
 Change in Net Assets	 1,962,525	 4,224,102	 6,186,627
Net Assets - Beginning of Year	<u>6,380,715</u>	<u>13,934,093</u>	<u>20,314,808</u>
 Net Assets - End of Year	 <u>\$ 8,343,240</u>	 <u>\$ 18,158,195</u>	 <u>\$ 26,501,435</u>

***The accompanying notes are an integral part of the financial statements.***



**Statement of Cash Flows**  
**For the Year Ended March 31, 2021**

**Cash Flows From Operating Activities**

Change in Net Assets	\$ 6,186,627
Adjustments to Reconcile Increases in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Receivables	(480,152)
Increase (Decrease) in Accounts Payable and Other Current Liabilities	-
	<u>66,958</u>
Net Cash Provided (Used) by Operating Activities	<u>5,773,433</u>

**Cash Flows From Investing Activities**

Net Sales (Purchases) of Investment Securities	<u>(5,659,915)</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,659,915)</u>

Net Increase (Decrease) in Cash	113,518
Cash and Equivalents- Beginning of Year	<u>61,216</u>
Cash and Equivalents- End of Year	<u><u>\$ 174,734</u></u>

For the year ended March 31, 2021, there were no significant investing or financing activities that did not result in cash flows. In addition, supplemental disclosures of cash flow information is presented as follows:

Cash Paid for Income Taxes	<u>\$ -</u>
Cash Paid for Interest Expense	<u><u>\$ -</u></u>

***The accompanying notes are an integral part of the financial statements.***

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

The Central Louisiana Community Foundation (the Foundation) was incorporated on May 24, 1999. The purpose of the Foundation is to serve as a vehicle for donors and organizations to promote philanthropy. Funding for these activities is provided by support from donors and income from investments. The service area is defined as a twelve parish area of Central Louisiana with an office located in Alexandria, Louisiana.

**Cash and Cash Equivalents**

Cash equivalents are valued at cost which approximates market. The Foundation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, unless use is subject to donor imposed restrictions.

**Investments**

The Foundation's investment portfolio is managed under an arrangement with a professional investment advisor. The investment portfolio is segmented into accounts that track activities attributable to each donor. As part of this process, the donors are permitted to select from investment strategies including Balanced, Growth, Conservative, and Cash. In addition, when contributions reach certain thresholds, donors are permitted to select alternative investment advisors and pursue specialized strategies.

Investment securities are reported at fair market value and transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. The Foundation records donated securities at their market value at the date of donation.

The investment portfolio includes the Foundation's donor restricted endowment, which is managed in the manner described above. Agreements with various donors establish policies for making distributions from the endowment funds, including payments for management, administration and philanthropic purposes. Options available to donors when structuring giving arrangements include the selections described below:

- Field of Interest Funds – Support unspecified programs or organizations in a general field of interest important to the donor, such as education, historic preservation, children, the elderly, the environment or the arts. Recommendations regarding expenditures are typically made by a committee that is assigned when the fund is established.
- Donor Advised Funds – Allow the donor or the donor's successor to make recommendations as to how distributions from the fund are spent.
- Scholarship Funds – Provide grants for educational purposes at both undergraduate and graduate levels. Donors have the ability to recommend academic focus and eligibility criteria. Recommendations regarding expenditures are typically made by a committee that is assigned when the fund is established.
- Agency Funds – Established by nonprofit organizations to function as a vehicle of investment.

The arrangements described above do not typically require a particular balance to be maintained. Accordingly, the Foundation does not typically encounter issues associated with "underwater" endowment funds.

**Property and Equipment**

Property and equipment purchased are reported at the purchase price. Donated property and equipment are recorded at fair value on the date of donation. Donated items are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight line method over estimated useful lives.

### **Donated Services and In-Kind Support**

The Foundation may receive services, equipment and material without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenditures. Noncash donations are recorded as contributions at the estimated fair value determined at the date of the donations.

### **Income Taxes**

The Foundation has received a determination letter from the Internal Revenue Service stating that it is exempt from income taxes under Section 501(C)(3) of the internal revenue code. In addition, the Foundation is also exempt from taxes which apply to private foundations.

### **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. Actual results could differ from those estimates. In addition, the receivables discussed in Note 6 are based on significant estimates of real estate values. Due to the nature of these estimates and the volatility of real estate markets, the estimated values could change in the near term.

### **Net Assets**

Portions of the net assets are subject to restrictions. The classification of net assets is summarized as follows:

- Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.
- With Donor Restrictions - Net assets that are available for use, but expendable only for those purposes specified by the donor.

### **NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES**

The Foundation's investment portfolio is composed of marketable securities classified as available for sale. The portfolio is reported at fair market value and a summary of the reported amounts by investment strategy is presented as follows:

	<b>Basic Investment Strategies</b>				<b>Alternative Strategies</b>	<b>Total</b>
	<b>Balanced</b>	<b>Conservative</b>	<b>Growth</b>	<b>Cash</b>		
Money Market Funds	\$ 1,105,545	\$ 2,419	\$ 5,491	\$ 30,848	\$ 112,616	\$ 1,256,919
Common Stock	11,654,207	50,753	136,437	----	2,335,140	14,176,537
Fixed Income Securities	6,105,392	114,176	20,503	----	----	6,240,071
Mutual Funds	----	----	----	----	2,090,639	2,090,639
Diversified Strategies	2,275,361	----	20,100	----	----	2,295,461
Variable Annuities	----	----	----	----	1,005,433	1,005,433
Other	46,428	2,308	422	----	----	49,158
<b>Total Investment Portfolio</b>	<b>21,186,933</b>	<b>169,656</b>	<b>182,953</b>	<b>30,848</b>	<b>5,543,828</b>	<b>27,114,218</b>
Less Amounts Held in an Agent Capacity	1,208,676	----	----	----	----	1,208,676
<b>Net Investments</b>	<b>19,978,257</b>	<b>169,656</b>	<b>182,953</b>	<b>30,848</b>	<b>5,543,828</b>	<b>25,905,542</b>
Unrestricted Investments	7,747,347	----	----	----	----	7,747,347
Restricted for Long-Term Purposes	\$ 12,230,910	\$ 169,656	\$ 182,953	\$ 30,848	\$ 5,543,828	\$ 18,158,195



### **Basic Investment Strategies**

Donors have the ability to influence risk and investment returns by selecting from four available investment strategies. The strategies differ in the amounts of risk and income potential primarily by offering varying degrees of exposure to equity markets. This exposure is maintained by managing the amount and composition of common stocks and mutual funds that invest in equity securities. The asset configuration for each portfolio is presented as follows:

	<b>Balanced</b>	<b>Conservative</b>	<b>Growth</b>	<b>Cash</b>
Money Market Funds	5.2%	1.4%	3.0%	100.0%
Common Stock	55.0%	29.9%	74.6%	0.0%
Fixed Income Securities	28.8%	67.3%	11.2%	0.0%
Alternatives	11.0%	1.4%	11.2%	0.0%

Further details regarding common stocks held by the various investment strategies are presented as follows:

	<b>Balanced</b>	<b>Conservative</b>	<b>Growth</b>
Domestic Large Capital	\$ 5,985,098	\$ 27,847	\$ 74,392
Domestic Small-Mid Capital	2,214,896	10,307	29,032
International Equity	3,454,213	12,599	33,013
 Total	 \$ 11,654,207	 \$ 50,753	 \$ 136,437

### **Alternative Strategies**

When contributions reach certain thresholds, donors are allowed to pursue customized investment strategies. Under these arrangements, an investment advisor structures a portfolio specifically designed to meet the donor's objectives. In addition to holding traditional investment securities, one of the alternative strategies has sought further diversification by investing in variable annuity products offered by life insurance companies. The variable annuities function in a manner similar to mutual funds and offer the ability to pursue a wide variety of investment objectives. Some additional features are summarized as follows:

- The contract guarantees that the Foundation will receive 20 annual distributions of \$50,000 each.
- The contract includes a life insurance policy covering the donor, which provides a \$1,000,000 death benefit to the Foundation provided certain conditions are met.

### **Investment Returns**

Details regarding investment income associated with the investment portfolio is presented as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Dividends and Interest	\$ 126,769	\$ 337,049	\$ 463,818
Realized Gains (Losses)	111,476	119,306	230,782
Unrealized Gains (Losses)	1,360,320	3,939,391	5,299,711
Management Fees	(34,389)	(93,080)	(127,469)
 Total	 \$ 1,564,176	 \$ 4,302,666	 \$ 5,866,842

### **Fair Market Values**

Details regarding assets measured at fair value on a recurring basis are provided as follows:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 1,256,919	\$ 1,256,919	\$ ----	\$ ----
Common Stock	14,176,537	14,176,537	----	----
Fixed Income Securities	6,240,071	5,133,652	1,106,419	----
Mutual Funds	2,090,639	2,090,639	----	----
Diversified Strategies	2,295,461	----	2,295,461	----
Variable Annuities	1,005,433	----	1,005,433	----
Other	49,158	49,158	----	----
Total Investment Portfolio	<u>\$ 27,114,218</u>	<u>\$ 22,706,905</u>	<u>\$ 4,407,313</u>	<u>\$ ----</u>

When quoted prices are not available for identical securities, fair values are based on actual sales of securities with similar characteristics. Accordingly, these fair value measurements are classified as Level 2 when applying the fair value hierarchy.

### **NOTE 3 – DONOR RESTRICTED ENDOWMENT**

Various agreements with donors impose restrictions on the Foundation's net assets. A summary of the Foundation's donor restricted endowment presented as follows:

	Assets Restricted for Long-Term Purposes					Total
	Agency Funds	Field of Interest Funds	Donor Advised Funds	Scholarship Funds	CLCF Endowment	
Beginning Balance	\$ 4,751,853	\$ 1,061,698	\$ 7,136,411	\$ 984,131	\$ ----	\$ 13,934,093
Contributions and Transfers	291,762	2,169,904	234,535	3,573	1,107,411	3,807,185
Investment Income	107,433	23,455	174,434	21,914	9,813	337,049
Investment Appreciation (Decline)	1,266,432	279,842	2,294,369	259,148	15,738	4,115,529
Grants and Distributions	(210,487)	(1,984,743)	(1,586,801)	(6,000)	(277)	(3,788,308)
Investment and Admin. Fees	(70,543)	(18,495)	(126,391)	(20,941)	(10,983)	(247,353)
Ending Balance	<u>\$ 6,136,450</u>	<u>\$ 1,531,661</u>	<u>\$ 8,126,557</u>	<u>\$ 1,241,825</u>	<u>\$ 1,121,702</u>	<u>\$ 18,158,195</u>

### **NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Essentially all of the Foundation's assets are of a financial nature. The availability of these assets is influenced by the presence of donor imposed restrictions that limit the Foundation's ability to use these resources for general expenditures. Amounts available to meet cash needs for general expenditure within one year are consistent with the amount reported as current assets in the accompanying Statement of Financial Position. Factors that could impact the availability of the current assets are described as follows:

- A substantial portion of the current assets are held in investment securities with values that are effected by market forces. Fluctuations in market value could have a beneficial or an adverse impact on the ultimate availability of these amounts.

- The Foundation is entitled to assess administrative fees from investments that are not currently available due to the presence of donor imposed restrictions. The application of these administrative fees is expected to enhance the Foundation's liquidity over the course of the next year.

**NOTE 5 - MANAGERMENTS' REVIEW**

Management has evaluated subsequent events through September 22, 2021, which is the date the financial statements were available to be issued. There were no subsequent events that require recording or disclosure in the financial statements.

**NOTE 6 – RECEIVABLES**

The Foundation has inherited the residual portion of a decedent's estate. The estate's executor has distributed the bulk of the estate and the remaining undistributed portion is considered an unconditional promise to give. The unconditional promise to give is reported as a receivable in the following amount.

Receivable (Bequest)	\$500,000
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The amount of the receivable presented above is expected to be collected within one year and was determined based estimated values of real estate held by the estate. The estimates are based on the amount the executor expects to receive from sales that are expected to be completed in the near term. When the property is liquidated, the executor expects to use a portion of the proceeds to pay the estate's remaining expenses. The amount available for distributions after paying remaining expenses is expected to be approximately \$500,000.