



**Annual Financial Report
For the Year Ended March 31, 2022**



Table of Contents

Independent Auditors' Report	1 - 2
Statement of Financial Positon	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Statement of Financial Positon	6 - 10



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central Louisiana Community Foundation
Alexandria, Louisiana

OPINION

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, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Louisiana Community Foundation as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audit in accordance with 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 Central Louisiana Community 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 Central Louisiana Community Foundations 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.



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- 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 Central Louisiana Community 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 Central Louisiana Community 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.



Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
June 7, 2022



Statement of Financial Position
March 31, 2022

Assets

Current Assets:

Cash and Cash Equivalents	\$ 205,314
Investments (Marketable Securities)	6,391,047
Receivables	<u>500,000</u>

Total Current Assets 7,096,361

Assets Restricted for Long-Term Purposes

Investments (Marketable Securities)	<u>24,936,234</u>
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Total Assets \$ 32,032,595

Liabilities

Current Liabilities:

Accounts Payable and Other Current Liabilities	\$ <u>3,047</u>
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Total Liabilities (Current) 3,047

Net Assets

Without Donor Restrictions	7,093,575
With Donor Restrictions	<u>24,935,973</u>

Total Net Assets 32,029,548

Total Liabilities and Net Assets \$ 32,032,595

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



Statement of Activities
For the Year Ended March 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Support</u>			
Contributions	\$ -	\$ 8,389,965	\$ 8,389,965
Investment Income (Loss), net	145,469	356,244	501,713
Fees and Other Income	31,361	-	31,361
Net Assets Released From Restrictions	<u>1,968,431</u>	<u>(1,968,431)</u>	<u>-</u>
 Total Revenue and Support	 <u>2,145,261</u>	 <u>6,777,778</u>	 <u>8,923,039</u>
 <u>Expenses</u>			
Program Services			
Charitable and Philanthropic Activities			
Grants and Contributions	<u>2,883,034</u>	<u>-</u>	<u>2,883,034</u>
Support Services			
Management and General			
Payroll	303,533	-	303,533
Benefits	32,899	-	32,899
Professional Fees	61,566	-	61,566
Insurance	7,157	-	7,157
Utilities and Telephone	17,577	-	17,577
Office Supplies and Expense	82,256	-	82,256
Miscellaneous	6,904	-	6,904
Total Management and General	<u>511,892</u>	<u>-</u>	<u>511,892</u>
 Total Expenses	 <u>3,394,926</u>	 <u>-</u>	 <u>3,394,926</u>
 Change in Net Assets	 (1,249,665)	 6,777,778	 5,528,113
Net Assets - Beginning of Year	<u>8,343,240</u>	<u>18,158,195</u>	<u>26,501,435</u>
 Net Assets - End of Year	 <u>\$ 7,093,575</u>	 <u>\$ 24,935,973</u>	 <u>\$ 32,029,548</u>

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



Statement of Cash Flows
For the Year Ended March 31, 2022

Cash Flows From Operating Activities

Change in Net Assets	\$ 5,528,113
Adjustments to Reconcile Increases in Net Assets to Net Cash Provided by Operating Activities	
Increase (Decrease) in Accounts Payable and Other Current Liabilities	<u>(75,794)</u>
Net Cash Provided (Used) by Operating Activities	<u>5,452,319</u>

Cash Flows From Investing Activities

Net Sales (Purchases) of Investment Securities	<u>(5,421,739)</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,421,739)</u>
Net Increase (Decrease) in Cash	30,580
Cash and Equivalents- Beginning of Year	<u>174,734</u>
Cash and Equivalents- End of Year	<u><u>\$ 205,314</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:

	Basic Investment Strategies				Alternative Strategies	Total
	Balanced	Conservative	Growth	Cash		
Money Market Funds	\$ 361,837	\$ 640	\$ 2,012	\$ ----	\$ 624,639	\$ 989,128
Common Stock	13,131,056	53,138	143,201	----	1,680,011	15,007,406
Fixed Income Securities	7,353,996	122,436	14,097	----	----	7,490,529
Mutual and Exchanged						
Traded Funds	----	----	----	----	5,922,400	5,922,400
Diversified Strategies	2,835,048	----	20,500	----	----	2,855,548
Variable Annuities	----	----	----	----	943,497	943,497
Other	147,617	2,120	303	----	----	150,040
Total Investment Portfolio	23,829,554	178,334	180,113	----	9,170,547	33,358,548
Less Amounts Held in an Agent Capacity	2,031,267	----	----	----	----	2,031,267
Net Investments	21,798,287	178,334	180,113	----	9,170,547	31,327,281
Unrestricted Investments	6,391,047	----	----	----	----	6,391,047
Restricted for Long-Term Purposes	<u>\$ 15,407,240</u>	<u>\$ 178,334</u>	<u>\$ 180,113</u>	<u>\$ ----</u>	<u>\$ 9,170,547</u>	<u>\$ 24,936,234</u>

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:

	Balanced	Conservative	Growth
Cash and Equivalents	1.5%	0.4%	1.1%
Common Stock	55.1%	29.8%	79.5%
Fixed Income Securities	30.9%	68.7%	7.8%
Alternatives	12.5%	1.1%	11.6%

Further details regarding equity positions associated with basic investment strategies is provided as follows:

	Balanced	Conservative	Growth
Domestic Large Capital	\$ 6,134,050	\$ 26,314	\$ 65,331
Domestic Small-Mid Capital	2,775,718	10,761	29,379
International Equity	4,221,288	16,063	48,491
Total	\$ 13,131,056	\$ 53,138	\$ 143,201

Further details regarding fixed income positions held by basic investment strategies are presented as follows:

Fixed Income Sector

US Government	\$ 1,322,221
US Agency Mortgage Backed Securities	1,426,745
US Credit	2,988,467
Taxable Domestic Fixed Income Funds	1,522,210
Taxable International Fixed Income	230,886
Total	\$ 7,490,529

In addition, diversified strategies utilized by the basic investment strategies are summaries as follows:

Diversified Strategies (Liquid Alternatives)

American Beacon AHL Managed Futures	\$ 390,810
BlackRock Tactical Opportunities Funds	357,743
Calamos Market Neutral Income Fund	841,786
GMO Opportunistic Income Fund	279,147
JP Morgan Hedged Equity Fund	701,260
The Merger Fund	284,802
Total	\$ 2,855,548

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:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and Interest	\$ 137,313	\$ 336,627	\$ 473,940
Realized Gains (Losses)	320,781	796,004	1,116,785
Unrealized Gains (Losses)	(274,616)	(667,492)	(942,108)
Management Fees	(38,009)	(108,895)	(146,904)
Total	<u>\$ 145,469</u>	<u>\$ 356,244</u>	<u>\$ 501,713</u>

Fair Market Values

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

		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)
	Total			
Money Market Funds	\$ 989,128	\$ 989,128	\$ ----	\$ ----
Common Stock	15,007,406	15,007,406	----	----
Fixed Income Securities	7,490,529	6,063,784	1,426,745	----
Mutual Funds	5,922,400	----	5,922,400	----
Diversified Strategies	2,855,548	----	2,855,548	----
Variable Annuities	943,497	----	943,497	----
Other	150,040	----	150,040	----
Total Investment Portfolio	<u>\$ 33,358,548</u>	<u>\$ 22,060,318</u>	<u>\$ 11,298,230</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						
	Agency Funds	Field of Interest Funds	Donor Advised Funds	Scholarship Funds	CLCF Endowment	Other	Total
Beginning Balance	\$ 6,136,450	\$ 1,531,661	\$ 8,126,557	\$ 1,241,825	\$ 1,121,702	\$ ----	\$ 18,158,195
Transfers	(28,920)	(621,485)	695,835	7,816	1,008,900	261	1,062,407
Contributions	232	6,866,660	1,321,084	55,960	100	24,351	8,268,387
Investment Income	151,038	(333,279)	614,579	29,804	3,949	(1,027)	465,064
Grants and Distributions	(301,501)	(521,382)	(1,831,891)	(53,866)	----	----	(2,708,640)
Management Fees	(77,438)	(37,267)	(139,340)	(23,430)	(29,168)	(2,536)	(309,179)
Ending Balance	<u>\$ 5,879,861</u>	<u>\$ 6,884,908</u>	<u>\$ 8,786,824</u>	<u>\$ 1,258,109</u>	<u>\$ 2,105,483</u>	<u>\$ 21,049</u>	<u>\$ 24,936,234</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 June 7, 2022, 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.