

**Lehigh Carbon Community  
College Foundation**

Financial Statements

Years Ended June 30, 2025 and 2024  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

YEARS ENDED JUNE 30, 2025 AND 2024

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## Independent Auditor's Report

**Board of Directors  
Lehigh Carbon Community College Foundation**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Lehigh Carbon Community College Foundation (Foundation), a component unit of the Lehigh Carbon Community College (College), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities 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 the Foundation as of June 30, 2025 and 2024, 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. 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.

#### 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.

*Maher Duessel*

Harrisburg, Pennsylvania  
September 26, 2025

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	2025	2024
<b>Assets</b>		
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Current assets:		
Cash and cash equivalents	\$ 531,010	\$ 425,527
Promises to give	10,000	13,000
Total current assets	541,010	438,527
Noncurrent assets:		
Promises to give, net	-	8,437
Investments:		
Investments	25,675,599	22,425,395
Investments - held for College	3,254,215	2,992,557
Total investments	28,929,814	25,417,952
Land and buildings, net	4,654,930	4,746,533
Total noncurrent assets	33,584,744	30,172,922
<b>Total Assets</b>	<b>\$ 34,125,754</b>	<b>\$ 30,611,449</b>
<b>Liabilities and Net Assets</b>		
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Liabilities:		
Current liabilities:		
Accounts payable	\$ 240,699	\$ 144,139
Total current liabilities	240,699	144,139
Noncurrent liabilities:		
Funds held for College	3,254,215	2,992,557
Total noncurrent liabilities	3,254,215	2,992,557
Total Liabilities	3,494,914	3,136,696
Net Assets:		
Without donor restrictions:		
Undesignated	8,075,269	6,365,366
Invested in land and buildings	4,654,930	4,746,533
Board-designated	2,519,525	2,425,574
Total net assets without donor restrictions	15,249,724	13,537,473
With donor restrictions	15,381,116	13,937,280
Total Net Assets	30,630,840	27,474,753
<b>Total Liabilities and Net Assets</b>	<b>\$ 34,125,754</b>	<b>\$ 30,611,449</b>

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

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>						
Contributions	\$ 168,611	\$ 298,133	\$ 466,744	\$ 143,863	\$ 243,808	\$ 387,671
Special event revenue	102,451	-	102,451	170,386	-	170,386
Rental income	632,261	-	632,261	632,261	-	632,261
Investment return, net	1,978,148	1,541,336	3,519,484	1,441,869	1,252,913	2,694,782
Net assets released from restrictions, satisfying of program restrictions	395,633	(395,633)	-	566,491	(566,491)	-
Total revenues and other support	<u>3,277,104</u>	<u>1,443,836</u>	<u>4,720,940</u>	<u>2,954,870</u>	<u>930,230</u>	<u>3,885,100</u>
<b>Expenses:</b>						
Program services:						
Awards and grants to individuals	5,449	-	5,449	7,050	-	7,050
Grants to Lehigh Carbon Community College	1,078,565	-	1,078,565	1,229,656	-	1,229,656
Grants to four-year colleges	11,261	-	11,261	22,071	-	22,071
Institutional advancement grant	291,367	-	291,367	190,278	-	190,278
Total program services	<u>1,386,642</u>	<u>-</u>	<u>1,386,642</u>	<u>1,449,055</u>	<u>-</u>	<u>1,449,055</u>
Management and general:						
Depreciation	91,603	-	91,603	91,603	-	91,603
Insurance	-	-	-	2,631	-	2,631
Professional services	9,359	-	9,359	360	-	360
Miscellaneous	4,799	-	4,799	3,349	-	3,349
Total management and general	<u>105,761</u>	<u>-</u>	<u>105,761</u>	<u>97,943</u>	<u>-</u>	<u>97,943</u>
Fundraising:						
Event expenses	72,450	-	72,450	48,916	-	48,916
Total expenses	<u>1,564,853</u>	<u>-</u>	<u>1,564,853</u>	<u>1,595,914</u>	<u>-</u>	<u>1,595,914</u>
<b>Change in Net Assets</b>	<u>1,712,251</u>	<u>1,443,836</u>	<u>3,156,087</u>	<u>1,358,956</u>	<u>930,230</u>	<u>2,289,186</u>
<b>Net Assets, Beginning</b>	<u>13,537,473</u>	<u>13,937,280</u>	<u>27,474,753</u>	<u>12,178,517</u>	<u>13,007,050</u>	<u>25,185,567</u>
<b>Net Assets, Ending</b>	<u>\$ 15,249,724</u>	<u>\$ 15,381,116</u>	<u>\$ 30,630,840</u>	<u>\$ 13,537,473</u>	<u>\$ 13,937,280</u>	<u>\$ 27,474,753</u>

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

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 3,156,087	\$ 2,289,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,603	91,603
Discount on promise to give	-	1,563
Realized (gain) loss on investments	(11,462)	14,395
Unrealized (gain) loss on investments	(1,904,992)	(1,878,696)
Contributions restricted for long-term use	(100,000)	(84,000)
Decrease (increase) in assets:		
Promises to give	11,437	(8,937)
Increase (decrease) in liabilities:		
Accounts payable	96,560	(261,933)
Deferred revenue	-	-
Deferred rent	-	-
Funds held for college	261,658	175,626
	1,600,891	338,807
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales of investments	966,032	4,132,083
Purchases of investments	(2,561,440)	(4,716,829)
	(1,595,408)	(584,746)
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for long-term use	100,000	84,000
	100,000	84,000
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	105,483	(161,939)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	425,527	587,466
End of year	\$ 531,010	\$ 425,527

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

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### 1. Nature of Operations

Lehigh Carbon Community College Foundation (Foundation), a component unit of Lehigh Carbon Community College (College), located in Schnecksville, Pennsylvania, operates exclusively for educational purposes to assist in developing programs, services, and facilities necessary to carry out the functions of the College. The Foundation operates under an independent Board of Directors (Board) and provides funding to the College to provide scholarships to students and other support for projects and programs beyond the College's normal operating budget. The Foundation's support comes primarily from individual and corporate contributions, special events, and rental income received from the College for use of facilities owned by the Foundation.

### 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets according to donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

#### Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. The Board periodically designates certain net assets without donor restrictions to use for specific purposes.

#### Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that funds be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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part of the income earned on the related investments for general or specific purposes subject to limitations specified by Pennsylvania law.

### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Consequently, revenues are generally recognized when earned and expenditures are recognized when incurred.

### Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, including the fair value of investments. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

### Cash and Cash Equivalents

Cash investments with an original maturity of three months or less are reported as cash and cash equivalents.

### Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. The discounts on those amounts are computed using a risk adjusted rate, which was 5.0% as of June 30, 2025. The discount as of June 30, 2025 was \$0. Amortization of the discount is included in contribution revenue. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Foundation deems all promises to give collectible as of June 30, 2025.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### Investments

The Foundation carries investments in mutual funds at fair value based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed limitations.

### Land and Buildings

Land and buildings are stated at cost or at their estimated fair value at date of donation. Depreciation is provided for buildings using the straight-line method over their estimated useful lives of 67 years.

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

### Impairment of Long-Lived Assets

Management reviews the carrying value of long-lived assets on an ongoing basis. When factors indicate that a long-lived asset may be impaired, management uses an estimate of the undiscounted future cash flows over the remaining life of the asset in measuring whether the long-lived asset is recoverable. If such an analysis indicates that impairment has in fact occurred, the book value of the long-lived asset is written down to its fair value, which is estimated using discounted cash flows.

### Funds Held for College

The Foundation serves as custodian for the College's radio station proceeds fund and the Promise scholarship fund. The funds are managed along with all other Foundation endowment accounts and is invested in accordance with the Foundation's investment policy. The College has the right to withdraw funds from the radio station fund at any time and receives an annual disbursement from the Foundation equal to up to seventy-five (75%) percent of the investment earnings on, or five (5%) percent of, the balance of the fund principal, whichever is greater, or some other amount as determined by the College with

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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the approval of the Board of Trustees. The College established the Promise scholarship fund with a \$2,000,000 cash transfer during the year ended June 30, 2023. The fund is to be used at the discretion of the College for advancing education and providing financial assistance to recent high school graduates. Beginning in the fiscal year 2024, the College has the right to withdraw funds at any time and receives an annual disbursement from the Foundation equal to one hundred (100%) percent of the annual investment earnings.

### Designation of Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

### Contributions With or Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### Revenue and Revenue Recognition

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Rental income is recognized when the performance obligation of providing space for the tenants are satisfied.

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a 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- are not recognized until the conditions on which they depend have been met. There were no conditional promises to give as of June 30, 2025 and 2024.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses are directly charged to a specific function.

### Income Taxes

The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code (Code) and is a publicly supported organization as described in Section 509(a)(1) of the Code. Contributions to the Foundation are deductible for federal income tax purposes because it is an organization described in Section 170(b)(1)(A). The Foundation files Form 990 - Return of Organization Exempt from Income Tax, on an annual basis.

### Financial Instruments and Credit Risk

The Foundation's principal financial instruments subject to credit risk are its cash, investments and receivables. The degree and concentration of credit risk varies by the type of investment. Receivables result primarily from unconditional promises to give (contributions).

### Pending Standards Updates

The FASB has issued ASU that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2022-03, "*Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*," is effective for fiscal years beginning after December 15, 2024. The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.

ASU 2023-09 "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*," is effective for fiscal years beginning after December 15, 2025 for entities other than public business entities. The amendments in this update improve tax related disclosures primarily related to the rate reconciliation and income taxes paid information.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### Subsequent Events

The Foundation has evaluated subsequent events through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### 3. Cash and Cash Equivalents

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Foundation's accounts at financial institutions exceeded the insurance obtained through the FDIC from time to time. The Foundation had no uninsured cash balances for the years ended June 30, 2025 and 2024, respectively.

### 4. Promises to Give

Unconditional promises to give as of June 30 are as follows:

	2025	2024
Within one year	\$ 10,000	\$ 13,000
In one to five years	-	10,000
Total promises to give	10,000	23,000
Less discount to net present value at 5.0%	-	(1,563)
Total promises to give, net	<u>\$ 10,000</u>	<u>\$ 21,437</u>

### 5. Fair Value Measurements and Investments

Financial assets and liabilities are categorized based upon the following characteristics or inputs to the valuation techniques:

Level 1 – Quoted prices are available in the active markets for identical assets or liabilities as of the reported date.

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# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

Level 2 – Pricing inputs are other than quoted prices in active markets for identical assets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s investments at fair value as of June 30:

	2025			Total
	Level 1	Level 2	Level 3	
Money market accounts	961,597	\$ -	\$ -	\$ 961,597
Equity mutual funds:				
Large cap equity funds	10,376,445	-	-	10,376,445
Small and mid cap equity funds	2,188,165	-	-	2,188,165
International funds	5,552,346	-	-	5,552,346
Blended funds	2,411,145	-	-	2,411,145
Fixed income mutual funds	7,440,116	-	-	7,440,116
	\$ 28,929,814	\$ -	\$ -	\$ 28,929,814
	2024			Total
	Level 1	Level 2	Level 3	
Money market accounts	\$ 1,155,547	\$ -	\$ -	\$ 1,155,547
Equity mutual funds:				
Large cap equity funds	9,256,512	-	-	9,256,512
Small and mid cap equity funds	2,124,575	-	-	2,124,575
International funds	4,538,874	-	-	4,538,874
Blended funds	1,047,885	-	-	1,047,885
Fixed income mutual funds	7,294,559	-	-	7,294,559
	\$ 25,417,952	\$ -	\$ -	\$ 25,417,952

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

The following schedule summarizes the composition of investment return for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Investment income	\$ 1,684,064	\$ 902,673
Realized gains (losses), net	11,462	(14,395)
Unrealized gains (losses)	1,904,992	1,878,696
Less: investment fees	<u>(81,034)</u>	<u>(72,192)</u>
	<u>\$ 3,519,484</u>	<u>\$ 2,694,782</u>

### 6. Land and Buildings

Land and buildings are comprised of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 572,725	\$ 572,725
Buildings	<u>6,106,892</u>	<u>6,106,892</u>
	6,679,617	6,679,617
Accumulated depreciation	<u>(2,024,687)</u>	<u>(1,933,084)</u>
	<u>\$ 4,654,930</u>	<u>\$ 4,746,533</u>

Depreciation expense of \$91,603 and \$91,603 was recognized for the years ended June 30, 2025 and 2024, respectively.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

### 7. Restrictions and Limitations on Net Assets

The Foundation's Board has chosen to place the following limitations on net assets without donor restrictions:

	2025	2024
Endowments	\$ 1,038,124	\$ 944,173
Scholarships	100,000	100,000
Academic Program Enhancement Fund	553,915	553,915
Building construction, improvements, and maintenance	827,486	827,486
	\$ 2,519,525	\$ 2,425,574

Net assets with donor restrictions that are purpose restricted in nature are available for the following purposes or periods as of June 30:

	2025	2024
Building construction, improvements, and real property acquisition	129,341	\$ 122,346
Scholarships	1,565,918	1,285,420
Title III grant and match	549,464	500,133
Other tuition assistance	747,111	1,015,858
	\$ 2,991,834	\$ 2,923,757

Net assets with donor restrictions that are purpose restricted in nature were released primarily for scholarships in the amount of \$395,633 and \$566,491 in 2025 and 2024, respectively.

Net assets with donor restrictions that are perpetual in nature of \$13,030,276 and \$11,598,190 at June 30, 2025 and 2024, respectively, are comprised primarily of funds for scholarships, and include related promises to give.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### 8. Endowment

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and a fund designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Foundation's policy is to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence in by the relevant state law. Unless specifically defined as a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Foundation considers the following factors: the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and appreciation of investments; other resources of the organization; and the investment policies of the organization.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,138,124	\$ -	\$ 1,138,124
Donor-restricted endowment funds	-	13,030,276	13,030,276
	\$ 1,138,124	\$ 13,030,276	\$ 14,168,400
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,044,173	\$ -	\$ 1,044,173
Donor-restricted endowment funds	-	11,598,190	11,598,190
	\$ 1,044,173	\$ 11,598,190	\$ 12,642,363

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

The following schedule represents the changes in endowment net assets for the years ended June 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, June 30, 2023	\$ 1,016,364	\$ 10,454,723
Investment return:		
Investment income	8,421	84,233
Net realized and unrealized	<u>133,216</u>	<u>1,143,185</u>
Total investment return	141,637	1,227,418
Contributions	-	108,181
Distributions	<u>-</u>	<u>(192,132)</u>
Endowment net assets, June 30, 2024	<u>\$ 1,158,001</u>	<u>\$ 11,598,190</u>
Investment return:		
Investment income	\$ 29,186	\$ 277,954
Net realized and unrealized	<u>109,643</u>	<u>1,281,582</u>
Total investment return	138,829	1,559,536
Contributions	54,146	140,000
Distributions	<u>(14,770)</u>	<u>(267,450)</u>
Endowment net assets, June 30, 2025	<u>\$ 1,336,206</u>	<u>\$ 13,030,276</u>

### Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no such deficiencies reported at June 30, 2025 and 2024.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted fund that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the broad market indexes while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

### Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Foundation has a policy of appropriating restricted net assets for distribution on an as-needed basis. The amount needed to fund the distributions will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of the endowment and, conversely, any undistributed income after the allocation of the total return distribution is added back to the with donor restrictions restricted endowment fund balance. Over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### 9. Contributed Services

The Foundation receives contributed services from volunteers who assist in fundraising and other activities. These services have not been recognized in the financial statements, as they do not meet the recognition criteria established in authoritative guidance.

### 10. Related Party Transactions

The Foundation was formed for the benefit of the College. The Foundation provided institutional support to the College of \$1,369,932 and \$1,419,934 for the years ended June 30, 2025 and 2024, respectively. As described in Note 2, College contributed \$2,000,000 to set up the Promise Scholarship program for the year ended June 30, 2023 and there were no contributions from the College for the years ended June 30, 2024 and June 30, 2025. The amount due to the College was \$240,699 and \$144,139 as of June 30, 2025 and 2024, respectively.

The Foundation leases building space to the College under formal lease agreements. Rental income was \$632,261 and \$632,261 for the years ended June 30, 2025 and 2024, respectively. The following is a schedule of future minimum rentals receivable under the leases:

2026	\$	632,261
2027		632,261
2028		632,261
2029		632,261
2030		622,261
Thereafter		<u>1,783,253</u>
	\$	<u><u>4,934,558</u></u>

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### **11. Availability and Liquidity**

The Foundation receives significant contributions with donor restrictions to be used in accordance with the donor agreement and/or contract. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs and scholarships. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 30% of annual program and scholarship funding needs, with the remainder funded by investment income without donor restrictions, rental income, and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs and scholarships which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses, awards and grant commitments, and general Foundation scholarships expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

The following represents the Foundation's financial assets available to meet general expenditures within one year as of June 30, 2025:

Financial assets at year-end:	2025	2024
Cash and cash equivalents	\$ 531,010	\$ 425,527
Current promises to give	10,000	13,000
Investments	28,929,814	25,417,952
Total financial assets	29,470,824	25,856,479
Less amounts not available to be used within one year:		
Net assets with donor restrictions	15,381,116	13,937,280
Net assets with board designations	2,519,525	2,425,574
Investments held for College	3,254,215	2,992,557
	21,154,856	19,355,411
Financial assets available to meet general expenditures over the next twelve months	\$ 8,315,968	\$ 6,501,068

In addition, the Foundation receives rental income from the College under formal lease agreements that will be sufficient to cover expenses during the year ended June 30, 2026:

Rent revenue from College under leases	\$ 632,261
Fixed Operating expenses:	
IAG grant	223,000
Repayment to College	100,000
Graduation awards	6,300
Foundation scholarships	100,000
Other miscellaneous expenses	10,000
Total fixed operating expenses	439,300
Revenue in excess of expenses	\$ 192,961

# LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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### **12. Risks and Uncertainties**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

### **13. Subsequent Events**

The Foundation has intentions to donate land to a nonprofit organization. The estimated fair value of the land is \$425,000. This donation will be recognized in the financial statements when the donation occurs.