

# RHODE ISLAND COLLEGE FOUNDATION

FINANCIAL STATEMENTS  
JUNE 30, 2019 (WITH COMPARATIVE  
TOTALS FOR JUNE 30, 2018)

# RHODE ISLAND COLLEGE FOUNDATION

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## **Independent Auditors' Report**

To the Board of Directors  
Rhode Island College Foundation  
Providence, Rhode Island

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Rhode Island College Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses 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.

#### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 Rhode Island College Foundation as of June 30, 2019 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.

## **Change in Accounting Principle**

As discussed in Note 2, during the year ended June 30, 2019, the Foundation adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited Rhode Island College Foundation's 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 2019 on our consideration of the Rhode Island College Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rhode Island College Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island College Foundation's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

Cranston, Rhode Island  
September 18, 2019

# RHODE ISLAND COLLEGE FOUNDATION

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,031,282	\$ 2,069,735
Accounts receivable	14,023	183,759
Pledges receivable	641,101	435,534
Prepaid expenses	7,571	19,481
Total current assets	<u>1,693,977</u>	<u>2,708,509</u>
<b>Net Property and Equipment</b>	<u>-</u>	<u>1,405</u>
<b>Other Assets</b>		
Investments	33,674,358	32,721,896
Pledges receivable, less current portion	82,002	268,921
Restricted assets	532,036	521,274
Deposits	200	200
Donated assets	562,751	533,397
Total other assets	<u>34,851,347</u>	<u>34,045,688</u>
<b>Total Assets</b>	<u>\$ 36,545,324</u>	<u>\$ 36,755,602</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 30,009	\$ 1,937
Current portion of long-term debt	-	445
Current portion of alumni association grant payable	150,000	160,000
Current portion of gift annuities payable	6,532	6,532
Total current liabilities	<u>186,541</u>	<u>168,914</u>
<b>Noncurrent Liabilities</b>		
Alumni association grant payable, net	579,428	661,025
Deposits held in custody for others	161,479	169,894
Gift annuities payable, net	27,914	34,446
Total noncurrent liabilities	<u>768,821</u>	<u>865,365</u>
Total liabilities	<u>955,362</u>	<u>1,034,279</u>
<b>Net Assets</b>		
Without donor restrictions	3,686,582	4,405,971
With donor restrictions	31,903,380	31,315,352
Total net assets	<u>35,589,962</u>	<u>35,721,323</u>
<b>Total Liabilities And Net Assets</b>	<u>\$ 36,545,324</u>	<u>\$ 36,755,602</u>

The accompanying notes are an integral part of the financial statements

# RHODE ISLAND COLLEGE FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and Investment Gains (Losses)</b>				
Support:				
Contributions	\$ 952,176	\$ 1,429,813	\$ 2,381,989	\$ 3,784,402
Special events, net	67,693	-	67,693	58,049
Other income	48,245	-	48,245	4,509
Net assets released from restrictions	2,617,290	(2,617,290)	-	-
Total support	<u>3,685,404</u>	<u>(1,187,477)</u>	<u>2,497,927</u>	<u>3,846,960</u>
Investment gains (losses):				
Interest and dividends	37,049	428,963	466,012	702,399
Net realized gains on investments	22,033	1,091,168	1,113,201	1,926,712
Net unrealized gains on investments and gift annuities	32,055	101,413	133,468	758,455
Investment management fees	(4,032)	(72,039)	(76,071)	(194,860)
Total investment gains	<u>87,105</u>	<u>1,549,505</u>	<u>1,636,610</u>	<u>3,192,706</u>
Total support and investment gains	<u>3,772,509</u>	<u>362,028</u>	<u>4,134,537</u>	<u>7,039,666</u>
<b>Expenses</b>				
Program services	<u>2,993,711</u>	-	<u>2,993,711</u>	<u>2,384,576</u>
Supporting services:				
Administrative	661,152	-	661,152	377,234
Fundraising	611,035	-	611,035	222,183
Total supporting services	<u>1,272,187</u>	-	<u>1,272,187</u>	<u>599,417</u>
Total expenses	<u>4,265,898</u>	-	<u>4,265,898</u>	<u>2,983,993</u>
Reclassifications to Donor Intent	<u>(226,000)</u>	<u>226,000</u>	-	-
Increase (Decrease) in Net Assets	(719,389)	588,028	(131,361)	4,055,673
Net Assets - Beginning of Year	<u>4,405,971</u>	<u>31,315,352</u>	<u>35,721,323</u>	<u>31,665,650</u>
Net Assets - End of Year	\$ <u><u>3,686,582</u></u>	\$ <u><u>31,903,380</u></u>	\$ <u><u>35,589,962</u></u>	\$ <u><u>35,721,323</u></u>

The accompanying notes are an integral part of the financial statements

# RHODE ISLAND COLLEGE FOUNDATION

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019				2018
	Program Services	Administrative	Fundraising	Total	Total
Payroll and fringe benefits	\$ 331,145	\$ 319,951	\$ 305,695	\$ 956,791	\$ 266,665
Payroll taxes	35,991	34,774	33,224	103,989	29,925
Donated services	20,450	80,125	3,000	103,575	238,984
Bank fees	42	4,684	196	4,922	4,772
Consultants	170,585	41,000	30,475	242,060	281,835
Depreciation	-	1,405	-	1,405	2,809
Dues and subscriptions	15,935	2,585	7,335	25,855	13,788
Receptions	44,907	24,528	135,880	205,315	223,061
Cultivation and appeal	-	-	14,044	14,044	16,679
Insurance	4,379	5,335	-	9,714	7,819
Lecturer	51,427	200	200	51,827	157,332
Other expenses	60,727	63,541	42,235	166,503	112,497
Professional development	44,185	14,953	-	59,138	141,766
Professional fees	-	25,430	-	25,430	32,998
Scholarships	876,951	-	-	876,951	920,603
Sponsorship and promotions	2,160	26,078	19,548	47,786	42,892
Rhode Island College support expense	1,231,081	-	-	1,231,081	378,356
Rhode Island College Alumni support expense	68,403	-	-	68,403	27,792
Uncollectible pledges	-	278	-	278	8,848
Travel costs	35,343	16,285	19,203	70,831	74,572
<b>Total Expenses</b>	<b>\$ 2,993,711</b>	<b>\$ 661,152</b>	<b>\$ 611,035</b>	<b>\$ 4,265,898</b>	<b>\$ 2,983,993</b>

The accompanying notes are an integral part of the financial statements

# RHODE ISLAND COLLEGE FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (131,361)	\$ 4,055,673
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,405	2,809
Net realized and unrealized gain on investments and gift annuities	(1,246,669)	(2,685,167)
Donated stock	(39,877)	(1,753)
Donated assets	(29,354)	-
Gain on the sale of assets	-	(4,509)
(Increase) decrease in operating assets:		
Accounts receivable	169,736	(172,789)
Pledges receivable	(18,648)	(175,657)
Prepaid expenses	11,910	(10,987)
Restricted assets	(10,762)	(7,618)
Increase (decrease) in operating liabilities:		
Accounts payable	-	(91,291)
Alumni association grant payable	(91,597)	(122,208)
Accrued expenses	28,072	(20,421)
Deposits held in custody for others	(8,415)	2,811
Net cash provided by (used in) operating activities	<u>(1,365,560)</u>	<u>768,893</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of securities	(6,514,556)	(17,429,688)
Proceeds received from sale of securities	6,848,640	17,300,088
Proceeds received from sale of real estate	-	169,509
Net cash provided by investing activities	<u>334,084</u>	<u>39,909</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(445)	(2,821)
Payment of gift annuities	(6,532)	(6,532)
Net cash used in financing activities	<u>(6,977)</u>	<u>(9,353)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,038,453)	799,449
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>2,069,735</u>	<u>1,270,286</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,031,282</u>	<u>\$ 2,069,735</u>

The accompanying notes are an integral part of the financial statements



# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF FOUNDATION

The Rhode Island College Foundation (the Foundation) is a nonprofit corporation founded in 1965 to solicit, encourage and receive gifts and grants for the benefit of Rhode Island College.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendment changes the current reporting model for nonprofit organizations and enhances the disclosure requirements. The major changes include: (a) presentation of two classes of net assets, (b) recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service, (c) recognition of underwater endowment funds as a reduction in net assets with donor restrictions, (d) enhanced disclosures for board-designated amounts, (e) enhanced disclosures on the composition of net assets without donor restrictions, (f) requiring that all nonprofits present an analysis of expenses by both natural and functional classification, (g) disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (h) presenting investment return net of external and direct internal investment expenses. This ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended June 30, 2019.

A recap of the net asset reclassifications resulting from the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

<b>Net Asset Classifications</b>	<b>ASU 2016-14 Classifications</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>
As previously presented:			
Unrestricted	\$ 4,405,971	\$ -	\$ 4,405,971
Temporarily restricted	-	12,037,745	12,037,745
Permanently restricted	-	19,277,607	19,277,607
Net Assets as Previously Presented	\$ <u>4,405,971</u>	\$ <u>31,315,352</u>	\$ <u>35,721,323</u>
Net Assets as Reclassified	\$ <u>4,405,971</u>	\$ <u>31,315,352</u>	\$ <u>35,721,323</u>

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### **Basis of Accounting and Presentation**

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in the following net asset categories:

#### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions represent funds which management and the Board of Directors of the Foundation retain full control to use in carrying out the mission of the Foundation. It also includes board-designated net assets that represent net assets without donor restrictions on which the Board of Directors has voluntarily placed restrictions.

#### **Net Assets With Donor Restrictions**

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and accumulated investments gains and income on donor-restricted endowment investments that have not been appropriated for expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require the principal be maintained in perpetuity but permit the Foundation to expend the income earned thereon for either a restricted purpose or general support of the Foundation.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. For purposes of the statement of cash flows, none of the investments held in the Foundation's investment portfolio (see Note 5) are included as cash and cash equivalents, regardless of the type of investment as it is the Foundation's intention that the funds deposited in the investment account are not for current operations.

### **Pledges Receivable**

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 estimated future cash flows. The discount on these pledges is computed using a risk-free interest rate applicable to the year in which the promise is expected to be received. Amortization of the discount is netted against contribution revenue. Conditional promises to give are not recognized in revenue until such time as the conditions are substantially met. On a periodic basis, the Foundation evaluates the collectability of these receivables and amounts are written off or an allowance for doubtful accounts is established based on management's evaluation of the collectability of each receivable resulting from collection efforts.

# **RHODE ISLAND COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Investments**

The Foundation's portfolio is managed by outside investment managers who operate within the guidelines established by the Investment Committee of the Board of Directors. The investment strategy for the portfolio is growth and income. This is consistent with a goal of long-term appreciation and modest current income. The Foundation has adopted an asset allocation range which will allow portfolio managers to take a long-term approach to the asset allocation decision rather than a short-term market timing strategy. The present asset allocation range is 10%-30% fixed income, 40%-70% international or US equity securities, and 5%-25% alternatives or real assets. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7% over a three-year period. Actual results in any given year may vary from this amount.

All long-term investments have been reported in the financial statements at their current market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. The net increase (decrease) in realized and unrealized appreciation (depreciation) in the market value of such investments has been included in the statement of activities and changes in net assets in the appropriate net asset classification.

Management is not aware of any derivative financial positions entered into by its investment managers' investment strategy and mutual fund investments.

### **Property and Equipment**

Property and equipment are stated at cost and depreciated on the straight-line basis over the assets' estimated useful lives.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the asset is placed in service at which time the Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions.

### **Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

### **Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the financial information was derived.

# **RHODE ISLAND COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### **Recognition of Revenues and Expenses**

Revenues and expenses are recognized by the accrual method of accounting.

### **Income Taxes**

No provision for federal and state income taxes has been reflected in the accompanying financial statements since the Foundation qualifies as a tax-exempt organization as provided under the Internal Revenue Code, Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation reports tax-related interest and penalties, if any, as a component of interest expense.

### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific program or general and administrative categories are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques. Such allocations are determined by management on an equitable basis. The expenses that are allocated include payroll and fringe benefits, payroll taxes, and donated services. These expenses are all allocated based on time and effort.

### **Concentration of Credit Risk**

The Foundation maintains its operating cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

### **Subsequent Events**

Subsequent events have been evaluated through September 18, 2019, the date the financial statements were available to be issued.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - PLEDGES RECEIVABLE

The Foundation, operating to solicit, encourage and receive gifts for the benefit of Rhode Island College, has received various unconditional promises to give from various donors. These unconditional promises are recorded as capital pledges receivable. For financial statement purposes, pledges are discounted using varying risk-free interest rates, presently 1.74% to 1.78% as of June 30, 2019 and 2.57% to 2.75% as of June 30, 2018, over the anticipated number of years until receipt of contributions.

Pledges receivable were as follows at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pledges receivable	\$ 766,136	\$ 760,534
Less discount to present value	(4,728)	(18,052)
Less allowance for estimated unfulfilled pledges	(38,305)	(38,027)
	<u>723,103</u>	<u>704,455</u>
Less current portion of pledges	(641,101)	(435,534)
Pledges Receivable, Long-Term Portion	<u>\$ 82,002</u>	<u>\$ 268,921</u>

Pledges receivable are expected to be collected as follows:

#### Year Ending June 30

2020	\$ 641,101
2021	100,000
2022	<u>25,035</u>
	<u>\$ 766,136</u>

### NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office furniture	\$ 1,078	\$ 1,078
Office equipment	1,447	1,447
Vehicle	40,188	40,188
	<u>42,713</u>	<u>42,713</u>
Less accumulated depreciation	42,713	41,308
	<u>\$ -</u>	<u>\$ 1,405</u>

Depreciation expense charged to operations was \$1,405 and \$2,809 for fiscal years ended June 30, 2019 and 2018, respectively.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Useful lives of property and equipment for purposes of computing depreciation are as follows:

Office furniture and equipment	5 years
Vehicle	5-7 years

### NOTE 5 - INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. The Foundation records purchased securities at quoted market value and contributed securities at their fair value on the date of receipt. Unrealized gains and losses are reflected in the statement of activities and changes in net assets for the corresponding asset classes.

Investments stated at fair value are comprised of the following at June 30, 2019:

	<u>Cost</u>	<u>Market Value</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>
Equity funds	\$ 26,552,327	\$ 27,254,059	\$ 701,732	\$ -
Fixed income funds	3,980,949	4,121,994	141,045	-
Alternative funds	1,888,383	1,935,791	47,408	-
Cash equivalents	362,514	362,514	-	-
	<u>\$ 32,784,173</u>	<u>\$ 33,674,358</u>	<u>\$ 890,185</u>	<u>\$ -</u>

Investments stated at fair value are comprised of the following at June 30, 2018:

	<u>Cost</u>	<u>Market Value</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>
Common stocks and pooled equity funds	\$ 18,266,825	\$ 21,493,366	\$ 3,724,827	\$ (498,286)
Government securities and corporate bonds	6,277,710	6,161,832	21,753	(137,631)
Cash equivalents	5,066,698	5,066,698	-	-
	<u>\$ 29,611,233</u>	<u>\$ 32,721,896</u>	<u>\$ 3,746,580</u>	<u>\$ (635,917)</u>

Total investment income is summarized as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 466,012	\$ 702,399
Net realized gain	1,113,201	1,926,712
Net unrealized gain	133,468	758,455
Total Investment Income	<u>\$ 1,712,681</u>	<u>\$ 3,387,566</u>

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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Total investment fees, as charged by the Foundation's investment managers, were \$76,071 and \$194,860 for fiscal years ended June 30, 2019 and 2018, respectively.

The Foundation charged an annual administrative fee of 1.25% of the market value of its donor-restricted investment fund for the fiscal years ended June 30, 2019 and 2018. The fee is charged monthly and is reported in net assets released from restrictions in the statement of activities and shown as a decrease in the endowment (see Note 7). Total fees assessed were \$426,233 and \$404,819 for fiscal years ended June 30, 2019 and 2018, respectively.

### NOTE 6 - FAIR VALUE INFORMATION

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value 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 three levels of the fair value hierarchy are described below.

#### Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access

#### Level 2

Observable prices, other than quoted prices within Level 1, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

#### Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset per share value (NAV) as determined by third party managers. The fair value of these investments is not included in the fair value hierarchy.

Level 1 assets include mutual funds that are valued at the quoted market price of shares held by the Foundation at year end.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The following table represents the Foundation's fair value hierarchy for those assets measured at fair value as of June 30, 2019:

	<u>Total</u>	<u>Investments Valued Using Practical Expedient (a)</u>	<u>Fair Value Measurements Using</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:					
Fixed income	\$ 4,121,994	\$ -	\$ 4,121,994	\$ -	\$ -
US equities	9,674,175	-	9,674,175	-	-
International equities	784,643	-	784,643	-	-
Hedge funds	1,002,597	-	1,002,597	-	-
Real estate and infrastructure	566,048	-	566,048	-	-
Hard assets	367,146	-	367,146	-	-
Total mutual funds	<u>16,516,603</u>	<u>-</u>	<u>16,516,603</u>	<u>-</u>	<u>-</u>
FIAM Total Endowment Fund LP	<u>16,795,241</u>	<u>16,795,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at fair value	33,311,844	16,795,241	16,516,603	-	-
Cash and cash equivalents	<u>362,514</u>	<u>-</u>	<u>362,514</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 33,674,358</u>	<u>\$ 16,795,241</u>	<u>\$ 16,879,117</u>	<u>\$ -</u>	<u>\$ -</u>



# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

The following table represents the Foundation's fair value hierarchy for those assets measured at fair value as of June 30, 2018:

	Total	Investments Valued Using Practical Expedient (a)	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Mutual funds:					
Core equity	\$ 3,983,517	\$ -	\$ 3,983,517	\$ -	\$ -
International	2,643,790	-	2,643,790	-	-
International emerging Growth	426,778	-	426,778	-	-
	1,884,992	-	1,884,992	-	-
Total mutual funds	<u>8,939,077</u>	<u>-</u>	<u>8,939,077</u>	<u>-</u>	<u>-</u>
Common stocks	<u>11,918,449</u>	<u>-</u>	<u>11,918,449</u>	<u>-</u>	<u>-</u>
Partners group private equity fund	<u>635,840</u>	<u>635,840</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bonds:					
Government and municipal:	641,477	-	-	641,477	-
Corporate:	5,520,355	-	-	5,520,355	-
Total bonds	<u>6,161,832</u>	<u>-</u>	<u>-</u>	<u>6,161,832</u>	<u>-</u>
Total investments at fair value	27,655,198	635,840	20,857,526	6,161,832	-
Cash and cash equivalents	<u>5,066,698</u>	<u>-</u>	<u>5,066,698</u>	<u>-</u>	<u>-</u>
Total Investments	\$ <u>32,721,896</u>	\$ <u>635,840</u>	\$ <u>25,924,224</u>	\$ <u>6,161,832</u>	\$ <u>-</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these above tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

### FIAM Total Endowment Fund, LP

The FIAM Total Endowment Fund, LP (FIAM) offers an actively managed investment program which provides a diversified portfolio of proprietary privately offered funds, mutual funds, exchange-traded funds selected by the Investment Manager as well as nonproprietary investment vehicles. The objective of FIAM is to seek long-term total return in excess of a custom benchmark, which is based on a weighted average of the Russell 3000, MSCI World ex-US IMI, MSCI World Minimum Volatility, HFRI Fund of Funds Conservative, and others. FIAM is an investment in funds as opposed to a direct interest in FIAM's underlying holdings, which may be marketable. FIAM is valued at the net asset value of the units held in the fund. Because the net asset value reported by the fund is used as a practical expedient to estimate the fair value of the Foundation's interest therein, the investment is not classified within the fair value hierarchy.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

At year end, the fair value, unfunded commitments and redemption rules of investments valued at NAV as the practical expedient is as follows:

<b>Investments Held at June 30, 2019</b>				
	<b><u>Fair Value</u></b>	<b><u>Unfunded Commitments</u></b>	<b><u>Redemption Frequency</u></b>	<b><u>Days Notice</u></b>
FIAM Total Endowment Fund, LP	\$ 16,795,241	\$ -	Daily	15

<b>Investments Held at June 30, 2018</b>				
	<b><u>Fair Value</u></b>	<b><u>Unfunded Commitments</u></b>	<b><u>Redemption Frequency</u></b>	<b><u>Days Notice</u></b>
Partners group private equity fund	\$ 635,840	\$ 120,174	Quarterly	90

### NOTE 7 - ENDOWMENT

The Foundation's endowment consists of approximately 255 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America, 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.

The Foundation 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 stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and, (d) the remaining portion of the donor-restricted endowment fund that is classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with Rhode Island State law, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the endowment fund
- the purpose of the Foundation and the endowment
- general economic conditions
- the possible effect of inflation or deflation
- the expected total return from income and the appreciation of investments
- other resources
- the investment policy of the Foundation

In addition, the appropriation for expenditure in any year of an amount greater than 7% of a three-year rolling average fair market value may be deemed imprudent.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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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 endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold for either a donor-specified time as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that match or exceed the results of the Standard & Poor 500 index and other comparable indices as applicable, while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (both realized and unrealized) and current yield (interest and dividends). 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.

Under the Foundation's spending policy, the Board has approved up to 4% of the consolidated invested assets of the endowments based on a three-year rolling average of the fair market value. Annual distributions should be calculated based on September 30 balances for spending in the subsequent fiscal year. The annual distribution shall not exceed total endowment return unless approved by the Board. The Foundation expects the current spending policy to allow its endowment to grow at an average of 3% 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.

The composition of endowment net assets by type of fund is as follows as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 26,986,022	\$ 26,986,022
Board-designated endowment funds	<u>874,580</u>	<u>-</u>	<u>874,580</u>
	<u>\$ 874,580</u>	<u>\$ 26,986,022</u>	<u>\$ 27,860,602</u>

The composition of endowment net assets by type of fund is as follows as of June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 26,396,398	\$ 26,396,398
Board-designated endowment funds	<u>1,211,572</u>	<u>-</u>	<u>1,211,572</u>
	<u>\$ 1,211,572</u>	<u>\$ 26,396,398</u>	<u>\$ 27,607,970</u>

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Changes in endowment net assets are as follows for the year ended June 30, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets - beginning of year	\$ 1,211,572	\$ 26,396,398	\$ 27,607,970
Investment return:			
Investment income	16,465	425,772	442,237
Net appreciation (realized and unrealized)	26,943	1,185,428	1,212,371
Total investment return	<u>43,408</u>	<u>1,611,200</u>	<u>1,654,608</u>
Contributions	<u>632,720</u>	<u>149,338</u>	<u>782,058</u>
Endowment reclassification	<u>(226,000)</u>	<u>(645,268)</u>	<u>(871,268)</u>
Appropriation of endowment funds for expenditure	<u>(787,120)</u>	<u>(525,646)</u>	<u>(1,312,766)</u>
Endowment Net Assets - End of Year	<u>\$ 874,580</u>	<u>\$ 26,986,022</u>	<u>\$ 27,860,602</u>

Changes in endowment net assets are as follows for the year ended June 30, 2018:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets - beginning of year	\$ 1,146,350	\$ 23,537,146	\$ 24,683,496
Investment return:			
Investment income	28,656	637,178	665,834
Net appreciation (realized and unrealized)	130,563	2,471,419	2,601,982
Total investment return	<u>159,219</u>	<u>3,108,597</u>	<u>3,267,816</u>
Contributions	<u>586,335</u>	<u>989,102</u>	<u>1,575,437</u>
Endowment reclassification	<u>(9,039)</u>	<u>(710,141)</u>	<u>(719,180)</u>
Appropriation of endowment funds for expenditure	<u>(671,293)</u>	<u>(528,306)</u>	<u>(1,199,599)</u>
Endowment Net Assets - End of Year	<u>\$ 1,211,572</u>	<u>\$ 26,396,398</u>	<u>\$ 27,607,970</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. For the years ended June 30, 2019 and 2018, there were no unrealized loss deficiencies resulting from unfavorable market conditions.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$	1,031,282
Accounts receivable		14,023
Pledges receivable		641,101
Investments		33,674,358
Total financial assets available within one year		<u>35,360,764</u>
Less amounts unavailable for general expenditures within one year, due to:		
Funds held in the endowment		(27,860,602)
Board designated for specific purposes		(1,249,283)
Total amounts unavailable for general expenditure within one year		<u>(29,109,885)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	\$	<u>6,250,879</u>

### Liquidity Management

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due, while striving to maximize the investment of its available funds. In addition, income from many of the donor-restricted endowment funds can be used for operational purposes and the unrestricted endowment may be used with board approval.

### NOTE 9 - RESTRICTED ASSETS

Restricted assets at June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Variable life insurance policy	\$ 391,830	\$ 391,830
Student managed investment fund	<u>140,206</u>	<u>129,444</u>
	<u>\$ 532,036</u>	<u>\$ 521,274</u>

During fiscal year 2003, the Foundation received a donation of a variable life insurance policy with a face value of \$500,000. The donation of the life insurance policy was received as part of the Foundation's capital campaign. In return for the donation, the Foundation has agreed not to cash in the insurance policy and will retain the policy through the time of death of the donor. Amounts that may accrue above and beyond the \$500,000 gift have been pledged to other Rhode Island nonprofit organizations. The cash surrender value at June 30, 2019 and 2018 was \$391,830.

During fiscal year 2007, a student-managed investment fund was established with a gift from a donor. Investments are selected by class participants, under the guidance of senior faculty members of the School of Management. The income derived from the investments is restricted to support faculty development opportunities and enhance educational programs for the Department of Economics and Finance. The fair value of the investments at June 30, 2019 and 2018 was \$140,206 and \$129,444, respectively, and were valued using Level 1 inputs.

# **RHODE ISLAND COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 10 - DONATED ASSETS**

Donated assets represent 59 paintings, 10 sculptures, 32 decorative art pieces, furniture and gemstones. The assets are valued at their appraised value at the date of the gift as designated by a licensed appraiser. As of June 30, 2019 and 2018, the carrying value of donated assets was \$562,751 and \$533,397, respectively.

### **NOTE 11 - LONG-TERM DEBT**

The Foundation had a note payable agreement with a financing company in the original amount of \$14,047. The note was payable in 60 monthly installments of \$234, at 0% interest, with final payment due August 2018. The note was secured by a vehicle. As of June 30, 2019, the note was paid in full.

The Foundation did not incur or pay interest costs during the fiscal years ended June 30, 2019 and 2018.

### **NOTE 12 - DEPOSITS HELD IN CUSTODY FOR OTHERS**

The Foundation holds funds for certain Rhode Island College organizations. The Foundation pools these funds with its own investments and allocates returns, net of expenses, to the Rhode Island College organizations' asset balances.

### **NOTE 13 - ALUMNI ASSOCIATION GRANT PAYABLE**

The Foundation entered into a ten-year Multiple Year Support Agreement with the Rhode Island College Alumni Association (Association). According to the agreement, the Foundation shall grant an amount of not less than \$125,000 annually beginning July 1, 2015 to support the mission of the Association. The agreement automatically renews for additional ten-year terms, unless terminated through written notice twelve months prior to the expiration of the current term. During the year ended June 30, 2019, the Foundation made a payment of \$160,000 and appropriated a \$150,000 payment for the upcoming fiscal year. The grant amount of \$750,000, reflecting the net of the total award of \$1,250,000 less four scheduled amortized payments of \$125,000, plus the additional appropriated payment of \$25,000 for the following fiscal year, is reported in the accompanying statement of financial position net of a discount of \$45,572 to adjust the long-term promise to give to fair value as of June 30, 2019.

### **NOTE 14 - GIFT ANNUITIES**

The Foundation has received various charitable gifts which require annuity payments to the donors. These annuities are to be paid on a quarterly basis at various rates. The Foundation has recorded liabilities for the present value of the annuities based upon the life expectancy of the donors by applying current discount rates that range from 3.0% to 6.0%.

# RHODE ISLAND COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Included in net assets without donor restrictions are funds that have been designated for scholarships by the Board of Directors in the amount of \$1,249,283 and \$1,179,355 as of June 30, 2019 and 2018, respectively.

### NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation had net assets with donor restrictions for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Restricted in perpetuity:		
Scholarships and awards	\$ 18,172,599	\$ 17,807,876
Educational programs	1,481,408	1,469,731
Other net assets with donor restrictions:		
Scholarships and awards	8,755,799	8,033,195
Educational programs	2,945,066	3,258,277
Capital improvements	<u>548,508</u>	<u>746,273</u>
	<u>\$ 31,903,380</u>	<u>\$ 31,315,352</u>

The following net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes:

	<u>2019</u>	<u>2018</u>
Scholarships and awards	\$ 876,951	\$ 745,308
Educational programs	1,276,257	896,011
Capital improvements	<u>464,082</u>	<u>87,828</u>
	<u>\$ 2,617,290</u>	<u>\$ 1,729,147</u>

### NOTE 17 - CONTRIBUTED SERVICES AND FACILITIES

The Foundation relies upon donated services and facilities to support its programs. The Foundation recognizes all services received from personnel of an affiliate that directly benefit the Foundation. A portion of the Foundation's administrative services are provided by the College. The estimated value of wages was \$102,462 and \$220,105 for 2019 and 2018, respectively. During fiscal years ended June 30, 2019 and 2018, the Foundation recorded a wage expense and in-kind contribution of \$102,462 and \$220,105, respectively.

# **RHODE ISLAND COLLEGE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 18 - RETIREMENT PLAN**

The Foundation established the Rhode Island College Foundation Defined Contribution Retirement Plan (the Plan) under Section 403(b) of the Internal Revenue Code. The Plan requires minimum contributions of 5% of eligible employees' compensation with matching contributions of 9% by the Foundation. Total contributions paid by the Foundation under the Plan were \$34,381 and \$7,403 for the years ended June 30, 2019 and 2018, respectively.

### **NOTE 19 - RECLASSIFICATIONS TO DONOR INTENT**

The Foundation maintains a policy where donation amounts must reach certain thresholds before considered endowments. Once those thresholds are met, donations are reclassified based on donor intent to other net asset classifications. During the fiscal year ended June 30, 2019, the Foundation identified and reclassified several net asset funds without donor restrictions totaling \$226,000 to net assets with donor restrictions.

### **NOTE 20 - 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 amounts reported in the statement of activities and changes in net assets.



**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors  
Rhode Island College Foundation  
Providence, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rhode Island College Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blum, Shapiro & Company, P.C.*

Cranston, Rhode Island  
September 18, 2019