

*TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.*

*INDEPENDENT AUDITORS' REPORT*

*AND*

*FINANCIAL STATEMENTS*

*Year Ended June 30, 2011*

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Technical College of the Lowcountry Foundation, Inc.  
Beaufort, South Carolina

We have audited the accompanying statement of financial position of the Technical College of the Lowcountry Foundation, Inc. (a not-for-profit corporation) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Technical College of the Lowcountry Foundation, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



September 22, 2011

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
 STATEMENT OF FINANCIAL POSITION  
 As of June 30, 2011

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 117,165	
Unconditional promises to give	3,114	
<b>TOTAL CURRENT ASSETS</b>		<b>\$ 120,279</b>

**NON-CURRENT ASSETS**

Long-term unconditional promises to give	5,380	
Software, net of accumulated amortization of \$1,420	-	
Investments	860,130	
Teaching collection	37,606	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>903,116</b>

<b>TOTAL ASSETS</b>		<b><u>\$ 1,023,395</u></b>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued expenses	\$ 3,555	
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 3,555</b>

<b>TOTAL LIABILITIES</b>		<b>3,555</b>
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**NET ASSETS**

Unrestricted net assets	476,270	
Temporarily restricted net assets	198,676	
Permanently restricted net assets	344,894	
<b>TOTAL NET ASSETS</b>		<b>1,019,840</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 1,023,395</u></b>
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See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
 STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2011

CHANGES IN UNRESTRICTED NET ASSETS

Unrestricted revenues, gains, and other support	
Contributions and grants	\$ 106,452
Miscellaneous-fees income	17,147
Interest and dividend income	24,221
Gain on sale of investments	21,114
Uncollectible pledges	601
Change in unrealized appreciation of investments	49,972
Total unrestricted revenues and gains	<u>219,506</u>
Net assets released from restrictions	
Satisfaction of program restrictions	137,285
Total net assets released from restrictions	<u>137,285</u>
Total unrestricted revenues, gains, and other support	356,791
Expenses	
Program services	
Scholarship and support	100,680
Assistance to Technical College	73,252
Total program expenses	<u>173,932</u>
Supporting services	
Management and general	55,251
Fundraising	45,089
Total supporting services	<u>100,340</u>
	<u>TOTAL EXPENSES</u> 274,272
Increase in unrestricted net assets	82,519
Unrestricted net assets, beginning of period	393,751
Unrestricted net assets, end of period	<u>\$ 476,270</u>

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
 STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2011

**CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**

Revenues, gains, and other support	\$ 158,850
Net assets released from restrictions	
Scholarships, grants, and other	(137,285)
Total net assets released from restrictions	<u>(137,285)</u>
Increase in temporarily restricted net assets	21,565
Temporarily restricted net assets, beginning of period	<u>177,111</u>
Temporarily restricted net assets, end of period	<u>\$ 198,676</u>

**CHANGES IN PERMANENTLY RESTRICTED NET ASSETS**

Revenues, gains, and other support	
Endowment contributions	\$ 175
Permanently restricted net assets, beginning of period	<u>344,719</u>
Permanently restricted net assets, end of period	<u>\$ 344,894</u>
Increase in unrestricted net assets	\$ 82,519
Increase in temporarily restricted net assets	21,565
Increase in permanently restricted net assets	<u>175</u>
<b>NET TOTAL INCREASE IN NET ASSETS</b>	<b>104,259</b>
Net assets, beginning of period	<u>915,581</u>
Net assets, end of period	<u>\$ 1,019,840</u>

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended June 30, 2011

	Program Services			Supporting Services			Total
	Scholarship Assistance to Technical College	Total Program Expenses	Management and General	Fund Raising	Total Supporting Services		
Salaries	\$ 12,211	\$ 12,211	\$ 12,211	\$ 8,141	\$ 20,352	\$	32,563
Payroll taxes	889	889	889	444	1,333		2,222
Pension expense	1,715	1,715	1,715	858	2,573		4,288
Employee benefits	1,299	1,299	1,299	650	1,949		3,248
Subtotal	16,114	16,114	16,114	10,093	26,207		42,321
Accounting fees	2,790	2,790	4,140	2,070	6,210		9,000
Administrative fees			17,147		17,147		17,147
Trustee and bank fees	3,492	3,492	5,181	2,591	7,772		11,263
Dues and licenses	45	45	67	33	100		145
Fundraising				24,000	24,000		24,000
Grants-equipment and other		73,252					73,252
General insurance	914	914	1,356	678	2,033		2,947
Miscellaneous	5,872	5,872	8,714	4,357	13,071		18,944
Postage	355	355	526	263	790		1,145
Printing	1,155	1,155	1,713	857	2,570		3,724
Scholarships	69,745	69,745					69,745
Staff training	199	199	292	147	440		639
Total functional expenses	\$ 100,680	\$ 73,252	\$ 55,251	\$ 45,089	\$ 100,340	\$	274,272

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC  
 STATEMENT OF CASH FLOWS  
 Year Ended June 30, 2010

**Cash Flows from Operating Activities**

Increase in net assets	\$ 104,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Non-cash contributions-teaching collection	(15,951)
Gain on sale of investments	(21,114)
Uncollectible pledges	(601)
Net appreciation of investments	(49,972)
Decrease in unconditional promises to give	15,753
Decrease in accrued expenses	(5,717)
Net cash provided by operating activities	<u>26,657</u>

**Cash Flows from Investing Activities**

Proceeds from sales of securities	333,555
Net purchases of securities	(470,417)
Net cash contributed (used) by investing activities	<u>(136,862)</u>

Net decrease in cash and cash equivalents	(110,205)
Cash and cash equivalents, beginning of period	<u>227,370</u>
Cash and cash equivalents, end of period	<u>\$ 117,165</u>

**Supplemental disclosures of cash flow information**

Income taxes paid	\$ -
Interest paid	\$ -

See accompanying notes and accountants' report



TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

Nature of Activities

Technical College of the Lowcountry Foundation, Inc. (the Foundation) is a South Carolina not-for-profit organization incorporated in 1983. The Foundation is constituted for charitable and educational purposes, specifically to solicit, receive, administer and donate funds and property for the encouragement, support and furtherance of the educational and professional goals of the Technical College of the Lowcountry, located in Beaufort, South Carolina.

Summary of Significant Accounting Policies

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Principles of Accounting

The financial statements are presented on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Promises to Give

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates. Promises to give are received from a small base of contributors as a result of the annual campaign.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distributions are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Property and equipment are stated at cost or at the asset's fair market value at the date contributed. Assets are depreciated over their estimated useful lives using the straight-line method of depreciation. The useful lives of the assets range from three to seven years.

Cash and Cash Equivalents

The Foundation considers cash in operating bank accounts, cash on hand, certificates of deposit, U.S. Treasury bills, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1) and has been classified as an organization other than a private foundation under Section 509(e).

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Spending Policy

The Board has adopted a formal spending policy governing the Endowment and special scholarship funds. Up to 4 1/2% of the average market value over the preceding twelve quarters shall be expended in any fiscal year.

Functional Allocation of Expenses

Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated or allocated on space utilization.

Donated Services

During the period ended June 30, 2011, the value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. The Foundation has a number of volunteers that assist in carrying out its programs. These services do not meet the criteria for recognition as donated services.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high-credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2011, the Foundation did not exceed the insured limit.

**NOTE B-UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consists of the following at June 30, 2011:

Unrestricted	
Receivable in one year	\$ 3,114
Receivable in two to six years	6,000
Less discount to net present value	<u>(620)</u>
Total	<u>\$ 8,494</u>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 3%.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2011

**NOTE C-INVESTMENTS**

The Foundation invests in equity securities and in bonds. Investments at fair value and cost basis at June 30, 2011 are as follows.

	Fair Value	Cost Basis	Unrealized Appreciation
Government and agency securities	\$ 326,397	\$ 322,902	\$ 3,495
Corporate bonds	174,373	171,808	2,565
Accrued interest	3,574	3,574	0
Equity securities	355,786	305,679	50,107
Totals	<u>\$ 860,130</u>	<u>\$ 803,962</u>	<u>\$ 56,168</u>

Income from investments is summarized as follows;

Interest and dividends	\$ 24,221
Realized gains	<u>21,114</u>
	<u>\$ 45,335</u>

**NOTE D-TEACHING COLLECTION**

The Foundation established a teaching collection consisting of donated art work. The collection is intended to support the College's educational and cultural activities. The collection is valued at fair market value based on applicable appraisals.

**NOTE E-RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2011 the Foundation paid scholarships, grants, and other assistance of approximately \$142,997 to the Technical College of the Lowcountry. The Foundation is provided an office on the campus of the Technical College at no charge. Management has not estimated the value of these facilities. Technical College of the Lowcountry currently pays seventy five percent of the salary and benefits of the executive director, and fifty percent of the salary and benefits of the executive assistant.

**NOTE F-TEMPORARILY RESTRICTED NET ASSETS**

A summary of the status of temporarily restricted contributions and grants at June 30, 2011 follows:

Scholarships	\$ 76,181
Academic Program Support	58,596
Equipment/Technology Grants	31,327
Capital Campaign	<u>32,571</u>
Total	<u>\$ 198,676</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**NOTE G-PERMANENTLY RESTRICTED NET ASSETS**

The Foundation has several endowment funds, the principal of which is permanently restricted. Realized and unrealized earnings on these funds are available to provide scholarships. A summary of the Foundation's endowment funds at June 30, 2011 follows:

Hodges Endowment Fund	\$ 10,725
Verity Memorial Fund	85,221
Wilson Memorial Fund	150,019
Public Contributions	15,194
Kilpatrick Memorial Fund	33,735
Family Resources Fund	50,000
Total	<u>\$ 344,894</u>

**NOTE H-RETIREMENT PLAN**

Foundation employees participate in retirement plans through the Technical College of the Lowcountry. Foundation contributions for the year ended June 30, 2011 were \$4,288.

**NOTE I-ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

In accordance with financial accounting standards, the Foundation evaluated all tax positions that could have a significant effect on the financial statements and determined the Foundation had no uncertain tax positions at June 30, 2011.

**NOTE J-SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through September 20, 2011, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.