

*TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.*

*INDEPENDENT AUDITORS' REPORT*

*AND*

*FINANCIAL STATEMENTS*

*Year Ended June 30, 2012*

**TABLE OF CONTENTS**

|  | <i>Page</i> |
|--|-------------|
| <i>INDEPENDENT AUDITORS' REPORT.....</i>     | <i>1</i>    |
| <br><i>FINANCIAL STATEMENTS</i>              |             |
| <i>Statement of Financial Position.....</i>  | <i>2</i>    |
| <i>Statement of Activities.....</i>          | <i>3-4</i>  |
| <i>Statement of Functional Expenses.....</i> | <i>5</i>    |
| <i>Statement of Cash Flows.....</i>          | <i>6</i>    |
| <i>Notes to Financial Statements.....</i>    | <i>7-11</i> |



CAREY & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

70 MAIN STREET  
SUITE 100  
HILTON HEAD ISLAND, SC 29926  
email: [pcarey@pcareycpa.com](mailto:pcarey@pcareycpa.com)

MEMBER  
AMERICAN INSTITUTE OF CPAs  
S.C. ASSOCIATION OF CPAs

TELEPHONE  
(843) 681-4430  
FAX  
(843) 681-4425

**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, 2012, 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, 2012, 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.

November 12, 2012

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
As of June 30, 2012

**ASSETS**

CURRENT ASSETS

|                                |               |           |
|--------------------------------|---------------|-----------|
| Cash and cash equivalents      | \$ 83,625     |           |
| Unconditional promises to give | <u>11,919</u> |           |
| TOTAL CURRENT ASSETS           |               | \$ 95,544 |

NON-CURRENT ASSETS

|   |               |                |
|---|---------------|----------------|
| Long-term unconditional promises to give                | 12,800        |                |
| Software, net of accumulated<br>amortization of \$1,420 | -             |                |
| Investments   | 861,161       |                |
| Teaching collection                                     | <u>36,805</u> |                |
| TOTAL NON-CURRENT ASSETS                                |               | <u>910,766</u> |

**TOTAL ASSETS** \$ 1,006,310

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

|                           |                 |                 |
|---------------------------|-----------------|-----------------|
| Accrued expenses          | \$ <u>3,653</u> |                 |
| TOTAL CURRENT LIABILITIES |                 | <u>\$ 3,653</u> |

**TOTAL LIABILITIES** 3,653

NET ASSETS

|                                   |                |                  |
|-----------------------------------|----------------|------------------|
| Unrestricted net assets           | 429,352        |                  |
| Temporarily restricted net assets | 188,446        |                  |
| Permanently restricted net assets | <u>384,859</u> |                  |
| TOTAL NET ASSETS                  |                | <u>1,002,657</u> |

**TOTAL LIABILITIES AND  
NET ASSETS** \$ 1,006,310

See accompanying notes and accountants' report.

**TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2012**

**CHANGES IN UNRESTRICTED NET ASSETS**

|   |                               |
|---|-------------------------------|
| Unrestricted revenues, gains, and other support       |                               |
| Contributions and grants                              | \$ 46,092                     |
| Miscellaneous-fees income                             | 9,862                         |
| Interest and dividend income                          | 25,729                        |
| Uncollectible pledges                                 | (580)                         |
| Change in investments                                 | (939)                         |
| Total unrestricted revenues and gains                 | <u>80,164</u>                 |
| Net assets released from restrictions                 |                               |
| Satisfaction of program restrictions                  | <u>91,501</u>                 |
| Total net assets released from restrictions           | <u>91,501</u>                 |
| Total unrestricted revenues, gains, and other support | 171,665                       |
| Expenses  |                               |
| Program services                                      |                               |
| Scholarship and support                               | 103,902                       |
| Assistance to Technical College                       | <u>53,698</u>                 |
| Total program expenses                                | 157,600                       |
| Supporting services                                   |                               |
| Management and general                                | 42,944                        |
| Fundraising   | <u>18,039</u>                 |
| Total supporting services                             | 60,983                        |
|   | <u>TOTAL EXPENSES 218,583</u> |
| Increase (decrease) in unrestricted net assets        | (46,918)                      |
| Unrestricted net assets, beginning of period          | <u>476,270</u>                |
| Unrestricted net assets, end of period                | <u><u>\$ 429,352</u></u>      |

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

**CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**

|  |                   |
|--|-------------------|
| Revenues, gains, and other support                     | \$ 80,116         |
| Special events net of expenses of \$15,761             | 1,155             |
| Net assets released from restrictions                  |                   |
| Scholarships, grants, and other                        | (91,501)          |
| Total net assets released from restrictions            | <u>(91,501)</u>   |
| <br>(Decrease) in temporarily restricted net assets    | <br>(10,230)      |
| Temporarily restricted net assets, beginning of period | 198,676           |
| Temporarily restricted net assets, end of period       | <u>\$ 188,446</u> |

**CHANGES IN PERMANENTLY RESTRICTED NET ASSETS**

|  |                      |
|--|----------------------|
| Revenues, gains, and other support                     |                      |
| Endowment contributions                                | \$ 39,965            |
| Permanently restricted net assets, beginning of period | <u>344,894</u>       |
| Permanently restricted net assets, end of period       | <u>\$ 384,859</u>    |
| <br>(Decrease) in unrestricted net assets              | <br>\$ (46,918)      |
| (Decrease) in temporarily restricted net assets        | (10,230)             |
| Increase in permanently restricted net assets          | <u>39,965</u>        |
| <b>NET TOTAL INCREASE (DECREASE) IN NET ASSETS</b>     | <b>(17,183)</b>      |
| <br>Net assets, beginning of period                    | <br><u>1,019,840</u> |
| Net assets, end of period                              | <u>\$ 1,002,657</u>  |

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2012

|                           | Program Services |                                 |                        | Supporting Services    |              |                           | Total      |
|---------------------------|------------------|---------------------------------|------------------------|------------------------|--------------|---------------------------|------------|
|                           | Scholarship      | Assistance to Technical College | Total Program Expenses | Management and General | Fund Raising | Total Supporting Services |            |
| Salaries                  | \$ 8,989         |                                 | \$ 8,989               | \$ 8,989               | \$ 5,992     | \$ 14,981                 | \$ 23,970  |
| Payroll taxes             | 482              |                                 | 482                    | 482                    | 241          | 723                       | 1,205      |
| Pension expense           | 876              |                                 | 876                    | 876                    | 438          | 1,314                     | 2,190      |
| Employee benefits         | 504              |                                 | 504                    | 504                    | 251          | 755                       | 1,259      |
| Subtotal                  | 10,851           |                                 | 10,851                 | 10,851                 | 6,922        | 17,773                    | 28,624     |
| Accounting fees           | 3,114            |                                 | 3,114                  | 4,620                  | 2,310        | 6,930                     | 10,044     |
| Administrative fees       |                  |                                 |                        | 9,862                  |              | 9,862                     | 9,862      |
| Trustee and bank fees     | 3,567            |                                 | 3,567                  | 5,293                  | 2,647        | 7,940                     | 11,507     |
| Grants-equipment/other    |                  | 53,698                          | 53,698                 |                        |              |                           | 53,698     |
| General insurance         | 585              |                                 | 585                    | 868                    | 434          | 1,302                     | 1,887      |
| Miscellaneous             | 4,521            |                                 | 4,521                  | 6,708                  | 3,354        | 10,062                    | 14,583     |
| Postage                   | 140              |                                 | 140                    | 207                    | 104          | 311                       | 451        |
| Printing                  | 2,191            |                                 | 2,191                  | 3,251                  | 1,626        | 4,877                     | 7,068      |
| Professional fees         | 23               |                                 | 23                     | 35                     | 17           | 52                        | 75         |
| Scholarships              | 78,066           |                                 | 78,066                 |                        |              |                           | 78,066     |
| Staff training            | 844              |                                 | 844                    | 1,249                  | 625          | 1,874                     | 2,718      |
| Total functional expenses | \$ 103,902       | \$ 53,698                       | \$ 157,600             | \$ 42,944              | \$ 18,039    | \$ 60,983                 | \$ 218,583 |

See accompanying notes and accountants' report.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012

**Cash Flows from Operating Activities**

|  |                 |
|--|-----------------|
| (Decrease) in net assets   | \$ (17,183)     |
| Adjustments to reconcile (decrease) in net assets<br>to net cash provided (used) by operating activities |                 |
| Uncollectible pledges  | 580             |
| Net decrease in investments  | 939             |
| Increase in unconditional promises to give   | (16,805)        |
| Decrease in teaching collection  | 800             |
| Increase in accrued expenses   | 98              |
| Net cash provided (used) by operating activities   | <u>(31,571)</u> |

**Cash Flows from Investing Activities**

|   |                         |
|---|-------------------------|
| Proceeds from sales of securities                   | 366,128                 |
| Net purchases of securities                         | <u>(368,097)</u>        |
| Net cash contributed (used) by investing activities | <u>(1,969)</u>          |
| Net decrease in cash and cash equivalents           | (33,540)                |
| Cash and cash equivalents, beginning of period      | <u>117,165</u>          |
| Cash and cash equivalents, end of period            | <u><u>\$ 83,625</u></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, 2012**

**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, 2012**

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, 2012**

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, 2012, 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, 2012, 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, 2012:

|                                    |                  |
|------------------------------------|------------------|
| Unrestricted                       |                  |
| Receivable in one year             | \$ 11,919        |
| Receivable in two to three years   | 14,000           |
| Less discount to net present value | <u>(1,200)</u>   |
| Total                              | <u>\$ 24,719</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, 2012**

**NOTE C-INVESTMENTS**

The Foundation invests in equity securities and in bonds. Investments at fair value and cost basis at June 30, 2012 are as follows.

|                                  | Fair Value        | Cost Basis        | Unrealized<br>Appreciation |
|----------------------------------|-------------------|-------------------|----------------------------|
| Government and agency securities | \$ 341,295        | \$ 324,789        | \$ 16,506                  |
| Corporate bonds                  | 177,924           | 167,089           | 10,835                     |
| Accrued interest                 | 3,739             | 3,739             | 0                          |
| Equity securities                | 338,203           | 316,200           | 22,003                     |
| Totals                           | <u>\$ 861,161</u> | <u>\$ 811,816</u> | <u>\$ 49,345</u>           |

Income from investments is summarized as follows;

|                        |                  |
|------------------------|------------------|
| Interest and dividends | <u>\$ 25,529</u> |
|                        | <u>\$ 25,529</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, 2012 the Foundation paid scholarships, grants, and other assistance of approximately \$131,764 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 administrative coordinator.

**NOTE F-TEMPORARILY RESTRICTED NET ASSETS**

A summary of the status of temporarily restricted contributions and grants at June 30, 2012 follows:

|                             |                   |
|-----------------------------|-------------------|
| Scholarships                | \$ 84,201         |
| Academic Program Support    | 56,871            |
| Equipment/Technology Grants | 27,400            |
| Capital Campaign            | 19,974            |
| Total                       | <u>\$ 188,446</u> |

**TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**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, 2012 follows:

|                          |                   |
|--------------------------|-------------------|
| Hodges Endowment Fund    | \$ 11,825         |
| Verity Memorial Fund     | 85,221            |
| Wilson Memorial Fund     | 150,019           |
| Public Contributions     | 15,194            |
| Kilpatrick Memorial Fund | 33,735            |
| Family Resources Fund    | 50,000            |
| Angus Cotton Endowment   | 38,865            |
| Total                    | <u>\$ 384,859</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, 2012 were \$2,190.

**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, 2012.

**NOTE J-SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through November 12, 2012, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.