

**TECHNICAL COLLEGE OF THE
LOWCOUNTRY FOUNDATION, INC.**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Technical College of the Lowcountry Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, 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. 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 auditor's 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 auditor considers 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Technical College of the Lowcountry Foundation, Inc. as of June 30, 2017, 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.

Crowley Wechsler & Associates LLC

Crowley Wechsler & Associates LLC
Beaufort, South Carolina
February 23, 2018

**TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

ASSETS	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL (MEMORANDUM ONLY)
Current Assets				
Cash and Cash Equivalents	\$ 157,085	\$ 175,937	\$ -	\$ 333,022
Prepaid Expenses	1,937	-	-	1,937
Accounts Receivable	40,277	-	-	40,277
Total Current Assets	199,299	175,937	-	375,236
Non-Current Assets				
Investments	370,878	271,532	513,385	1,155,795
Total Non-Current Assets	370,878	271,532	513,385	1,155,795
Total Assets	\$ 570,177	\$ 447,469	\$ 513,385	\$ 1,531,031
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 86,383	\$ -	\$ -	\$ 86,383
Total Current Liabilities	86,383	-	-	86,383
Total Liabilities	86,383	-	-	86,383
Net Assets	483,794	447,469	513,385	1,444,648
Total Liabilities and Net Assets	\$ 570,177	\$ 447,469	\$ 513,385	\$ 1,531,031

The notes to the financial statements are an integral part of this statement.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES AND SUPPORT				
Donations	\$ 39,921	\$ 191,475	\$ -	\$ 231,396
In-kind Contributions	193,130	-	-	193,130
Investment Income	47,399	53,636	-	101,035
Special Event	-	89,996	-	89,996
Less Direct Costs of Fundraising	-	(25,902)	-	(25,902)
Net Assets Released from Restrictions	415,834	(415,834)	-	-
Total Revenues and Support	<u>696,284</u>	<u>(106,629)</u>	<u>-</u>	<u>589,655</u>
FUNCTIONAL EXPENSES				
Scholarships	190,307	-	-	190,307
Assistance to Technical College	101,709	-	-	101,709
General and Administrative	63,807	-	-	63,807
Fundraising	123,260	-	-	123,260
Total Functional Expenses	<u>479,083</u>	<u>-</u>	<u>-</u>	<u>479,083</u>
Increase (Decrease) in Net Assets	217,201	(106,629)	-	110,572
Net Assets, Beginning of Year	252,287	568,404	513,385	1,334,076
Prior Period Adjustment	14,306	(14,306)	-	-
Net Assets, End of Year	<u>\$ 483,794</u>	<u>\$ 447,469</u>	<u>\$ 513,385</u>	<u>\$ 1,444,648</u>

The notes to the financial statements are an integral part of this statement.

**TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL (MEMORANDUM ONLY)
	SCHOLARSHIPS	ASSISTANCE TO TECHNICAL COLLEGE	GENERAL AND ADMINISTRATIVE	FUND RAISING	
Accounting Fees	\$ 4,236	\$ -	\$ 2,824	\$ 4,236	\$ 11,296
General Insurance	1,491	-	993	1,491	3,975
Grants	-	2,870	-	-	2,870
Office Expense	3,286	-	2,191	3,286	8,763
Postage and Shipping	251	-	166	251	668
Printing	624	-	415	624	1,663
Rent	3,600	-	2,400	3,600	9,600
Scholarships	88,962	-	-	-	88,962
Staff Development	147	-	98	147	392
Special Events	-	-	-	30,165	30,165
TCL Employee Compensation	76,253	-	50,836	76,253	203,342
Student Assistance	-	34,152	-	-	34,152
College Assistance	-	55,795	-	-	55,795
TCL President- Supplement	-	8,250	-	-	8,250
Travel and Meeting	3,207	-	2,137	3,207	8,551
Trustees and Bank Fees	8,250	642	1,569	-	10,461
Total Expenses Before Depreciation	190,307	101,709	63,629	123,260	478,905
Depreciation	-	-	178	-	178
Total Functional Expenses	\$ 190,307	\$ 101,709	\$ 63,807	\$ 123,260	\$ 479,083

The notes to the financial statements are an integral part of this statement.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities	
Cash Received from Unrestricted	\$ 101,188
Cash Received from Temporarily Restricted Contributions	309,205
Cash Paid for Operating Expenses	<u>(283,483)</u>
Net Cash Provided (Used) by Operating Activities	<u>126,910</u>
Cash Flows From Investing Activities	
Interest and Dividends Reinvested	(23,828)
Investment Fees	8,951
Realized Gains/Losses Reinvested	37,175
Unrealized Gains/Losses Reinvested	<u>(114,382)</u>
Net Cash Provided (Used) by Investing Activities	<u>(92,084)</u>
NET INCREASE (DECREASE) IN CASH	<u>34,826</u>
CASH AT BEGINNING OF YEAR	<u>298,196</u>
CASH AT END OF YEAR	<u>\$ 333,022</u>
Reconciliation of Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Change in Net Assets	<u>\$ 110,572</u>
Adjustments to Reconcile Change in Net Assets to Net Cash	
Depreciation	178
Provided (Used) by Operating Activities	
(Increase) Decrease in Accounts Receivable	23,719
(Increase) Decrease in Prepaid Expenses	(1,937)
Increase (Decrease) in Accounts Payable	<u>(5,622)</u>
Total Adjustments	<u>16,338</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 126,910</u>

The notes to the financial statements are an integral part of this statement.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The 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.

Basis of Presentation: The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Financial Accounting Standards Board (FASB) establishes the FASB Accounting Standards Codification as the source of authoritative United States generally accepted accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles. This authoritative guidance has been applied in the preparation of the Foundation's financial statements as of June 30, 2017. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

Net Assets: The financial statements are presented in accordance with authoritative guidance as required by the FASB Accounting Standards Codification for Not-for-Profit Entities ASC 958, which requires the Foundation 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions: Contributions received, including unconditional pledges, are recognized as revenue when donors' commitments are received. Pledges made and collected in the same reporting period are recorded when received in the appropriate net asset category. Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

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. Interest and dividends 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, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Fair Value Measurements: The Financial Accounting Standards Board (FASB) guidance on fair value measurements establishes 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 as follows:

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: Inputs to the valuation methodology include: 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 that full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Equipment: Donated property and equipment is recorded at fair value at the date of the donation. All other equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets set at 5 years.

Functional Allocation of Expenses: Functional expenses are specifically allocated whenever practical or are allocated based on program and service utilization.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Spending Policy: The Board has adopted a formal spending policy governing the Endowment and Special Scholarship Funds. Up to 4.5% for scholarships and 0.5% for administrative expenses of the average market value over the preceding three years may be expended in any fiscal year.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017:

Computer Equipment	\$ 887
Less Accumulated Depreciation	(887)
Total Property and Equipment, net of depreciation	<u>\$ -</u>

Depreciation for the year ended June 30, 2017 was \$178.

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 FAIR VALUE MEASUREMENT

The following is a summary of the levels within the fair value hierarchy for the in-kind contributions:

	Assets Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
In-Kind Contributed Rent	\$ -	\$ -	\$ 9,600	\$ 9,600
In-Kind Rent (Expense)	-	-	(9,600)	(9,600)
Total	\$ -	\$ -	\$ -	\$ -

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

A summary of the status of temporarily restricted contributions at June 30, 2017 follows:

Scholarships Funds	\$ 407,925
TCL Academic Programs	39,544
Total temporarily restricted net assets	\$ 447,469

Temporary restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following temporary restricted net assets were released for the year ended June 30, 2017:

Scholarships	\$ 198,075
Assistance to Technical College	102,314
Special Events	115,445
Total net assets released from restriction	\$ 415,834

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 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, 2017 follows:

Angus Cotton Endowment	\$ 42,865
Family Resources Fund	63,976
G. Thomas Upshaw Endowed Scholarship Fund	50,000
Hodges Endowment Fund	12,375
Kilpatrick Memorial Fund	33,735
Lou Gast Endowed Educational Scholarship	50,000
Public Contributions	15,194
Verity Memorial Fund	85,221
Helen McCan Thompson	10,000
Wilson Memorial Fund	150,019
Total permanently restricted net assets	<u>\$ 513,385</u>

NOTE 6 INVESTMENTS

Fair value measurement of investments as of June 30, 2017 is as follows:

	Assets Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Deposit Accounts	\$ 48,030	\$ -	\$ -
Fixed Income	303,549	-	-
Equity Securities	737,162	-	-
Exchange Traded Funds	41,860	-	-
Other Assets	25,194	-	-
Total	<u>\$ 1,155,795</u>	<u>\$ -</u>	<u>\$ -</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 INVESTMENTS - Continued

Unrealized Gains from investments as of June 30, 2017 is summarized as follows:

	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Unrealized Gains</u>
Cash and Deposit Accounts	\$ 48,030	\$ 48,030	\$ -
Fixed Income	303,549	304,624	(1,075)
Equity Securities	737,162	612,112	125,050
Exchange Traded Funds	41,860	43,116	(1,256)
Other Assets	25,194	19,384	5,810
Total	<u>\$ 1,155,795</u>	<u>\$ 1,027,266</u>	<u>\$ 128,529</u>

Investment income for the year ended June 30, 2017 is as follows:

Change in Unrealized Gains/Losses	\$ 114,382
Interest and Dividends	23,828
Realized Gains/Losses	(37,175)
Total investment income	<u>\$ 101,035</u>

NOTE 7 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Foundation paid and accrued expenses to scholarships, grants, special events, and other assistance of \$441,736 to the Technical College of the Lowcountry (the College). At June 30, 2017, \$85,465 was included in accounts payable to the College. The Foundation is provided an office on the campus of the College at no charge. The College has estimated the fair value of rent received to be \$9,600 per year using a level 3 fair market valuation. The Foundation received managerial and accounting services for two positions from the College's employees. Effective September 2016, the College pays the entire salary of the executive director and administrative assistant. The portion of salaries and benefits that was not paid by the Foundation for the year ended June 30, 2017 was \$183,530. The following is a summary of the amounts recorded as in-kind revenue and expenses for the year ended June 30, 2017:

	<u>Unrestricted Revenues</u>	<u>Functional Expenses</u>		
		<u>Scholarships</u>	<u>General and Administrative</u>	<u>Fundraising</u>
Rent	\$ 9,600	\$ 3,600	\$ 2,400	\$ 3,600
Salaries and Benefits	183,530	68,824	45,882	68,824
Total	<u>\$ 193,130</u>	<u>\$ 72,424</u>	<u>\$ 48,282</u>	<u>\$ 72,424</u>

TECHNICAL COLLEGE OF THE LOWCOUNTRY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 TAX STATUS

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).

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, 2017. The Foundation is no longer subject to income tax examination by the federal or state authorities for years before 2013.

NOTE 9 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through February 23, 2018, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No events have occurred that would require adjustment to or disclosure in the financial statements.