

**LOUISIANA DELTA COMMUNITY
COLLEGE FOUNDATION**

**Financial Statements
For the Year Ended December 31, 2011**

LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION

**Financial Statements
For the Year Ended December 31, 2011**

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board Of Directors
Louisiana Delta Community College Foundation
Monroe, Louisiana

We have audited the accompanying statement of financial position of the **Louisiana Delta Community College Foundation** (the Foundation) as of December 31, 2011 and the related statements of activities 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 Foundation as of December 31, 2011 and the changes in its net assets and its cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The Supplementary Information listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Luffey, Huffman, Ragsdale, & Soignier

(A Professional Accounting Corporation)
November 20, 2012

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Financial Statements

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION**

	December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
ASSETS			
Cash	\$ 182,525	\$ 157,424	\$ 339,949
Investment	6,325	53,823	60,148
Pledges receivable	15,037	5,505	20,542
Allowance for doubtful accounts	(968)	(799)	(1,767)
Prepaid insurance	614	-	614
TOTAL ASSETS	\$ 203,533	\$ 215,953	\$ 419,486
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 1,586	\$ -	\$ 1,586
Funds held as agent	100,000	-	100,000
Total Liabilities	101,586	-	101,586
Net Assets			
Unrestricted	101,947	-	101,947
Temporarily restricted	-	215,953	215,953
Total Net Assets	101,947	215,953	317,900
TOTAL LIABILITIES AND NET ASSETS	\$ 203,533	\$ 215,953	\$ 419,486

The accompanying notes are an integral part of this statement.

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED**

	December 31, 2011		
	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Cash Contributions	\$ 58,105	\$ 83,248	\$ 141,353
Noncash Contributions	71,005	-	71,005
Net revenue from special event			
Special event revenue	3,600	-	3,600
Costs of direct benefits to donors	(3,060)	-	(3,060)
Interest income	261	2,085	2,346
	<u>129,911</u>	<u>85,333</u>	<u>215,244</u>
Net assets released from restrictions and transfers			
Restrictions satisfied by payments	34,511	(34,511)	-
Transfer to funds held as agent	-	(60,000)	(60,000)
	<u>34,511</u>	<u>(94,511)</u>	<u>(60,000)</u>
 Total Support and Revenue	 <u>164,422</u>	 <u>(9,178)</u>	 <u>155,244</u>
Expenses			
Program Services			
Scholarships	33,431	-	33,431
Institutional support	32,982	-	32,982
Chancellor's fund	3,455	-	3,455
Total Program Services	<u>69,868</u>	<u>-</u>	<u>69,868</u>
Supporting Services			
Management and general	41,331	-	41,331
Fundraising	43,978	-	43,978
Total Support Services	<u>85,309</u>	<u>-</u>	<u>85,309</u>
 Total Expenses	 <u>155,177</u>	 <u>-</u>	 <u>155,177</u>
 Increase (Decrease) in Net Assets	 <u>9,245</u>	 <u>(9,178)</u>	 <u>67</u>
 Net Assets at Beginning of Period	 <u>92,702</u>	 <u>225,131</u>	 <u>317,833</u>
 NET ASSETS AT END OF PERIOD	 <u>\$ 101,947</u>	 <u>\$ 215,953</u>	 <u>\$ 317,900</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED**

	<u>December 31, 2011</u>
Cash Flows From Operating Activities	
Increase in Net Assets	\$ 67
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Pledges receivable	(10,256)
Prepaid insurance	41
Accounts payable	1,586
Net cash provided (used) by operating activities	<u>(8,562)</u>
 Cash Flows from Investing Activities	
Funds held for others	100,000
Interest received on investment	(2,170)
Net cash provided (used) by investing activities	<u>97,830</u>
 Increase (decrease) in Cash	 89,268
 Cash at Beginning of Period	 <u>250,681</u>
 Cash at End of Period	 <u>\$ 339,949</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 1 - Organization

The Louisiana Delta Community College Foundation (the Foundation) is an autonomous fund-raising foundation that raises funds for the benefit of Louisiana Delta Community College (the College). Its purpose is to promote the educational and cultural welfare of the College. Its purpose, also, is to develop, expand and improve the College's facilities so as to provide broader educational advantages and opportunities, encourage educational advancement, and increase the College's usefulness to the citizens of Louisiana. Support is received through gifts, grants or bequests. Program services include scholarships and departmental support.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements have been prepared on the accrual basis and in conformity with Financial Accounting Standards Board (FASB) ASC Section 958.

B. Financial Statement Classification

The net assets of the Foundation are reported as follows:

1. Unrestricted – includes all resources to be used in support of the Foundation's operations at the sole discretion of the Foundation.
2. Temporarily Restricted – includes amounts that have been donated subject to donor-imposed restrictions and those promises to give for which there are time restrictions.

The Foundation has no permanently restricted net assets.

The Foundations' policy is to spend restricted funds first and then use unrestricted funds when the request coming through could be paid from either restricted or unrestricted funds. The Foundation records "temporarily restricted funds" as "unrestricted" in the annual financial statements when the restriction is satisfied in the same year that the donation is received.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers demand deposits, time deposits, and certificates of deposits of an original maturity of three months or less to be cash equivalents.

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

D. Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts by charging contribution support and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

E. Funds Held as Agent

The Foundation considers all donations, matching state funds and unexpended income from these funds to be reported as Funds Held as Agent. All Funds Held as Agent are recorded at fair market value.

F. Contributions

In accordance with ASC Section 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor-imposed restrictions. Contributions are recognized as support when received or when an unconditional promise to give is received.

G. Functional Expenses

Expenses that can be identified with a specific program or support service are allocated directly to that function according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

H. Tax Exempt Status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. Contributions to the Foundation are tax deductible with limitations prescribed by the Code.

I. Required Transfers

The Foundation has received a matching grant from the State of Louisiana under the Eminent Scholars Endowed Chairs and Endowed Professorships programs, which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulation regarding the administration of these programs. When matching funds are

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

received from the state, the private funding is transferred from temporarily restricted to Funds Held as Agent.

J. 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.

Note 3 - Cash and Investment

At December 31, 2011, the Foundation had \$339,549 on deposit at one financial institution, of which all but \$149,697 was insured by FDIC.

The Foundation's investment is a five year certificate of deposit which matures on July 14, 2013. Interest is compounded monthly at 3.68%.

Note 4 - Pledges Receivable

The Foundation's pledges receivable account balance outstanding at December 31, 2011 was comprised of corporate contributions and funds raised from the College's Employee Campaign. \$3,300 of the \$8,000 of corporate contributions was restricted for General Scholarships. The remaining balance of \$10,475 included \$2,205 restricted for the Chancellor's Excellence fund and scholarships. A contra-receivable allowance for doubtful accounts has a year-end balance of \$1,767.

Note 5 - Funds Held As Agent

The Foundation participates in a program with the State of Louisiana (the Eminent Scholars/Endowed Professorships Program sponsored by the Louisiana Board of Regents) whereby the state contributes matching funds which, together with donations received by the Foundation, establishes endowment funds, which are accumulated in accounts segregated from other Foundation funds. The state match constitutes 40% of the total endowment. The earnings on these funds are to be used for professorships. The Foundation considers donations received from donors into this fund as temporarily restricted funds until the state match is made upon which time the donations and all state matching funds are recorded as funds held as agent. The liability "Funds Held as Agent" represents the fair value. Funds held as agent are the donations of \$60,000 and the state matching funds totaling \$40,000 as of December 31, 2011.

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets were comprised of the following:

	December 31,
	2011
Nursing	
Kitty DeGree Scholarship	\$ 53,823
Kitty DeGree Endowed Professorship	60,000
General Nursing Scholarship	1,500
General	
Staci R Aucoin Memorial Scholarship	13,105
Entergy	6,591
Anthony Gatling Scholarship	600
Glenn B Roscoe Scholarship	5,316
General Scholarships	-
New Student	2,310
Process Technology	
Angus Chemical	38,312
Century Link	1,669
Eastman	4,804
JP Morgan P/T Scholarship	9,204
JP Morgan P/T Professor	2,000
Ouachita Economic Development Corporation	1,778
Euroboard	219
Business	
Carol B Coltharp Memorial Business Scholarship	174
Chancellor's Excellence Fund	11,380
Other Institutional Support	3,168
Total	\$ 215,953

Note 7 – Concentration of Contributors

The Foundation received 42% of its cash contributions for the year ended December 31, 2011 from two contributors.

Note 8 – Related Party

The mission of the Foundation is to help support the College thus making them a related party. Beginning January 1, 2011 the College began maintaining the accounting records for the Foundation. For the year ended December 31, 2011, the

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Foundation recorded for the first time the in-kind contribution by the College of \$62,768 for professional services including accounting, management and general and fundraising.

Note 9 – Subsequent Events

Subsequent events have been evaluated through November 20, 2012, the date the financial statements were available to be issued, and it has been determined that one significant event has occurred for disclosure.

Senate Bill 645 authorizing the merger of certain Northeast Louisiana Technical College (NELTC) campuses with Louisiana Delta Community College effective July 1, 2012 is under consideration. Such a merger would increase the student population affected by the Foundation and could result in the additional merger of the Foundation and the NELTC Foundation. It is not possible to estimate the financial impact of this event at this time.

Supplementary Information

LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services					Supporting Services			Total Expenses
	Scholarships	Institutional Support	Chancellor's Fund	Total		Fundraising	Management and General	Supporting Services	
				Program Services	Services				
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322	\$ 322	\$ 322
Insurance	-	-	-	-	2,012	-	2,012	2,012	2,012
Legal & Professional	-	-	-	-	17,420	40,945	58,365	58,365	58,365
Marketing & Advertising	-	981	-	981	720	2,284	3,004	3,985	3,985
Meetings and Meals	-	1,217	608	1,825	5,718	749	6,467	8,292	8,292
Office Expense	-	2,186	-	2,186	15,139	-	15,139	17,325	17,325
Staff Development	-	1,039	2,597	3,636	-	-	-	3,636	3,636
Travel	-	15,746	-	15,746	-	-	-	15,746	15,746
Donations & Gifts	-	11,813	250	12,063	-	-	-	12,063	12,063
Scholarships	33,431	-	-	33,431	-	-	-	33,431	33,431
Total Functional Expenses	\$ 33,431	\$ 32,982	\$ 3,455	\$ 69,868	\$ 41,331	\$ 43,978	\$ 85,309	\$ 155,177	

**LOUISIANA DELTA COMMUNITY COLLEGE FOUNDATION
SCHEDULE OF TEMPORARILY RESTRICTED FUNDS**

	Ending Balance		Support and Revenue		Expenses	Ending Balance		Pledges Receivables		Ending Balance	
	(Accrual Basis)		Interest			(Cash Basis)		(net)		(Accrual Basis)	
	12/31/10	Contributions	12/31/11	12/31/11		12/31/11	12/31/11	12/31/11	12/31/11	12/31/11	12/31/11
Angus Chemical	\$ 1,403	\$ 40,000	\$ -	\$ (3,091)	\$ -	\$ 38,312	\$ -	\$ -	\$ 38,312		
Anthony Gatling Scholarship	600	-	-	-	-	600	-	-	600		
Carol B. Coltharp Memorial Business Scholarship	174	-	-	-	-	174	-	-	174		
Century Link Scholarship	-	3,000	-	(1,331)	-	1,669	-	-	1,669		
Chancellor's Excellence Fund	3,878	10,867	-	(3,505)	-	11,240	140	-	11,380		
Eastman	-	10,500	-	(5,696)	-	4,804	-	-	4,804		
Entergy	7,922	-	-	(1,331)	-	6,591	-	-	6,591		
Euroboard	219	-	-	-	-	219	-	-	219		
General Scholarships	1,725	7,460	-	(13,751)	-	(4,566)	4,566	-	-		
Glenn B. Roscoe Scholarship	5,316	-	-	-	-	5,316	-	-	5,316		
JP Morgan P/T Professor	2,000	-	-	-	-	2,000	-	-	2,000		
JP Morgan P/T Scholarship	9,204	-	-	-	-	9,204	-	-	9,204		
Kitty DeGree Endowed Professorship	60,000	-	-	-	-	60,000	-	-	60,000		
Kitty DeGree Scholarship	55,497	-	2,085	(3,759)	-	53,823	-	-	53,823		
Kitty DeGree Workforce Development	60,000	-	-	(60,000)	-	-	-	-	-		
New Student	2,310	-	-	-	-	2,310	-	-	2,310		
Nursing Scholarship	-	1,500	-	-	-	1,500	-	-	1,500		
Other Institutional Support	-	5,215	-	(2,047)	-	3,168	-	-	3,168		
Ouachita Economic Development Corporation	1,778	-	-	-	-	1,778	-	-	1,778		
Staci R. Aucoin Memorial Scholarship	13,105	-	-	-	-	13,105	-	-	13,105		
TOTAL	\$ 225,131	\$ 78,542	\$ 2,085	\$ (94,511)	\$ (94,511)	\$ 211,247	\$ 4,706	\$ -	\$ 215,953		

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MANAGEMENT LETTER

**Board of Directors
Louisiana Delta Community College Foundation
Monroe, Louisiana**

In planning and performing our audit of the financial statements of **Louisiana Delta Community College Foundation** (the Foundation) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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 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. We consider the following deficiency in the Foundation's internal control to be a material weakness:

Recordkeeping

Material Weakness:

The College holds an annual employee pledge drive. The Foundation initially recorded the revenue when the money was received rather than when the promises were made. Generally Accepted Accounting Principles require promises to give be recorded when pledges are received and classified as to restriction if imposed by the donor. As a result, an additional \$12,241 had to be included in revenue as Contributions Receivable for the year ending December 31, 2011. However, prior year Contributions Receivables in the amount of \$10,286 had to be removed from revenue. An additional \$8,300 of Corporate Contributions

Louisiana Delta Community College Foundation
Management Letter
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Receivables also had to be accrued. In addition, \$40,000 of Funds Held as Agent was initially recorded as state grant revenue.

During the course of our audit work we noted that deposits are not made in a timely manner. Because a considerable amount of the Foundation's functions are performed by one person, the bookkeeper is often unaware of monies being received or payments being made until the bank statement reconciliation is performed. We further noted items misclassified as to function and often records did not clarify the item to ensure it was properly classified. Further, none of the three non-cash donations totaling in excess of \$71,000 had been recorded.

Recommendations:

We recommend that all records pertaining to the Foundation be recorded in a timely manner, properly documented, and appropriately classified. We suggest this include depositing funds immediately upon receipt and recording in a timely manner. We recommend that all pledges be recorded when the promises to give are received and all non-cash donations should be recorded when made.

Raffles

Comment:

The Foundation conducted a raffle fundraiser during the audit year wherein the revenues received were recorded as contributions rather than special event. In addition, the advertisement for the raffle failed to notate that such raffle ticket purchases are not considered tax deductible.

Recommendation:

We recommend that all revenue be classified appropriately and that the Foundation refer to the Louisiana Gaming Laws and IRS regulations concerning raffles prior to further fundraisers of this nature.

We wish to thank the volunteers of the Foundation and the staff of the College for their support and assistance during the audit.

This letter is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Huffman, Royce, & Squires

(A Professional Accounting Corporation)

November 20, 2012