

TARRANT COUNTY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

AUGUST 31, 2006

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**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tarrant County College Foundation

We have audited the accompanying statement of financial position of Tarrant County College Foundation (the Foundation) as of August 31, 2006 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 Tarrant County College Foundation as of August 31, 2006 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

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August 10, 2007

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**TARRANT COUNTY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2006**

ASSETS

Cash and cash equivalents	\$ 487,607
Pledges receivable	8,750
Investments	<u>1,226,183</u>
 Total assets	 <u><u>\$ 1,722,540</u></u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 12,300
Due to affiliate	<u>27,550</u>
 Total liabilities	 39,850

NET ASSETS

Unrestricted	359,549
Temporarily restricted	96,958
Permanently restricted	<u>1,226,183</u>
 Total net assets	 <u>1,682,690</u>
 Total liabilities and net assets	 <u><u>\$ 1,722,540</u></u>

**TARRANT COUNTY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2006**

CHANGES IN UNRESTRICTED NET ASSETS

Revenues		
Gifts		\$ 308,547
Interest income		9,420
Net assets released from restrictions for satisfaction of programs		<u>84,783</u>
Total revenues		402,750
Expenses		
Scholarships and support of College		143,283
General and administrative		<u>227,289</u>
Total expenses		<u>370,572</u>
Change in unrestricted net assets		32,178

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Revenues		
Gifts		52,933
Interest income		25,801
Net assets released from restrictions for satisfaction of programs		<u>(84,783)</u>
Change in temporarily restricted net assets		(6,049)

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Revenues		
Gifts		86,089
Interest income		<u>2,495</u>
Change in permanently restricted net assets		<u>88,584</u>

Change in net assets	114,713
Net assets at beginning of year	<u>1,567,977</u>
Net assets at end of year	<u><u>\$ 1,682,690</u></u>

**TARRANT COUNTY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 114,713
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Restricted gifts and grants received	(88,584)
Changes in operating assets and liabilities	
Pledges receivable	8,750
Accounts payable and accrued liabilities	11,800
Due to affiliate	<u>22,870</u>
Net cash provided by operating activities	69,549
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	<u>(88,584)</u>
Net cash used in financing activities	(88,584)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions restricted for investment in endowment	<u>88,584</u>
Net cash provided by financing activities	<u>88,584</u>
Net increase in cash and cash equivalents	69,549
Cash and cash equivalents at beginning of year	<u>418,058</u>
Cash and cash equivalents at end of year	<u><u>\$ 487,607</u></u>

**TARRANT COUNTY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. NATURE OF OPERATIONS

Tarrant County College Foundation (the Foundation) is an affiliate of Tarrant County College District (the College). The Foundation's sole purpose is to solicit and administer philanthropic gifts for the benefit of the College. The Foundation is supported through grants, contributions and fundraising activities primarily from sources within the geographic area in which it is located.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by the passage of time or accomplishment of a purpose.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents unless held subject to restrictions that require them to be used for endowment.

**TARRANT COUNTY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments are recorded at their fair market value. Donated investments are recorded at fair value at the date of gift. At August 31, 2006, investments consist solely of money market funds. Total investments return for the year ended August 31, 2006 was \$35,221.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for Federal income tax.

Concentrations of Credit Risk

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

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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows at August 31:

Unconditional promises expected to be collected in:

Less than one year	\$ 8,750
One year to five years	<u>-</u>
	<u>\$ 8,750</u>

Management considers all contributions to be fully collectible. The present value of cash flows from recorded promises to give does not vary significantly from the stated value. Accordingly, no discount has been recorded.

**TARRANT COUNTY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. RELATED PARTY TRANSACTIONS

The College employs individuals whose duties and responsibilities relate solely to the furtherance of the objectives of the Foundation. Additionally, the Foundation utilizes office space for program services that is provided at no charge by the College. The fair value of donated services and rent provided in this manner to the Foundation during the year ended August 31, 2006 was included in the statement of activities at the estimated values of \$170,424 and \$11,830, respectively. Also included in the statement of activities is \$24,449 related to supplies and other administrative expenses paid by the College on behalf of the Foundation.

Amounts due to the College, primarily for scholarships paid on the Foundation's behalf, are included on statement of financial position as due to affiliate.

NOTE 5. PRIOR PERIOD ADJUSTMENT

Upon discovery of new information and documentation related to donor intent of endowed and contributed funds during the year ended August 31, 2006, management determined that the following items had been improperly recorded in previous financial statements.

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Net Assets as previously reported	\$ 395,114	\$ 110,291	\$ 1,062,572	\$ 1,567,977
Reclassification of previously unrestricted contributions and interest	<u>(54,686)</u>	<u>(20,340)</u>	<u>75,026</u>	<u>-</u>
Net Assets as restated at August 31, 2005	<u>\$ 340,428</u>	<u>\$ 89,951</u>	<u>\$ 1,137,598</u>	<u>\$ 1,567,977</u>

As a result, unrestricted net assets were overstated by \$54,686, temporarily restricted net assets were overstated by \$20,340 and permanently restricted net assets were understated by \$75,026. There was no effect on total net assets at August 31, 2005 or on change in net assets for the year then ended.