Greenville Technical College
Independent Auditors' Report

Financial Statements
For the Years Ended June 30, 2011
and June 30, 2010

Greenville Technical College

Table of Contents

GREENVILLE TECHNICAL COLLEGE
Post Office Box 5616
Greenville, South Carolina 29606

Audit Period: July 1, 2010 – June 30, 2011

List of Area Commissioners and Officers

Area Commission Members	District	Term Expires
Mr. Paul O. Batson, III	24	May 31, 2014
Mr. Coleman Shouse	-	Ex-Officio
Mr. Kenneth Southerlin	17	May 31, 2014
Dr. Phinnize J. Fisher, Superintendent	-	Ex-Officio
Rev. O.T. Hill	21	June 30, 2011 *
Ms. Jennie M. Johnson	18	June 30, 2011 *
Dr. Robert A. Wilson	19/26	May 31, 2014
Mr. Calder D. Ehrmann	-	May 31, 2012
Mr. David K. Stafford	-	May 31, 2012
Mr. Glenn Hamilton	20/22	May 31, 2014
Mr. Ray Martin	23/25	May 31, 2014
Mr. Dean Jones	-	Ex-Officio

* Commissioners' terms will continue until the Greenville County legislative delegation appoints a replacement.

Key Administrative Staff

Dr. Keith Miller	President
Mrs. Jacqueline R. DiMaggio	Vice President for Finance
Mrs. Cynthia Eason	Vice President for Corporate & Economic Development
Mr. J. Curtis Harkness	Vice President for Administration & Diversity
Ms. Lauren Simer	Vice President for Institutional Effectiveness
Mr. Steven B. Valand	Vice President for Education
Ms. Susan M. Jones	Associate Vice President for Human Resources
Mr. Robert Howard	Greenville Tech Foundation President

Area Served by the Commission

Greenville County

County providing financial support

Greenville County

MEMBERS
AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER
& CO., P.A.
Certified Public Accountants
Established 1950

ALBERT B. CLINE, CPA
RAYMOND H. BRANDT, CPA
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STEVEN L. BLAKE, CPA, CFE
TIMOTHY S. BLAKE, CPA
JENNIFER J. AUSTIN, CPA

Independent Auditor's Report

Greenville Technical College
Greenville, South Carolina

We have audited the accompanying financial statements of the business-type activities of Greenville Technical College, as of and for the years ended June 30, 2011 and June 30, 2010, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Greenville Tech Foundation, Inc. and Subsidiaries. The Greenville Tech Foundation, Inc. and Subsidiaries reflects 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, the Greenville Tech Foundation, Inc. and Subsidiaries, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *State Board for Technical and Comprehensive Education Financial Reporting Guide*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Greenville Tech Foundation, Inc. and Subsidiaries were not audited in accordance with Government Auditing Standards. 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, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Greenville Technical College and its discretely presented component unit, as of June 30, 2011 and June 30, 2010, and the changes in financial position, and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2011 on our consideration of Greenville Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

We have also issued our report dated September 1, 2011 on our consideration of Greenville Technical College administration of the State Lottery Assistance Program and on our test of its compliance with certain provisions of State law and policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

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Post Office Box 161300, 145 Rogers Commerce Boulevard, Boiling Springs, SC 29316-1300, (864) 541-0218 Fax (864) 541-0221
Internet Address: www.cbkpa.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

September 1, 2011

Management's Discussion and Analysis

Greenville Technical College is pleased to present its financial report and management's discussion and analysis of the college's financial performance for the fiscal year ended June 30, 2011. This report focuses on current activities, resulting change and currently known facts, and provides a comparison with the prior fiscal year. This discussion should be read in conjunction with the financial statements and the accompanying notes which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Colleges and Universities.*

The college is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the college's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability. Assets and liabilities are separated into current, those that are due or to be paid within the current year and non-current, those that are longer term in nature. Net Assets represent the difference between total assets and total liabilities and provides information, in part, concerning any amount available to be spent by the institution.

Net Assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the college. The next category, which is *restricted net assets*, is expendable in nature and has been approved by the college's governing board specifically for capital projects, and debt service, as indicated. The final category of net assets is *unrestricted,* and not subject to external stipulations, however, some of the funds have internal designations. For more information see Note 11.

Assets

The following schedules are condensed versions of the college's assets, liabilities and net assets for the fiscal years ending June 30, 2011, 2010 and 2009. They were prepared from the Statement of Net Assets which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total net assets at June 30, 2011, 2010 and 2009 were $85.3 million, $82.5 million and $77.1 million respectively.

Condensed Summary of Net Assets
As of June 30, 2011, 2010, and 2009
(in millions)

	2011	2010	2009
Current Assets	$ 41.1	$ 38.8	$ 34.6
Non-current Assets			
Capital Assets, Net of Accumulated Depreciation	100.8	102.7	95.4
Total Assets	141.9	141.5	130.0
Current Liabilities	12.2	11.3	10.7
Non-current Liabilities	44.4	47.7	42.2
Total Liabilities	56.6	59.0	52.9
Net Assets			
Invested in Capital Assets	56.7	55.6	57.5
Restricted	4.1	6.3	4.1
Unrestricted	24.5	20.6	15.5
Total Net Assets	$ 85.3	$ 82.5	$ 77.1

A strong indicator of the financial health of the college is the improvement in the ratio of current assets to current liabilities. The current ratio at June 30, 2011, 2010 and 2009 were approximately 3.4:1, 3.4:1 and 3.2:1 respectively. The college maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets increased $2.3 million between fiscal years 2011 and 2010 while current liabilities increased $0.9 million in the same period. Comparatively, current assets increased $4.2 million between fiscal years 2010 and 2009 while current liabilities increased $0.6 million in the same period. Overall, assets increased $0.4 million from June 30, 2010 to June 30, 2011, compared to an increase of $11.5 million from June 30, 2009 to June 30, 2010. The changes related to the fiscal year ended June 30, 2011 as compared to June 30, 2010 are explained as follows:

- The total of cash and investments decreased from $28.7 million to $24.6 million.
- Accounts Receivable increased approximately $6.7 million; the college increased its allowance of doubtful account balance approximately $0.9 million. The allowance increased to $5.2 million at June 30, 2011 from $4.3 million for the prior year. This increase was intended to ensure that the college has adequate reserves given the challenges students are facing in the current economic climate. Of the $6.7 million increase in accounts receivable, $3.3 million is related to federal grantors, primarily for federal financial aid and $4.5 million is related to receivables from the state of South Carolina, primarily related to state financial aid. These increases were offset by a decrease in net student accounts receivable as a result of the increase in the allowance for doubtful accounts. (See Note 4 for additional information).

- Bond proceeds receivable decreased $0.3 million as a result of expenditures for the construction of the Animal Sciences Building.
- Inventories increased $0.5 million to $3.6 million.
- Other assets, primarily prepaid expenses, decreased $0.5 million to $1.0 million.

The changes related to the fiscal year ended June 30, 2010 as compared to June 30, 2009 are explained as follows:

- The total of cash and investments increased from $19.4 million to $28.7 million.
- Accounts Receivable decreased approximately $1.6 million; the college increased its allowance of doubtful account balance approximately $2.1 million. The allowance increased to $4.3 million at June 30, 2010 from $2.2 million for the prior year. This increase was intended to ensure that the college had adequate reserves in the current economic climate.
- Bond proceeds receivable decreased $3.5 million as a result of expenditures for renovation projects.
- Inventories remained stable at $3.1 million.
- Other assets, primarily prepaid expenses, also remained stable at $1.6 million.

Non-current assets are primarily capital assets net of depreciation and other assets, comprised mainly of restricted cash. Capital assets net of depreciation in the fiscal years ended June 30, 2011 decreased $1.9 million from June 30, 2010. The balances were $100.8 million at June 30, 2011 and $102.7 million at June 30, 2010. The decrease of $1.9 million is compared to an increase of $7.3 million from the fiscal year ended June 20, 2009 balance of $95.4 million.

Contributing factors to the changes from June 30, 2010 to June 30, 2011 were:

- Construction in progress decreased by $0.8 million, a net result of the capitalization of the Student Center renovation project offset by two additional construction projects initiated in fiscal year 2011. The projects are a building for the Animal Sciences program and a building to house the college's Information Technologies Department and Logistics Services.
- Machinery & equipment and vehicles increased $1.2 million and $0.5 million respectively. Most of the increases were a result of purchases made from federal grants.
- Depreciation expense accounted for $5.9 million. See Note 8 for additional information. Accumulated depreciation increased $5.7 million as a net result of the depreciation expense and retirements of assets.

Contributing factors to the changes from June 30, 2009 to June 30, 2010 were:

- Construction in progress increased by $1.5 million, a result of the construction expenses on the Student Center renovation project offset by three projects which were capitalized in fiscal year 2010.
- Depreciation expense accounted for $4.9 million. See Note 8 for additional information. Accumulated depreciation increased $4.3 million as a net result of the depreciation expense and retirements of assets.

The following table contains an analysis of capital assets as of June 30, 2011, June 30, 2010 and June 30, 2009.

Analysis of Capital Assets
As of June 30, 2011, 2010, and 2009
(in millions)

	2011	2010	2009
Land and Land Improvements	$ 16.5	$ 16.4	$ 16.0
Buildings and Improvements	129.1	126.2	117.0
Machinery and Equipment	13.0	11.9	11.4
Vehicles	1.9	1.4	1.4
Construction in Progress	1.9	2.6	1.1
	162.4	158.5	146.9
Less: Accumulated Depreciation	(61.6)	(55.8)	(51.5)
Net Capital Assets	$ 100.8	$ 102.7	$ 95.4

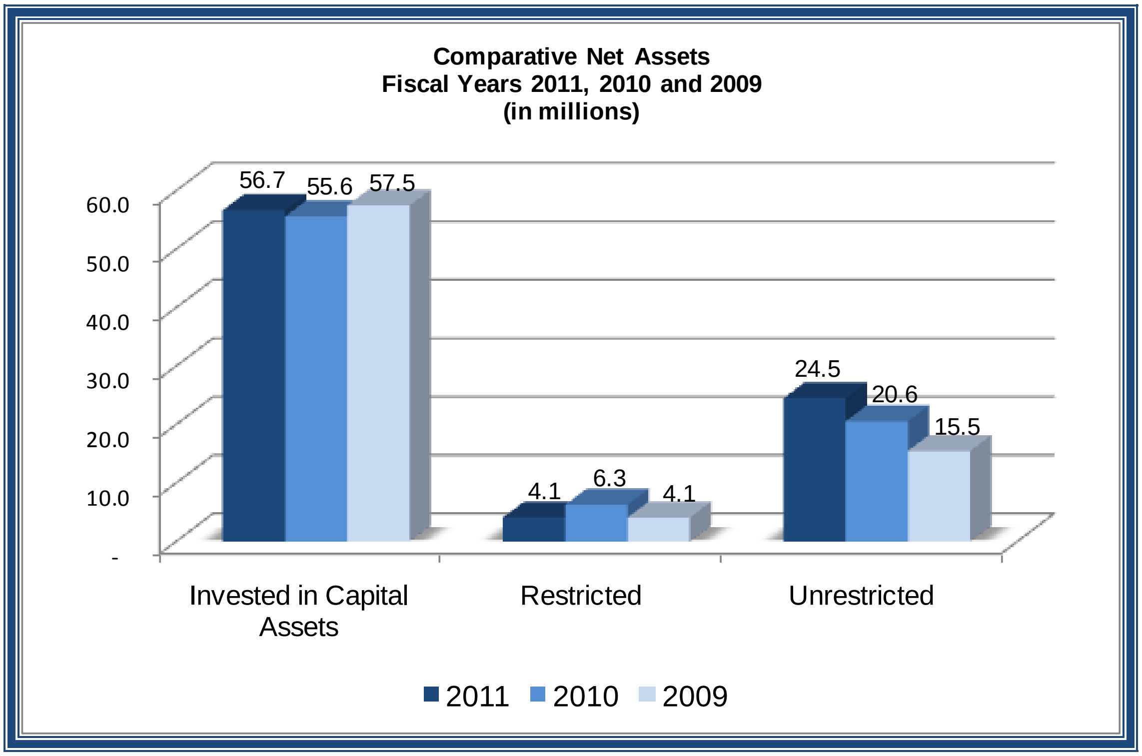
Liabilities

Total liabilities decreased $2.4 million between fiscal years 2011 and 2010, from $59.0 million to $56.6 million. Comparatively, total liabilities increased $6.1 million between fiscal years 2010 and 2009, from $52.9 million to $59.0 million. Current liabilities at June 30, 2011 increased by $0.9 million from June 30, 2010 primarily as a result of increases in accounts payable of $1.0 million and small increases in the current portion of long term liabilities and deferred revenue. These increases were partially offset by a $0.6 million decrease in funds held for others. Current liabilities at the end of the prior fiscal year, June 30, 2010, increased by $0.6 million primarily as a result of increases in funds held for others of $0.7 million and current portion of long term debt of $0.3 million. This increase was offset by decreases in accrued payroll of $0.6 million and deferred revenues of $0.1 million.

Non-current liabilities decreased $3.3 million from June 30, 2010 as compared to June 30, 2011, due to bond and capital lease payments (see Note 12 for additional information) of $3.4 million. The $5.5 million increase in non-current liabilities from June 30, 2009 to June 30, 2010 was a result of the addition of the capital lease with Brashier Middle College LLC, a wholly owned subsidiary of the Greenville Tech Foundation. The increase was partially offset by bond and capital lease payments (see Note 12 for additional information). The addition of the capital lease increased long term debt by $8.3 million.

Net Assets

Total net assets at June 30, 2011 were $85.3 million, an increase of $2.8 million from the prior fiscal year balance of $82.5 million, a 3.4 percent increase. The $82.5 million total for net assets at June 30, 2010 was a $5.4 million increase from the June 30, 2009 balance of $77.1 million, a 7.0 percent increase. Investment in capital assets at June 30, 2011 and June 30, 2010, were $56.7 million and $55.6 million, respectively, a $1.1 million increase as compared to a $1.9 million decrease from the June 30, 2009 balance of $57.5 million. Restricted net assets decreased by $2.2 million at June 30, 2011 as a result of payments made related to the construction of the IT/Logistics Building. Restricted net assets increased by $2.2 million at June 30, 2010 as a result of the decision to construct the IT/Logistics Building. The building cost was estimated at $5.9 million. This increase was offset by decreases in encumbered funds for other capital projects. Unrestricted net assets as of June 30, 2011 increased $3.9 million to $24.5 million from the prior fiscal year balance of $20.6 million. Planned uses for unrestricted net assets as of June 30, 2011 can be found in Note 11. The $20.6 million total for unrestricted net assets at June 30, 2010 represents a $5.1 million increase from the June 30, 2009 balance of $15.5 million.



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

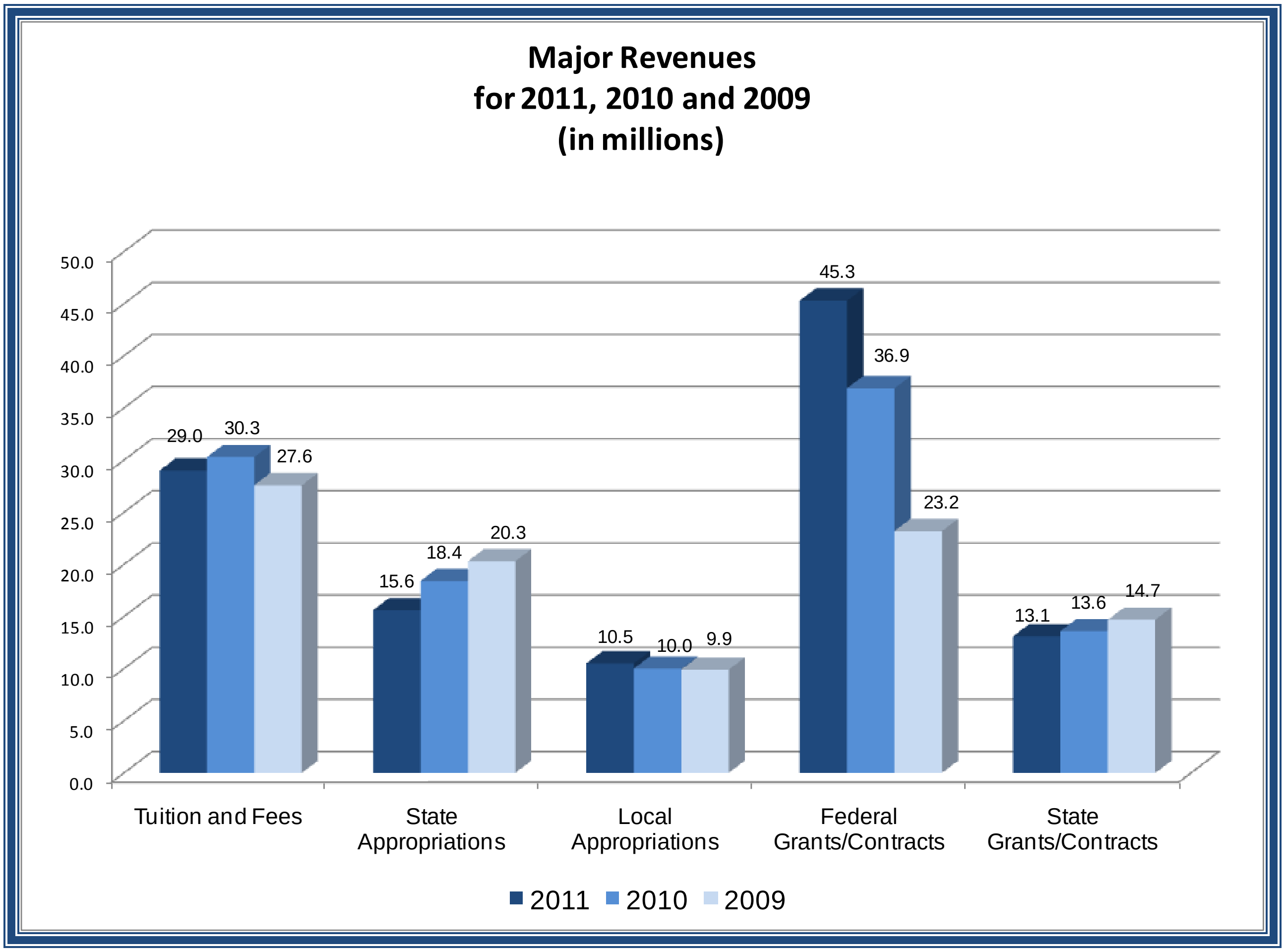
The Statement of Revenues, Expenses and Changes in Net Assets presents and categorizes revenues earned and expenses incurred during the year as operating and non-operating. Generally, operating revenues and expenses are those which are received and used to carry out the mission of the college. The college depends heavily on financial support from the state and county for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The college will always reflect an operating deficit due to the dependence on state and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after “income before other revenues, expenses, gains or losses.”

Operating Results

The following schedules summarize the college's operating results for fiscal year ended June 30, 2011 with comparative data for fiscal years ended June 30, 2010 and June 30, 2009.

Operating Results for the Years Ended June 30, 2011, 2010, and 2009 (in millions)

	2011	2010	2009
Operating Revenues			
Tuition and Fees	$ 29.0	$ 30.3	$ 27.6
Federal Grants and Contracts	5.6	6.2	4.7
State and Local Grants and Contracts	12.3	12.5	13.4
Auxiliary	5.8	6.0	5.4
Other	1.7	1.6	1.2
Total	54.4	56.6	52.3
Less Operating Expenses	116.8	109.0	99.2
Net Operating Loss	(62.4)	(52.4)	(46.9)
Non-Operating Revenues (expenses)			
State Appropriations	15.0	17.6	19.4
State and Local Grants and Contracts	0.8	1.1	1.3
Federal Grants and Contracts	39.7	30.7	18.5
County Appropriations	10.5	10.0	9.9
Gain/(loss) on disposal of fixed assets	-	(0.4)	-
Interest Expense	(1.7)	(2.2)	(1.7)
Interest Income	0.3	0.2	0.5
Total	64.6	57.0	47.9
State Capital Appropriations	0.6	0.8	0.9
Increase in Net Assets	2.8	5.4	1.9
Net Assets (beginning of year)	82.5	77.1	75.2
Net Assets (end of year)	85.3	82.5	77.1
Total Revenues	121.3	117.0	102.8



Revenue

Total revenue increased $4.3 million or 3.7 percent between fiscal years 2010 and 2011, from $117.0 million to $121.3 million respectively. Total revenue increased $14.2 million or 13.8 percent between fiscal years 2009 and 2010, from $102.9 million to $117.0 million respectively.

Operating revenue decreased over most sources during fiscal year 2011 with the exception of other revenue for a total decrease of $2.2 million or 3.9 percent. During fiscal year 2010, operating revenue increased consistently over all sources with the exception of state and local grants and contracts for a total increase of $4.3 million or 8.2 percent. Net tuition and fees decreased 4.3 percent and increased 9.8 percent in fiscal years 2011 and 2010 respectively. Net tuition and fees is tuition and fee revenue decreased by scholarship and allowances and bad debt expense. Scholarship allowances represent the amount of students' tuition and fees that are paid by grants from federal, state, and other sources. (See Note 19 for additional information).

Increases in federal grants and contracts are due primarily to scholarships. Federal grants and contracts under operating revenue do not include PELL awards. As a result of the General Accounting Standards Board Implementation Guide's direction that PELL grants are non-exchange, non-operating revenue transactions, PELL is now classified as a non-operating federal grant.

Net auxiliary services revenue decreased 3.3 percent in 2010-11 as compared to the 11.1 percent increase in auxiliary services for fiscal year 2009-10 while gross bookstore revenues increased $0.1 million, scholarship allowances for bookstore purchases increased $0.4 million and bad debt expense related to bookstore purchases decreased $0.1 million. (See Note 19 for additional information).

Non-operating revenue increased by $7.6 million or 13.3 percent during the 2011 fiscal year, while non-operating revenue increased by $9.1 million or 19.0 percent during the 2010 fiscal year. Federal grants and contracts increased as a result of increased expenditures of ARRA funds of $5.1 million and increases in the number of students eligible for the PELL grant award. PELL grants increased $4.1 million in fiscal year 2011 and $11.6 million in fiscal year 2010. This increase is partially offset by decreases in state appropriations and state and local grants and contracts. For a third year, the college sustained significant cuts in state funding. State appropriations for operations decreased $2.6 million or 14.6 percent in fiscal year 2011, $1.8 million or 9.2 percent in fiscal year 2010 and $5.7 million or 15.9 percent in fiscal year 2009.

The college also experienced a reduction in state capital appropriations of 25.4 percent during fiscal year 2011, 11.1 percent during fiscal year 2010 and 70.0 percent during fiscal year 2009. These appropriations are for the debt service on the former McAlister Square Mall and operating expenses related to the University Center of Greenville. The costs (debt service and utilities) associated with these appropriations are fixed and recurring while the appropriations are dwindling. This is creating an additional financial strain on the college's funds. Increases in local appropriations of $0.5 million in fiscal year 2011, $0.1 million in fiscal year 2010 and $0.7 million in fiscal year 2009 from Greenville County helped to offset some of these decreases.

Expenses

In fiscal year 2011, operating expenses were $116.8 million, an increase of $7.8 million or 7.1 percent over fiscal year 2010. Operating expenses increased 9.9 percent for fiscal year 2010 to $109.0 million from $99.2 million for fiscal year 2009.

Salaries and benefits increased approximately $1.3 million or 2.2 percent during fiscal year 2011. A one and one-half percent salary increase was granted to employees effective November 1, 2010. Salaries and benefits increased by approximately $1.2 million or 2.2 percent during fiscal year 2010. A two percent salary increase was granted to employees effective January 1, 2010. Also, increased enrollment required the hiring of additional instructors which caused the increase in salaries and benefits.

Scholarships to students in fiscal year 2011 increased by approximately $1.5 million or 7.9 percent as compared to an increase of $7.4 million, or 61.7 percent in fiscal year 2010. These increases were related to an increase in the maximum award for eligible PELL grant students and an increase in the number of students eligible for PELL awards.

Utilities increased $0.2 million or 4.1 percent during fiscal year 2011. This increase was the result of the full year impact of the addition of a welding lab on the main campus and bringing the Student Center back online after being closed for almost one year for renovations. Utilities increased $0.2 million or 7.9 percent during fiscal year 2010. This increase was the result of the addition of the 53,000 square foot Middle College on the Brashier Campus and the addition of a welding lab on the main campus. The college is continuing to implement energy saving initiatives.

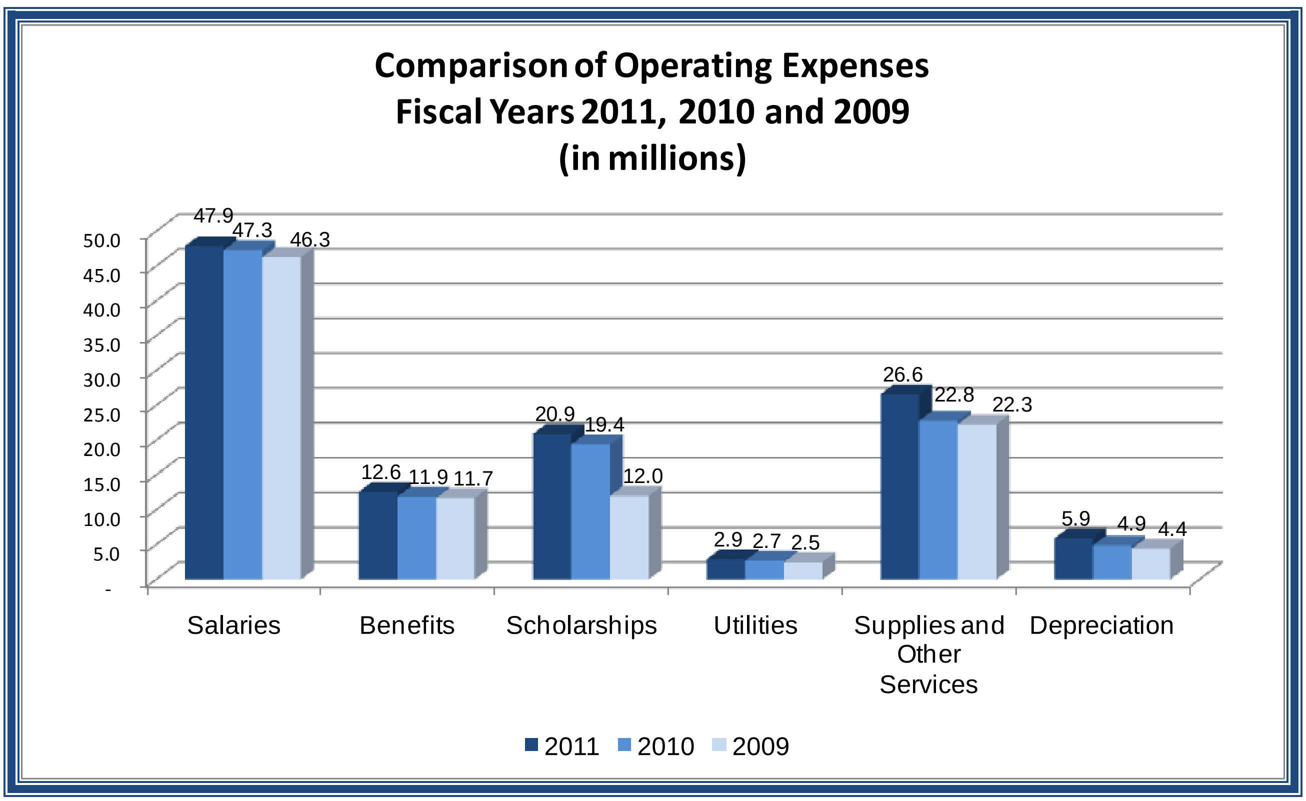
Supplies and other services increased by $3.8 million or 16.7 percent as a result of the expenditure of a significant portion of the college's ARRA funds. Many of these expenditures were related to infrastructure upgrades that are not capitalized such as roofs, improvements to HVAC systems and the implementation of a voice over internet telephone system that had many components that did not meet the capitalization threshold during fiscal year 2011. During fiscal year 2010 supplies and other services increased by $0.5 million as a result of increases in expenditures for supplies and equipment resulting from increases in enrollment.

Depreciation expense increased by approximately $1.0 million in fiscal year 2011 from the prior year as a result of a change in the useful lives of two buildings slated for demolition in 2012 and the capitalization of the Student Center. In fiscal year 2010, depreciation expense increased by approximately $0.7 million from the prior year due to the addition of the Brashier Middle College building, the capitalization of two renovation projects and the addition of the back entrance to the Greer Campus.

The following charts depict operating expenses by function for fiscal year ended June 30, 2011, 2010 and 2009.

Operating Expenses
Fiscal Years Ended June 30, 2011, 2010, and 2009
(in millions)

	2011	2010	2009
Operating Expenses			
Salaries	47.9	47.3	46.3
Benefits	12.6	11.9	11.7
Scholarships	20.9	19.4	12.0
Utilities	2.9	2.7	2.5
Supplies and Other Services	26.6	22.8	22.3
Depreciation	5.9	4.9	4.4
	$116.8	$109.0	$99.2



Net investment in capital assets increased $1.1 million to $56.7 million in fiscal year 2011. This was due to the net effect of several construction projects, capitalized interest related to the projects, depreciation expense of $5.9 million, and the payment of $3.4 million of debt. Net investment in capital assets decreased $1.9 million to $55.6 million in fiscal year 2010. This was due to the net effect of the investment in the Brashier Middle College capital lease, several renovation projects, capitalized interest related to the projects, depreciation expense of $4.9 million, and the payment of $2.8 million of debt.

An analysis of net assets for fiscal years ended June 30, 2011, 2010, and 2009 follows:

Analysis of Net Assets
Fiscal Years Ended June 30, 2011, 2010 and 2009
(in millions)

Net Assets	2011	2010	2009
Net Investment in Capital Assets	56.7	55.6	57.5
Restricted	4.1	6.3	4.1
Unrestricted	24.5	20.6	15.5
Total	$85.3	$82.5	$77.1

Restricted net assets decreased $2.2 million in fiscal year 2011 due to progress made on the IT/Logistics Building. In fiscal year 2010, restricted net assets increased $2.2 million due to commitments made on capital projects. Unrestricted net assets increased $3.9 million in fiscal year 2011, due to the net effect of the overall increase in net assets, the increase in net investment in capital assets and the decrease in restricted assets. Unrestricted net assets in 2010 increased $5.1 million due to the net effect of the overall increase in net assets, the decrease in net investment in capital assets and the and the increase in restricted assets.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the college during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section “Cash Flows from Operating Activities” due to the college’s dependence on state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the college. The second section reflects cash flows from non-operating financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities and addresses the cash used for the acquisition and construction of capital and related items. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

In fiscal year 2011, cash decreased by approximately $4.2 million. The net cash flows from operating activities decreased by $10.4 million resulting from increased payments to vendors and employees and an increase in receivables from state and federal grantors. Cash for fiscal year 2010 increased by approximately $5.2 million. The net cash flows from operating activities decreased by $5.0 million primarily from increased payments to vendors and employees.

Cash flows from non-capital financing activity in fiscal year 2011 increased by $0.6 million as a result of increases in PELL awards which were offset by decreases in state appropriations. In fiscal year 2010 cash flows from non-capital financing activity increased by $13.3 million as a result of significant increases in PELL awards.

Capital and related financing activities reduced cash for acquisition of capital assets and debt service payments. The change of $3.7 million in fiscal year 2011 was the net result of an increase in principal payments on capital debt and a decrease in the draw on county bond funds for capital expenditures. The change of $1.1 million in fiscal year 2010 was the net result of increased interest expenses and additional funds drawn from county bond proceeds.

Net cash used by investing activities during fiscal year 2011 decreased as the college held the level of investment in Certificates of Deposit steady. Net cash used by investing activities during fiscal year 2010 increased as the college purchased additional Certificates of Deposit in an attempt to increase interest income.

Summary of Cash Flows
As of June 30, 2011, 2010 and 2009
(in millions)

	2011	2010	2009
Net cash flow used by operating activities	(57.1)	(46.7)	(41.7)
Net cash flow provided by noncapital financing activities	60.9	60.3	47.0
Net cash used by capital and related financing activities	(8.2)	(4.5)	(5.6)
Net cash provided (used) by investing activities	0.2	(3.9)	1.4
Net increase (decrease) in cash	(4.2)	5.2	1.1
Cash - beginning of year	19.2	14.0	12.9
Cash - end of year	15.0	19.2	14.0

Debt Administration

At June 30, 2010 and 2011, the college's financial statements reflect $20.8 million and $19.7 million respectively in (general obligation) bonds payable. These bonds are general obligation bonds of the State backed by the full faith, credit and taxing power of the County of Greenville. Greenville County gives the college capital appropriations to service the debt of the general obligation bonds.

Also outstanding at June 30, 2010 and 2011 are two capital leases payable totaling $26.8 million and $24.7 million respectively for the purchase of the McAlister Square Mall, the construction of the first buildings on each of the Greer and Brashier Campuses and Brashier Middle College. State appropriations were designated to cover the debt service on the McAlister Square Mall but reductions in the appropriations have resulted in a shortfall that the college is currently funding. Rental income from the Middle College covers approximately 50 percent of the payments for that lease. For additional information on debt administration, please refer to Notes 15 and 16.

Economic Factors

The State of South Carolina affirmed that the fiscal year ended with a surplus of $296.5 million including an unobligated surplus of $122.7 million for the fiscal year ended June 30, 2011. While this news is encouraging, there is no expectation of significant increases in state appropriations in the near future.

In fiscal year 2010-11, appropriations from the state to the college for operations decreased by 14.6 percent. State appropriations for capital expenditures were 25.4 percent lower than the previous year.

Another decrease in state funding for college operations for the 2011-12 fiscal year is expected. The college anticipates a decrease in funding of 3.1 percent or $0.5 million. While this will create some challenges, the decrease is not nearly as large as the cuts in the prior three years and the college will continue to manage its resources efficiently.

On a positive note, the college will receive $1.6 million from the state to address some of the college's deferred maintenance needs. Funds will be used for road and parking lot repairs, roof replacements and HVAC system replacements.

As state appropriations have decreased and enrollment growth has leveled off, the college is examining additional sources of revenues. In fiscal year 2010-11, the college leased a portion of its educational broadband licenses and will receive approximately $6.8 million over the 30 year term of the lease.

While the college makes every effort to keep tuition costs to a minimum, decreasing state appropriations is making the college more dependent on tuition revenues from students. As a result, federal and state financial aid programs are an increasingly important factor in the financial well-being of the college.

Component Unit

It has been determined that the Greenville Tech Foundation is a component unit of Greenville Technical College. The foundation's financial statements are included in this report and supplemental information is included in Note 24. Additional information regarding the Foundation can be obtained by mailing a request to Greenville Tech Foundation, Inc. PO Box 5616, Greenville, SC 29606-5616.

Jacqueline R. DiMaggio
Vice President for Finance

GREENVILLE TECHNICAL COLLEGE
Statement of Net Assets
June 30, 2011 and June 30, 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 15,026,312	$ 19,202,559
Investments	9,599,674	9,527,757
Accounts Receivable, Net	11,605,621	4,875,206
Bond Proceeds Receivable	316,287	597,742
Inventories	3,565,642	3,072,680
Other Assets	1,033,553	1,577,351
Total Current Assets	41,147,089	38,853,295
NONCURRENT ASSETS		
Federal Perkins Loan Receivable	262	262
Capital Assets, Net of Accumulated Depreciation	100,775,118	102,686,911
Total Noncurrent Assets	100,775,380	102,687,173
Total Assets	141,922,469	141,540,468
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	2,308,269	1,290,691
Accrued Payroll and Related Liabilities	604,193	563,396
Long Term Liabilities - Current Portion	3,509,478	3,343,633
Deferred Revenue	5,373,857	5,105,173
Funds Held for Others	373,772	1,011,943
Total Current Liabilities	12,169,569	11,314,836
NONCURRENT LIABILITIES		
Bonds Payable	18,480,000	19,680,000
Capital Leases Payable	22,750,000	24,940,000
Compensated Absences Payable	3,200,443	3,061,649
Total Noncurrent Liabilities	44,430,443	47,681,649
Total Liabilities	56,600,012	58,996,485
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	56,691,405	55,644,652
Restricted For:		
Expendable:		
Capital Projects	4,063,072	6,297,742
Loans	21,293	21,293
Unrestricted (note 11)	24,546,687	20,580,296
Total Net Assets	$ 85,322,457	$ 82,543,983

GREENVILLE TECHNICAL COLLEGE
Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2011 and June 30, 2010

	2011	2010
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees (Net)	$ 29,025,781	$ 30,307,515
Federal Grants and Contracts	5,593,759	6,227,075
State Grants and Contracts	12,262,899	12,538,718
Sales and Services of Educational Departments	646,839	639,379
Auxiliary Enterprises (Net)	5,766,792	5,948,067
Other Operating Revenues	1,059,622	927,181
Total Operating Revenues	54,355,692	56,587,935
EXPENSES		
OPERATING EXPENSES		
Salaries	47,875,256	47,238,522
Benefits	12,607,130	11,924,571
Scholarships and Fellowships	20,936,713	19,405,001
Utilities	2,842,110	2,730,827
Supplies and Other Services	26,638,080	22,824,660
Depreciation	5,853,045	4,908,497
Total Operating Expenses	116,752,334	109,032,078
Operating Income (Loss)	(62,396,642)	(52,444,143)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	15,033,690	17,595,128
County Appropriations	10,547,851	10,009,941
Interest Income	294,276	218,871
Gain (Loss) on Disposal of Capital Assets	1,448	(401,314)
Interest Expense on Capital Asset Related Debt	(1,738,675)	(2,196,495)
Federal Grants and Contracts	39,650,020	30,734,132
State and Local Grants and Contracts	764,577	1,045,475
Net Nonoperating Revenues	64,553,187	57,005,738
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	2,156,545	4,561,595
State Capital Appropriations	614,729	824,512
Transfers to/from Other State Agencies	7,200	41,052
Increase in Net Assets	2,778,474	5,427,159
NET ASSETS		
Net Assets - Beginning of Year	82,543,983	77,116,824
Net Assets - End of Year	$ 85,322,457	$ 82,543,983

SEE NOTES TO FINANCIAL STATEMENTS

GREENVILLE TECHNICAL COLLEGE
Statement of Cash Flows
For the Years Ended June 30, 2011 and June 30, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 29,309,668	$ 32,032,091
Federal, State and Local Grants and Contracts	17,073,153	18,507,343
Federal Student Loan Proceeds	54,693,997	51,710,173
Sales and Services of Educational Departments	652,767	728,877
Auxiliary Enterprise Charges	5,273,830	5,939,056
Other Receipts	2,292,754	681,945
Federal Student Loans Disbursed	(57,375,335)	(51,709,917)
Payments to Vendors	(61,316,868)	(56,809,086)
Payments to Employees	(47,672,459)	(47,765,248)
Net Cash Provided (Used) by Operating Activities	(57,068,493)	(46,684,766)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	15,058,254	17,561,956
County Appropriations	10,547,850	10,009,941
State, Local and Federal Grants, Gifts and Contracts - Non Operating	35,308,677	32,713,543
Net Cash Flows Provided by Noncapital Financing Activities	60,914,781	60,285,440
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Appropriations	738,406	1,034,842
Purchase of Capital Assets	(4,067,945)	(3,979,162)
Expenditure of bond proceeds held by county	312,181	3,537,168
Principal Paid on Capital Debt	(3,240,000)	(2,790,000)
Interest Paid on Capital Debt	(1,926,581)	(2,292,437)
Net Cash Provided by Capital and Related Financing Activities	(8,183,939)	(4,489,589)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	10,798,231	10,774,212
Interest on Investments	161,404	80,344
Purchase of Investments	(10,798,231)	(14,774,212)
Net cash Flows Provided (Used) by Investing Activities	161,404	(3,919,656)
Net Increase (Decrease) in Cash	(4,176,247)	5,191,429
Cash - Beginning of Year	19,202,559	14,011,130
Cash - End of Year	$ 15,026,312	$ 19,202,559
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (62,396,642)	$ (52,444,143)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	5,853,045	4,908,497
Change in Assets and Liabilities		
Receivables, Net	(2,422,717)	893,657
Inventories	(492,962)	(9,011)
Deferred Charges and Prepaid Expenses	594,520	(98,620)
Accounts Payable	1,166,224	(499,261)
Compensated Absences	154,639	146,268
Deferred Revenue	475,057	416,099
Deposits Held for Others	343	1,748
Net Cash Provided (Used) by Operating Activities	$ (57,068,493)	$ (46,684,766)

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE
GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES
Component Unit Consolidated Statement of Financial Position
For the Years Ended June 30, 2011 and June 30, 2010

ASSETS	2011	2010
Unrestricted cash and cash equivalents	$ 181,672	$ 784,770
Restricted cash	2,071,522	1,288,942
Short term investments	-	100,000
Pledges receivable	81,045	45,037
Student loans receivable	6,680	4,777
Accounts receivable, net	256,324	117,782
Prepaid expenses	33,755	28,796
Investments	5,116,124	4,414,871
Property and equipment, net	27,850,891	28,553,538
Cash value of life insurance	32,736	28,544
Charitable remainder trusts receivable	118,049	150,826
Loan costs, net	272,276	282,803
TOTAL ASSETS	$ 36,021,074	$ 35,800,686
LIABILITIES		
Accounts payable	167,662	215,639
Deferred income	18,477	300,639
Customer deposits	50,911	71,628
Bonds payable	8,280,000	8,410,000
Notes payable	16,160,586	16,964,106
Interest rate swap	2,080,085	2,337,043
Total Liabilities	$ 26,757,721	$ 28,299,055
NET ASSETS		
Unrestricted	2,074,257	1,318,453
Unrestricted – Board designated endowment	1,536,847	1,272,496
Total Unrestricted	3,611,104	2,590,949
Temporarily restricted	1,948,659	1,617,133
Permanently restricted – endowed	3,703,590	3,293,549
Total Net Assets	9,263,353	7,501,631
TOTAL LIABILITIES AND NET ASSETS	$ 36,021,074	$ 35,800,686

SEE NOTES TO FINANCIAL STATEMENTS

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE
GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES
Component Unit Consolidated Statement of Activities
for Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 117,227	$ 713,336	$ 335,664	$ 1,166,227
Property and equipment donations	210,537	-	-	210,537
Charitable trusts, change in value	423,177	(45)	-	423,132
Interest and dividend income	82,073	119,241	-	201,314
Management fee income	171,000	-	-	171,000
Rental income	4,300,492	-	-	4,300,492
Gain on investments	209,717	332,571	-	542,288
Miscellaneous	358,674	(5,139)	-	353,535
Transfers	(16,518)	(57,859)	74,377	-
Net assets released from restrictions	770,579	(770,579)	-	-
	6,626,958	331,526	410,041	7,368,525
EXPENSES				
College support:				
Scholarships	170,212	-	-	170,212
Student programs	140,374	-	-	140,374
College faculty/staff development	103,439	-	-	103,439
College departmental supplies and activities	135,623	-	-	135,623
Equipment purchases/gifts in kind	299,813	-	-	299,813
Other college support	145,712	-	-	145,712
GTF Brashier Charter School	227,484	-	-	227,484
GTF Student Housing	1,847,719	-	-	1,847,719
Interest expense	1,070,657	-	-	1,070,657
Cost of financing	(204,294)	-	-	(204,294)
Property fees	2,926	-	-	2,926
Total program expenses - college support	3,939,665	-	-	3,939,665
Operations:				
Building and grounds upkeep	452,250	-	-	452,250
Compensation	251,874	-	-	251,874
Depreciation and amortization	366,116	-	-	366,116
Insurance	36,724	-	-	36,724
Investment management fees - UBS	44,040	-	-	44,040
Miscellaneous expense	15,115	-	-	15,115
NEON expenses	1,060	-	-	1,060
Office expenses and supplies	51,195	-	-	51,195
Professional and other fees	136,053	-	-	136,053
Property and other miscellaneous taxes	47,917	-	-	47,917
Softw are updates/maintenance fee	26,363	-	-	26,363
Telecommunications/user fees	4,180	-	-	4,180
Uncollectible pledges and accounts receivable	6,814	-	-	6,814
Interest expense	43,997	-	-	43,997
Cost of financing	3,617	-	-	3,617
Utilities	108,996	-	-	108,996
Total management and general - operations	1,596,311	-	-	1,596,311
Fundraising expenses	70,827	-	-	70,827
Total expenses	5,606,803	-	-	5,606,803
CHANGE IN NET ASSETS	1,020,155	331,526	410,041	1,761,722
NET ASSETS, BEGINNING OF YEAR	2,590,949	1,617,133	3,293,549	7,501,631
NET ASSETS, END OF YEAR	**$ 3,611,104**	**$ 1,948,659**	**$ 3,703,590**	**$ 9,263,353**

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE
GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES
Component Unit Consolidated Statement of Activities
for Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 63,077	$ 676,365	$ 46,644	$ 786,086
Property and equipment donations	752,858	-	-	752,858
Charitable trusts, change in value	(87,247)	(952)	-	(88,199)
Interest and dividend income	106,597	150,296	-	256,893
Management fee income	171,000	-	-	171,000
Rental income	4,449,005	-	-	4,449,005
Gain/(loss) on investments	94,693	164,832	-	259,525
Miscellaneous	221,189	8,927	-	230,116
Net assets released from restrictions	597,382	(597,382)	-	-
	6,368,554	402,086	46,644	6,817,284
EXPENSES				
College support:				
Scholarships	196,908	-	-	196,908
Student programs	178,515	-	-	178,515
College faculty/staff development	15,973	-	-	15,973
College departmental supplies and activities	126,154	-	-	126,154
Equipment purchases/gifts in kind	830,267	-	-	830,267
Other college support	97,447	-	-	97,447
GTF Brashier Charter School	190,657	-	-	190,657
GTF Student Housing	1,638,840	-	-	1,638,840
Interest expense	1,800,863	-	-	1,800,863
Cost of financing	563,252	-	-	563,252
Property fees	2,926	-	-	2,926
Total program expenses - college support	5,641,802	-	-	5,641,802
Operations:				
Building and grounds upkeep	449,557	-	-	449,557
Compensation	228,603	-	-	228,603
Depreciation and amortization	406,228	-	-	406,228
Impairment of long lived asset	605,000	-	-	605,000
Insurance	36,824	-	-	36,824
Investment management fees - UBS	70,295	-	-	70,295
Marketing	30,446	-	-	30,446
Miscellaneous expense	3,663	-	-	3,663
NEON expenses	96,670	-	-	96,670
Office expenses and supplies	14,800	-	-	14,800
Professional and other fees	96,010	-	-	96,010
Property and other miscellaneous taxes	43,213	-	-	43,213
Softw are updates/maintenance fee	23,877	-	-	23,877
Telecommunications/user fees	4,000	-	-	4,000
Uncollectible pledges and accounts receivable	1,537	-	-	1,537
Interest expense	48,726	-	-	48,726
Cost of financing	14,228	-	-	14,228
Utilities	97,304	-	-	97,304
Total management and general - operations	2,270,981	-	-	2,270,981
Fundraising expenses	24,563	-	-	24,563
Total expenses	7,937,346	-	-	7,937,346
CHANGE IN NET ASSETS	(1,568,792)	402,086	46,644	(1,120,062)
NET ASSETS, BEGINNING OF YEAR	4,159,741	1,215,047	3,246,905	8,621,693
NET ASSETS, END OF YEAR	**$ 2,590,949**	**$ 1,617,133**	**$ 3,293,549**	**$ 7,501,631**

SEE NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations: Greenville Technical College (the “college”), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Greenville County. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the college’s service area. As an integral part of this mission, the college provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The college also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

B. Reporting Entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Greenville Technical College, as the primary government, and the accounts of Greenville Tech Foundation, Inc. (the “Foundation”), its component unit. The college is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation’s relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the college. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the college in support of its programs. The 35-member Board of the Foundation is self-perpetuating and consists of community leaders, friends of the college, and graduates. Although the college does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon, which the Foundation holds and invests are restricted to the activities of the college by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the college, the Foundation is considered a component unit of the college. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made,* and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the college’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the college’s notes to the financial statements. (See Note R within this Summary of Significant Accounting Policies and Note 24.)

Financial statements for the Foundation can be obtained by mailing a request to Greenville Tech Foundation, Inc. PO Box 5616, MS 6002, Greenville, SC 29606-5616.

C. Financial Statements: The financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities.* The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the college’s assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replaces the fund-group perspective previously required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Basis of Accounting: For financial reporting purposes, the college is considered a special-purpose government engaged only in business-type activities. Accordingly, the college's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated. The college has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

E. Cash and Cash Equivalents: For purposes of the statement of cash flows, the college considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

F. Investments: Deposits and investments for the college are governed by the South Carolina Code of Laws, Section 11-9-660 "Investment of Funds" *GASB Statement No*. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No.* 3, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

G. Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the college's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

H. Inventories: Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

I. Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The college follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The college capitalizes movable personal property with a unit value in excess of $5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of $100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of $5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

J. Deferred Revenues and Deposits: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include prepaid rent for the college's broadband licenses that will be recognized over the life of the lease. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. Deferred Revenues and Deposits, continued

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

K. Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

L. Net Assets: The college's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the college's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the college is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the college, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The college policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

M. Income Taxes: The college is exempt from income taxes under the Internal Revenue Code.

N. Classification of Revenues and Expenses: The college has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses: Operating revenues generally result from exchange transactions to provide goods or services related to the college's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the college; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the college would not otherwise undertake. Operating expenses include all expense transactions, incurred other than those related to investing, non capital or non capital financing activities.

Non-operating revenues and expenses: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Due to the administrative involvement with Pell grant requirements and because Pell grants are non-exchange transactions, Pell grant receipts are recorded as non-operating revenues. The college implemented this change in the 2010 fiscal year.

O. Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

O. Sales and Services of Educational and Other Activities, continued

incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The college receives such revenues primarily from Child Care Center operations.

P. Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by bookstore and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Q. Capitalized Interest: The college capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. In the fiscal year ended June 30, 2011, the college incurred $1,978,445 of interest expense, of which $1,738,675 was charged to expense, $135,342 was capitalized, and $104,428 was booked to reflect a decrease in bond interest payable. In the fiscal year ended June 30, 2010, the college incurred $2,345,260 of interest expense, of which $2,196,495 was charged to expense, $122,961 was capitalized, and $25,804 was booked to reflect a decrease in bond interest payable.

R. Component Unit: The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets: Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets: Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Undesignated Net Assets: Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Designated Net Assets: Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

S. Restatement of 2010 Financial Statements: The college restated the Net Assets section of the college's Statement of Net Assets to eliminate the encumbrances and inventories from Restricted Expendible Net Assets. Both encumbrances and inventories are now listed on Note 11 of the college's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

T. Subsequent Events: On July 26, 2011 Greenville County Council issued General Obligation Bonds in the amount of $5,615,000 for the construction of an Information Technology/Logistics building to be located on the Barton campus. The bonds will be payable from an ad valorem tax levied within Greenville County.

NOTE 2 - STATE APPROPRIATIONS

Non-Capital Appropriations	**2011**	**2010**
Current Years Appropriations:		
Per Annual Appropriations Act	$ 14,659,861	$ 17,151,445
Greenville Regional Education Center	110,548	-
Nursing Salary Enhancements	-	64,217
SC Education Lottery Technology Funds	263,281	379,466
Total Non-Capital Appropriations Recorded as Current Year Revenue	$ 15,033,690	$ 17,595,128
Capital Appropriations		
Current Years Appropriations:		
Per Annual Appropriations Act University Center	$ 614,729	$ 824,512
Total Capital Appropriations Recorded as Current Year Revenue	$ 614,729	$ 824,512

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS

DEPOSITS:

State Law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that that a government will not be able to recover deposits if the depository financial institution fails to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails.

Greenville Technical College's Numbered Memorandum 4-17 states that it is the policy of Greenville Technical College to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

The deposits for Greenville Technical College at June 30, 2011, were $19,050,125. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $19,050,125 was collateralized with securities held by the pledging institution in the college's name. The deposits for Greenville Technical College at June 30, 2010, were $24,318,363. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $24,318,363 was collateralized with securities held by the pledging institution in the college's name.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS

DEPOSITS, continued

Restricted cash includes $21,293 held for debt service reserve funds at June 30, 2011 and includes $21,031 held for debt service reserve funds at June 30, 2010.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Greenville Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

INVESTMENTS:

The college is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The college's investments at June 30, 2011 and June 30, 2010, which are not with the State Treasurer's Office are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Greenville Technical College Investments

	Investment Maturities (in years)				
Investment Type	**Fair Value Amount**	**Less than 1**	**1-5**	**6-10**	**More than 10**
2011 Debt Securities					
Federal Home Loan Bonds	$ 9,599,674	$9,599,674			
2010 Debt Securities					
Federal Home Loan Bonds	$ 9,527,757	$9,527,757			

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the college will not be able to recover the investments value or collateral securities that are in the possession of an outside party.

The college's policy concerning custodial credit risk is to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

At June 30, 2011, the investments for Greenville Technical College were $9,599,674. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $9,599,674 was collateralized with securities held by the pledging institution in the college's name. At June 30, 2010, the investments for Greenville Technical College were $9,527,757. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $9,527,757 was collateralized with securities held by the pledging institution in the college's name. The college recognized no losses due to the default by counterparts to investment transactions.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS , continued

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations.

The college's policy concerning custodial credit risk is to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

The college's rated debt investment as of June 30, 2011 and June 30, 2010 were rated by Moody's Investors Service and are listed below using the Moody's Investors Service rating scale.

Greenville Technical College Rated Debt Investments at June 30, 2011 and 2010

Rated Debt Investments	Fair Value	Quality Ratings				
		AAA	AA	A	A1	Unrated
2011 U.S. Agencies..........	$ 9,599,674				$ 9,599,674	
2010 U.S. Agencies..........	$ 9,527,757				$ 9,527,757	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The college does not have a policy on concentration of credit risk.

The college had debt securities investment at June 30, 2011 and June 30, 2010, with not more than 5 percent of the total investments in securities of any agency or entity.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The college does not have a policy concerning interest rate risk.

For the years ended June 30, 2011 and June 30, 2010 , the previous tables show the investments by the specific method.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Greenville Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

The following schedule reconciles cash and investments as reported on the Statement of Net Assets to footnote disclosure provided for deposits and investments.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS , continued

Foreign Currency Risk, continued

Statement of Net Assets:	2011	2010
Cash and Cash Equivalents:		
Unrestricted	$ 15,005,263	$ 19,181,528
Restricted	$ 21,049	$ 21,031
Total Cash and Cash Equivalents	$ 15,026,312	$ 19,202,559
Investments:		
Certificates of Deposit	$ 9,599,674	$ 9,527,757
Disclosure, Deposits and Investments:		
Cash and Cash Equivalents		
Demand Deposit Accounts	$ 14,751,257	$ 18,934,408
Held by State Treasurer	$ 264,055	$ 257,151
Cash on Hand	$ 11,000	$ 11,000
Total Cash and Cash Equivalents	$ 15,026,312	$ 19,202,559
Investments:		
Certificates of Deposit	$ 9,599,674	$ 9,527,757

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011 and June 30, 2010, are summarized as follows:

	2011	2010
Student Accounts	$ 376,702	$ 1,413,602
Other Federal Grantors	5,665,776	2,398,310
Due from State	5,526,322	1,025,216
Accrued interest	36,717	34,046
Greenville Tech Foundation	-	-
Other	104	4,032
Net Accounts Receivable	$ 11,605,621	$ 4,875,206

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2011, the allowance for uncollectible student accounts is valued at $5,218,380. At June 30, 2010, the allowance for uncollectible student accounts was valued at $4,346,898.

NOTE 5 – BOND PROCEEDS RECEIVABLE

At June 30, 2011, bond proceeds receivable of $316,287 relate to the proceeds of the 2007 Greenville County General Obligation Bonds. These bonds were issued on October 16, 2007 to finance the construction of a second welding instruction area at the college, the renovation of the Student Center Building and the renovation of the auditorium in the University Transfer Building. The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction projects. Interest earned on the escrow account totaled $30,727 for the fiscal year ended June 30, 2011. During the year ended June 30, 2011, project expenditures totaling $312,182 were drawn from the proceeds.

At June 30, 2010, bond proceeds receivable of $597,742 relate to the proceeds of the 2007 Greenville County General Obligation Bonds. These bonds were issued on October 16, 2007 to finance the construction of a second welding instruction area at the college, the renovation of the Student Center Building and the renovation of the auditorium in the University Transfer Building. The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction projects. Interest earned on the escrow account totaled $49,746 for the fiscal year ended June 30, 2010. During the year ended June 30, 2010, project expenditures totaling $3,537,304 were drawn from the proceeds.

For more information on the bond, refer to Note 15.

NOTE 6 - PLEDGES RECEIVABLE

The college has no pledges receivable during the years ended June 30, 2011 or June 30, 2010.

NOTE 7 - LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program comprise all of the loans receivable as of June 30, 2011 and June 30, 2010. The Perkins Loan program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are broken down into two classifications, those payments that will be received within the following fiscal year are classified as "current portion of loans receivable". The remaining payments are classified as long-term loans receivable. As the college determines that loans are uncollectible, the loans are written off and assigned to the US Dept of Education. At June 30, 2011 and June 30, 2010, the college has made no allowance for uncollectible student loans.

NOTE 8—CAPITAL ASSETS

The activity in the college's capital assets for the fiscal year ended June 30, 2011 are as follows:

	Beginning Balance 30-Jun-10	Increases	Transfers	Decreases	Ending Balance 30-Jun-11
Capital assets not being depreciated:					
Land	18,758,885		58,250		18,817,135
Land Improvements	5,440,859	-			5,440,859
Construction in progress	2,620,506	2,215,970	(2,976,093)		1,860,383
Total capital assets not being depreciated	26,820,250	2,215,970	(2,917,843)	-	26,118,377
Other capital assets:					
Buildings and improvements	126,189,911		2,917,843		129,107,754
Machinery, equipment, and other	11,922,650	1,240,135		(114,359)	13,048,426
Depreciable Land Improvements	2,166,587				2,166,587
Vehicles	1,426,304	491,586			1,917,890
Total other capital assets at historical cost	141,705,452	1,731,721	2,917,843	(114,359)	146,240,657
Less accumulated depreciation for:					
Buildings and improvements	(43,552,552)	(4,310,877)			(47,863,429)
Machinery, equipment, and other	(9,940,555)	(1,291,469)		107,920	(11,124,104)
Depreciable Land Improvements	(1,056,483)	(86,909)			(1,143,392)
Vehicles	(1,289,201)	(163,790)			(1,452,991)
Total accumulated depreciation	(55,838,791)	(5,853,045)	-	107,920	(61,583,916)
Capital Assets, Net	112,686,911	(1,905,354)	-	(6,439)	110,775,118

The Gain (Loss) on Diposal of Assets consisted of the following:

Gain on sale of asset	$ 7,887
Loss on Disposal	(6,439)
Net Gain (Loss) on Disposals	$ 1,448

NOTE 8—CAPITAL ASSETS, continued

The activity in the college's capital assets for the fiscal year ended June 30, 2010 are as follows:

	Beginning Balance 1-Jul-09	Increases	Transfers	Decreases	Ending Balance 30-Jun-10
Capital assets not being depreciated:					
Land	18,758,885				18,758,885
Land Improvements	5,440,859				5,440,859
Construction in progress	1,057,611	3,735,871	(1,690,596)	(482,380)	2,620,506
Total capital assets not being depreciated	25,257,355	3,735,871	(1,690,596)	(482,380)	26,820,250
Other capital assets:					
Buildings and improvements	116,998,524	8,410,000	1,338,767	(557,380)	126,189,911
Machinery, equipment, and other	11,419,087	836,249		(332,686)	11,922,650
Depreciable Land Improvements	1,814,758		351,829		2,166,587
Vehicles	1,421,670	53,435		(48,801)	1,426,304
Total other capital assets at historical cost	131,654,039	9,299,684	1,690,596	(938,867)	141,705,452
Less accumulated depreciation for:					
Buildings and improvements	(40,192,180)	(3,516,438)		156,066	(43,552,552)
Machinery, equipment, and other	(9,072,769)	(1,200,472)		332,686	(9,940,555)
Depreciable Land Improvements	(969,574)	(86,909)			(1,056,483)
Vehicles	(1,233,325)	(104,677)		48,801	(1,289,201)
Total accumulated depreciation	(51,467,848)	(4,908,496)	-	537,553	(55,838,791)
Capital Assets, Net	105,443,546	8,127,059	-	(883,694)	112,686,911

The Gain (Loss) on Diposal of Assets consisted of the following:	
Elimination of Construction in process that did not meet capitalization threshold	$ (482,380)
Loss on Disposal	(401,314)
Net Gain (Loss) on Disposals	$ (883,694)

NOTE 9 - PENSION PLAN(S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, SC Retirement Services, PO Box 11960, Columbia, SC 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

NOTE 9 - PENSION PLAN(S), continued

South Carolina Retirement System

The majority of employees of Greenville Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

From July 1, 1988 to June 30, 2005, employees participating in the SCRS were required to contribute 6.0 percent of all compensation. On July 1, 2005 the required employee contribution increased to 6.25 percent.

On July 1, 2007, the required employee contribution increased to 6.50 percent. Effective July 1, 2010, the employer contribution rate became 13.14 percent which included a 3.90 percent surcharge to fund retiree health and dental insurance coverage. The college's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2011, 2010, and 2009, were $2,908,186, $2,799,712, and $2,798,017 respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for the fiscal years 2011, 2010, and 2009. Also, the college paid employer group-life insurance contributions of $47,211, $45,450, and $45,422 for the three most recent fiscal years ending June 30, 2011, 2010, and 2009, respectively, at the rate of 0.15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent which, as for the SCRS, included the 3.50 percent surcharge. The college's actual contributions to the PORS for the years ending June 30, 2011, 2010, and 2009, were $31,266, $22,537, and $21,033, respectively, and equaled the required contributions of 11.13 percent (excluding the surcharge) for the year ending June 30, 2011 and 10.65 percent (excluding the surcharge) for the years ending June 30, 2010 and 2009. Also, the college paid employer group-life insurance contributions of $562, $423, and $395 and accidental death insurance contributions of $562, $423, and $395 for the three most recent fiscal years ending June 30, 2011, 2010, and 2009, respectively, for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by

NOTE 9 - PENSION PLAN(S), continued

investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2011 and 2010.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year 2011, total contribution requirements to the ORP were $799,598 (excluding the surcharge) from Greenville Technical College as employer and $562,488 from its employees as plan members. In addition, the college paid to the SCRS employer group-life insurance contributions of $12,980 in the current fiscal year at the rate of 0.15 percent of compensation. For the fiscal year 2010, total contribution requirements to the ORP were $773,380 (excluding the surcharge) from Greenville Technical College as employer and $544,045 from its employees as plan members. In addition, the college paid to the SCRS employer group-life insurance contributions of $12,555, $12,389 in the two prior fiscal years at the rate of 0.15 percent of compensation.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the college have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI program will be required to make SCRS contributions. Due to the South Carolina Supreme Court Decision in *Layman et.al. v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program prior to July 1, 2005 will not be required to make SCRS contributions.

NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

a. Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for

NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, continued

the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

b. Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded though annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.90 percent of annual covered payroll for 2011 and 3.50 percent of annual covered payroll for 2010. The EIP sets the employer contribution rate based on a pay-as-you-go basis. “Agency” paid approximately $1,575,929 and $1,360,851 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2011 and 2010, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was $3.22 for the fiscal year ended June 30, 2011 and $3.23 for the fiscal year ended June 30, 2010.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 11 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The college is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of college management, there are no material claims or lawsuits against the college that are not covered by insurance or whose settlement would materially affect the college’s financial position.

The college participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the construction of the IT/Logistics Building on the Barton campus, the Animal Science Building on the Northwest campus, and the renovation of the Student Center. The Student Center renovation was completed in the fall of 2010 and was capitalized in the same fiscal year. At June 30, 2011 and June 30, 2010, the college had remaining commitment balances of approximately $4,063,073 and $374,759 respectively on original contracts of $5,923,456 and $2,711,943, respectively with engineering firms and construction contractors. Other projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. There were no remaining commitment balances with certain parties related to these projects at June 30 2011,

NOTE 11 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS, continued

and June 30, 2010. The college anticipates funding these projects out of current resources, current and future bond issues, federal grants, private gifts, student fees, and state capital improvement bond proceeds.

OTHER CAPITAL PROJECTS

Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities.

Unrestricted Net Assets

Planned Uses of Unrestricted Net Assets are as follows:

	6/30/2011	6/30/2010
Operating Reserve	$ 14,405,112	$ 14,225,050
Operating Contingency	850,000	750,000
Encumbrances	667,741	1,172,612
Inventories	3,565,642	3,072,680
Other Construction Project Costs	5,058,192	1,359,954
Total	$ 24,546,687	$ 20,580,296

NOTE 12 - LEASE OBLIGATIONS

Capital Leases

Certificates of Participation

Greenville County entered into a lease-purchase obligation for the building of the Brashier and Greer campuses and issued Certificates of Participation for these projects. The County subleases these facilities to the college for the same cash flows necessary to pay their Certificate obligations. While the lease is contingent upon the annual appropriation of the funds by the County Council for payment of the annual lease payments, the chances of non-appropriation are remote. The college will receive title to the buildings at the end of the lease. The college therefore accounts for this lease as a capital lease.

Lease payments made under this agreement in the year ending June 30, 2011 were $602,797.

On October 8, 2010 the 1995/1998 Certificate of Participation was refunded by Greenville County and replaced with the Series 2010 Refunding Certificate of Participation. This refunding reduced the yearly payments by approximately $140,000 and resulted in a reduction of $1.2 million in total future payments.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

Lease payments made under this agreement in the year ending June 30, 2011 were $847,205. Lease payments for the remainder of the lease are as follows:

2010 Refunding Certificate of Participation		Capital Leases With External Parties
Year Ended June 30		
2012	$	1,048,976
2013		1,052,870
2014		1,046,154
2015		1,049,072
2016		1,046,380
2017-2019		3,147,620
Total Minimum Payments		8,391,072
Less: Interest and Executory Costs		851,072
Present Value of Net Minimum Lease Payments	$	7,540,000

Lease payments made under this agreement in the year ending June 30, 2010 were $1,192,315. Lease payments for the remainder of the lease are as follows:

1995 Certificate of Participation		Capital Leases With External Parties
Year Ended June 30		
2011	$	1,189,850
2012		1,190,310
2013		1,193,410
2014		1,188,850
2015		1,191,338
2016-2019		4,768,962
Total Minimum Payments		10,722,720
Less: Interest and Executory Costs		2,177,720
Present Value of Net Minimum Lease Payments	$	8,545,000

In August, 1999 Greenville County entered into an obligation for the lease-purchase of a portion of a retail shopping center in Greenville and issued Certificates of Participation to cover the purchase price of Greenville Technical College's portion of the purchase. The remainder of the facility was purchased by the Greenville Tech Foundation, Inc. at fair market value. Upon completion of renovations in December, 2000, the Greenville University Center was relocated to this new facility from other premises owned by the college, and subleases the renovated space. The state appropriated funds in the capital bond bill to cover the renovation costs. The State Legislature included in the budget appropriated funds for a portion of the sublease payments for the University Center, which are, in turn, used to pay a portion of the lease payments for the Certificates of Participation and a portion of the operation and maintenance of the portion of the facility subleased by the University Center. The college accounts for this lease as a capital lease.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

These Certificates of Participation were partially refunded by Greenville County on February 23, 2005, with the refunded portion of the Series 1999 being replaced by Series 2005. With this transaction, the combined outstanding principle of the lease was increased by $720,000, and the total future payments under the lease were reduced by $1,167,084.

Lease payments made under this agreement in the year ending June 30, 2011 amounted to $1,348,838.

Lease payments for the remainder of the lease are as follows:

2005 Refunding Certificates of Participation & non refunded protion of 1999

Year Ended June 30	Capital Leases With External Parties
2012	$ 1,345,488
2013	1,345,175
2014	1,343,475
2015	1,343,375
2016	1,345,375
2017-2019	4,039,000
Total Minimum Payments	10,761,888
Less: Interest and Executory Costs	2,265,725
Present Value of Net Minimum Lease Payments	$ 8,496,162

Lease payments made under this agreement in the year ending June 30, 2010 amounted to $1,351,437.

Lease payments for the remainder of the lease are as follows:

2005 Refunding Certificates of Participation & non refunded protion of 1999

Year Ended June 30	Capital Leases With External Parties
2011	$ 1,348,838
2012	1,345,488
2013	1,345,175
2014	1,343,475
2015	1,343,375
2016-2019	5,384,375
Total Minimum Payments	12,110,725
Less: Interest and Executory Costs	2,265,725
Present Value of Net Minimum Lease Payments	$ 9,845,000

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

The carrying value of the property associated with the leases is:

Carrying Value of Assets under Capital Leases	2011 Capital Leases With External Parties	2010 Capital Leases With External Parties
Assets acquired under capital leases		
Land and improvements	$ 5,440,859	$ 5,440,859
Buildings and improvements	$ 26,100,338	$ 26,100,338
Assets acquired under capital leases before accumulated amortization	31,541,197	31,541,197
Less: accumulated amortization	(9,163,663)	(8,500,656)
Assets acquired under capital leases, net	$ 22,377,534	$ 23,040,541

On May 13, 2008 Greenville Technical College entered into a capital lease with the Brashier Middle College, LLC, a wholly owned subsidiary of the Greenville Tech Foundation. The lease began July 1, 2009. The lease is for a 53,000 square foot building which is being constructed by the Brashier Middle College, LLC and financed with Jobs- Economic Development Authority Revenue Bonds. The term of the lease is 30 years; the lease payments will be equal to the debt service of the bonds. At the end of the lease, the building will become the property of the college. The related operating leases are discussed below.

During the fiscal year ending June 30, 2011, lease payments in the amount of $549,398 were made to Brashier Middle College, LLC. During the fiscal year ending June 30, 2010, lease payments in the amount of $585,656 were made to Brashier Middle College, LLC.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

Lease payments for the remainder of the lease are estimated as follows:

Brashier Middle College Lease Estimated Payments Year Ended June 30	Capital Leases With Component Unit
2012	$ 559,676
2013	562,807
2014	560,384
2015	557,730
2016	559,818
2017-2021	2,790,152
2022-2026	2,777,175
2027-2031	2,759,042
2032-2036	2,730,572
2037-2040	2,183,034
Total Minimum Payments	$ 16,040,390
Less: Interest and Executory Costs	7,760,390
Present Value of Net Minimum Lease Payments	$ 8,280,000

Carrying Value of Assets under Capital Leases with Component Units	2011 Capital Leases With Component Units	2010 Capital Leases With Component Units
Assets acquired under capital leases		
Buildings and improvements	$ 8,410,000	$ 8,410,000
Assets acquired under capital leases before accumulated amortization	8,410,000	8,410,000
Less: accumulated amortization	(560,667)	(280,333)
Assets acquired under capital leases, net	$ 7,849,333	$ 8,129,667

Operating Leases

Operating lease payments to external parties were $107,727 and $30,054 for fiscal years 2011 and 2010, respectively.

Greenville Technical College entered into two operating lease agreements on May 13, 2008 related to the construction of the Brashier Middle College building on the Brashier Campus. The first was a ground lease with the Brashier Charter, LLC, a wholly owned subsidiary of the Greenville Tech Foundation (LLC). The LLC leased approximately 5 acres of land on the college's Brashier Campus. The lease payment is $1.00 per year for the 31 year term. The LLC secured an $8.4 million Jobs-Economic Development Authority Revenue Bonds to build a building on the site. The building will be jointly used by the college

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases, continued

and Brashier Middle College, a Charter High School that is currently located on the campus. The lease between the Brashier Middle College, LLC and the college is discussed in Capital Leases above.

The second operating lease is the corresponding sublease with the Brashier Middle College Charter High School to operate and use the facilities for approximately 35 hours per week. The lease payments by Brashier Middle College will be directly related to the debt service. The cost was 37.5 percent for the first year and 50 percent of the debt service for the second year. In years three and beyond, the lease payment will be renegotiated based on a prorated share of the debt service based on the usage of the building.

On May 13, 2008, the college entered into a ground lease with Greenville County Recreation District for 19.49 acres at the college's Northwest campus for a term of 20 years. The County built soccer and baseball fields on the site for use by the community and the college. The annual rent for the land is $1.00

On August 31, 2010, the college, as a licensee of Educational Broadband Service Channels, entered into a long-term lease agreement to lease the excess capacity of the G channel group to Clearwire Spectrum Holdings, III, LLC. This lease was approved by the Federal Communication Commission on September 17, 2010 and became effective October 13, 2010. The college recognized $18,171 in revenue from this lease during the year ended June 30, 2011, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The total anticipated revenue to the college is $1,280,044, based on renewal options and escalation clauses over the maximum 30 year term of the lease.

On August 31, 2010, the college, as a licensee of Educational Broadband Service Channels, entered into a long-term lease agreement to lease the excess capacity of the D channel group to Independent Spectrum Greenville, LLC. This lease was approved by the Federal Communication Commission on November 10, 2010 and became effective December 29, 2010. The college recognized $54,366 in revenue from this lease during the year ended June 30, 2011, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The total anticipated revenue to the college is $6,508,673, based on renewal options and escalation clauses over the maximum 30 year term of the lease.

There were no lease payments to other state agencies or blended component units.

Operating Leases with external parties

At June 30, 2011, liabilities for future years are as follows:

Year Ended June 30	Operating Leases with External Parties
2012	245,769
2013	220,262
2014	220,581
2015	220,912
2016	144,521
Total	$ 1,052,045

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

At June 30, 2010, liabilities for future years are as follows:

Year Ended June 30		Operating Leases with External Parties
2011		25,947
2012		10,325
2013		-
2014		-
2015		-
Total	$	36,272

Facilities Leased to Others at June 30, 2011

		Operating leases with discretely presented component units		Operating leases with external parties
Land and improvements	$	89,740	$	296,931
Buildings and improvements		-		9,174,218
Less: Accumulated Depreciation		-		(1,038,303)
Total Carrying Value	$	89,740	$	8,432,846

Facilities Leased to Others at June 30, 2010

		Operating leases with discretely presented component units		Operating leases with external parties
Land and improvements	$	89,740	$	296,931
Buildings and improvements		-		9,174,218
Less: Accumulated Depreciation		-		(738,864)
Total Carrying Value	$	89,740	$	8,732,285

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2011

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2012	$ 2	$ 463,240
2013	2	418,144
2014	2	418,144
2015	2	418,144
2016	2	440,227
2017-2021	10	2,307,754
2022-2026	10	2,538,147
2027-2031	10	2,768,485
2032-2036	9	3,067,541
2037-2040	2	2,915,024
Total	$ 51	$ 15,754,850

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2010

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2011	$ 2	$ 327,290
2012	2	276,002
2013	2	276,002
2014	2	276,002
2015	2	276,002
2016-2020	10	1,380,010
2021-2025	10	1,380,010
2026-2030	10	1,380,008
2031-2035	10	1,380,001
2036-2039	2	1,104,000
Total	$ 52	$ 8,055,327

NOTE 13 - SHORT-TERM DEBT

The college had no short-term debt during the year ended June 30, 2011 or the year ended June 30, 2010.

NOTE 14 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2011, are summarized as follows:

Payables:	2011	2010
Accounts Payable Trade	$ 1,967,617	$ 827,203
Student Refunds	17,793	21,847
Accrued bond interest payable	309,671	414,099
Indirect Costs Payable	13,188	27,542
Total Accounts Payable	$ 2,308,269	$ 1,290,691
State Retirement withholding payable	580,046	$ 560,909
Other withholdings	24,147	2,487
Total Payroll Liabilities	$ 604,193	$ 563,396

NOTE 15 – BONDS AND NOTES PAYABLE

Bonds Payable

Bonds payable consisted of the following at June 30, 2011:

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2002	3.5% to 5.0%	4/1/2012	$ 5,875,000	$ 245,000
Series 2005	3.5% to 4.4%	4/1/2026	11,565,000	9,335,000
Series 2005A	3.5% to 4.4%	4/1/2024	7,430,000	6,340,000
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	3,760,000
Total Bonds Payable			$ 29,070,000	$ 19,680,000

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

Bonds payable consisted of the following at June 30, 2010:

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2002	3.5% to 5.0%	4/1/2012	$ 5,875,000	$ 480,000
Series 2005	3.5% to 4.4%	4/1/2026	11,565,000	9,805,000
Series 2005A	3.5% to 4.4%	4/1/2024	7,430,000	6,640,000
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	3,915,000
Total Bonds Payable			$ 29,070,000	$ 20,840,000

The Series 2005 bonds were used for the construction of a building on its Northwest Campus that was partially funded by a $2,000,000 grant from the Economic Development Administration (EDA). As a condition of the grant, the college entered into a twenty year mortgage agreement on the property with the EDA. The mortgage creates a contingent liability that would be imposed in the event that Greenville Technical College acted in a manner prohibited by the award. According to the agreement, the college may not transfer or convey, including leasing the property, without the written consent of the EDA. The college must maintain insurance coverage and must keep the property in good condition. The possibility of this mortgage resulting in a liability for the college is remote. Therefore, the contingent liability is not reflected in the college's financial statements.

The college amortizes bond issue or refinance costs over the remaining life of the bonds. The book value of these costs at June 30, 2011 is as follows:

Bond Issue and Refinance Costs	June 30, 2010	Additions	Expense Amortized 2011	June 30, 2011
2005 General Oblication Bond	$ 45,500		$ 3,250	$ 42,250
Certification of Participation Refinance	432,000		63,278	368,722
1998 and 2002 General Obligation Bond Refinance	247,500		16,500	231,000
2007 General Obligation Bond	67,500		3,750	63,750
2010 Certificate of Participation	-	137,500	15,278	122,222
Total Bond Issue and Refinance Costs	$ 792,500	$ 137,500	$ 102,056	$ 827,944

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

The college amortizes bond issue or refinance costs over the remaining life of the bonds. The book value of these costs at June 30, 2010 is as follows:

Bond Issue and Refinance Costs	June 30, 2009	Additions	Expense Amortized 2010	June 30, 2010
2005 General Oblication Bond	$ 48,750		$ 3,250	$ 45,500
Certification of Participation Refinance	480,000		48,000	432,000
1998 and 2002 General Obligation Bond Refinance	264,000		16,500	247,500
2007 General Obligation Bond	71,250		3,750	67,500
Total Bond Issue and Refinance Costs	$ 864,000	$ -	$ 71,500	$ 792,500

The college recognized a liability for prepaid interest related to the refinance of the 1999 Certificates of Participation. This revenue is recognized annually over the life of the refinance. In October 2010 the 1999 Certificate of Participation was refunded and therefore the remaining revenue was recognized in fiscal year 2011. A summary of the activity for the fiscal year ended June 30, 2011 is as follows:

Revenue from Refinance	June 30, 2010	Interest Income Recognized 2011	June 30, 2011
Deferred Revenue - 1999 Certificate of Participation	$ 168,097	168,097	0

A summary of the activity for the fiscal year ended June 30, 2010 is as follows:

Revenue from Refinance	June 30, 2009	Interest Income Recognized 2010	June 30, 2010
Deferred Revenue - 1999 Certificate of Participation	$ 186,775	18,678	168,097

Greenville County bonds are general obligation bonds of the County and are backed by the full faith, credit and taxing power of the County. The County supports the operations of the college with annual appropriations sufficient to meet the annual debt service requirements of the bonds.

The scheduled maturities of the bonds payable by type at June 30, 2011 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2012	$ 1,200,000	804,382	2,004,382
2013	1,225,000	759,557	1,984,557
2014	1,270,000	712,208	1,982,208
2015	1,325,000	663,107	1,988,107
2016	1,370,000	609,207	1,979,207
2017-2021	6,525,000	2,219,777	8,744,777
2022-2026	6,180,000	896,479	7,076,479
2027-2028	585,000	39,469	624,469
Total	$ 19,680,000	6,704,188	26,384,188

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

The scheduled maturities of the bonds payable by type at June 30, 2010 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2011	$ 1,160,000	847,707	2,007,707
2012	1,200,000	804,382	2,004,382
2013	1,225,000	759,557	1,984,557
2014	1,270,000	712,208	1,982,208
2015	1,325,000	663,107	1,988,107
2016-2020	6,640,000	2,486,937	9,126,937
2021-2025	6,355,000	1,165,107	7,520,107
2026-2028	1,665,000	112,889	1,777,889
Total	$ 20,840,000	7,551,894	28,391,894

Notes Payable

The college had no notes payable at the year ended June 30, 2011 or the year ended June 30, 2010.

NOTE 16 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 follows:

	June 30, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 20,840,000		1,160,000	19,680,000	1,200,000
Capital Lease Obligations	26,800,000	8,290,000	10,370,000	24,720,000	1,970,000
Accrued Compensated Absences	3,385,282	1,700,809	1,546,171	3,539,920	339,478
Total Long-Term Liabilities	$ 51,025,282	9,990,809	13,076,171	47,939,920	3,509,478

Long-term liability activity for the year ended June 30, 2010 follows:

	June 30, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 21,955,000	-	1,115,000	20,840,000	1,160,000
Capital Lease Obligations	20,065,000	8,410,000	1,675,000	26,800,000	1,860,000
Accrued Compensated Absences	3,239,014	1,672,872	1,526,604	3,385,282	323,633
Total Long-Term Liabilities	$ 45,259,014	10,082,872	4,316,604	51,025,282	3,343,633

Additional information regarding Bonds Payable is included at Note 15, and additional information regarding Capital Lease Obligations is included at Note 12.

NOTE 17 - RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the college exist primarily to provide financial assistance and other support to the college and its educational program. Financial statements for these entities are audited by independent auditors and retained by them. They include the Greenville Tech Foundation, Inc. The activities of these entities are not included in the college's financial statements. However, the college's statements include transactions between the college and these related parties.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB 39. Because of the nature and the significance of its relationship with the college, the Foundation is considered a component unit of the college.

Following is a more detailed discussion of the Foundation and a summary of significant transactions between this entity and the college for the year ended June 30, 2011.

The Greenville Tech Foundation, Inc.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the college. The Foundation's activities are governed by its Board of Directors.

The college recorded non-governmental gifts receipts of $124,485 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2011 and $138,146 for the fiscal year ended June 30, 2010.

These funds were used to support college programs such as scholarships. The Foundation reimburses the college for any purchases made by the college on behalf of the Foundation.

The Foundation's net assets as of June 30, 2011 were $9,263,353. The Foundation's net assets as of June 30, 2010 were $7,501,631.

Related party receivables and payables as of June 30, 2011 and June 30, 2010 are as follows:

	June 30, 2011	June 30, 2010
Due from the Foundation	$ -	$ 15,463
Due to the Foundation	$ -	$ -

NOTE 18 - RISK MANAGEMENT

The college is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

Unemployment compensation benefits
Worker's compensation benefits for job-related illnesses or injuries
Health and dental insurance benefits
Long-term disability and group-life insurance benefits

NOTE 18 - RISK MANAGEMENT, continued

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The college and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

Theft, damage to, or destruction of assets
Real property, its contents, and other equipment
Motor vehicles and watercraft
Torts
Natural disasters
Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The college obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 19 – REVENUES

Revenues for tuition and fees and auxiliary enterprise services are shown in the statement of Revenues, Expenses and Changes in Net Assets, net of scholarship allowances and bad debt expense. The detail is as follows:

	2011	2010
Total Student Tuition and Fees	54,860,467	55,570,140
Less: Scholarship Allowance	(24,955,811)	(23,423,766)
Less: Bad Debt Expense	(878,875)	(1,838,859)
Student Tuition and Fees, net	$ 29,025,781	$ 30,307,515
Auxiliary Enterprises Revenue	9,074,341	8,979,192
Less: Scholarship Allowance	(3,163,160)	(2,740,291)
Less: Bad Debt Expense	(144,389)	(290,834)
Auxiliary Enterprises, net	$ 5,766,792	$ 5,948,067

NOTE 20 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2011 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 30,826,110	7,890,813	-	-	6,869,293	-	45,586,216
Academic Support	6,074,118	1,745,048	-	-	2,872,767	-	10,691,933
Student Services	3,724,741	1,065,656	-	-	2,316,271	-	7,106,668
Operation and Maintenance of Plant	3,342,952	794,866	-	2,842,110	4,208,466	-	11,188,394
Institutional Support	3,620,838	1,054,402	-	-	2,894,572	-	7,569,812
Scholarships & Fellowships	-	-	20,936,713	-	-	-	20,936,713
Auxiliary Enterprises	286,497	56,345	-	-	7,476,711	-	7,819,553
Depreciation	-	-	-	-	-	5,853,045	5,853,045
Total Operating Expenses	$ 47,875,256	12,607,130	20,936,713	2,842,110	26,638,080	5,853,045	116,752,334

Operating expenses by functional classification for the year ended June 30, 2010 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 29,394,993	7,165,430	-	-	6,679,667	-	43,240,090
Academic Support	6,832,797	1,903,530	-	-	3,125,580	-	11,861,907
Student Services	3,872,739	1,048,140	-	-	1,819,242	-	6,740,121
Operation and Maintenance of Plant	3,484,141	768,242	-	2,730,827	2,987,587	-	9,970,797
Institutional Support	3,354,841	981,243	-	-	1,043,317	-	5,379,401
Scholarships & Fellowships	-	-	19,405,001	-	-	-	19,405,001
Auxiliary Enterprises	299,011	57,986	-	-	7,169,267	-	7,526,264
Depreciation	-	-	-	-	-	4,908,497	4,908,497
Total Operating Expenses	$ 47,238,522	11,924,571	19,405,001	2,730,827	22,824,660	4,908,497	109,032,078

NOTE 21 – STATEMENT OF ACTIVITIES

REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES
FOR INCLUSION IN STATE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2011

	2011	2010	Increase/ (Decrease)
Charges for services	$ 53,296,070	$ 55,660,754	$ (2,364,684)
Operating grants and contributions	51,256,724	42,008,419	9,248,305
Other Operation Revenue	1,059,622	927,181	132,441
Capital grants and contributions		-	-
Less: expenses	(118,489,561)	(111,629,887)	(6,859,674)
Net program revenue (expense)	(12,877,145)	(13,033,533)	156,388
Transfers:			
State appropriations	15,033,690	17,595,128	(2,561,438)
State capital appropriations	614,729	824,512	(209,783)
Other transfers in from state agencies/ funds	7,200	41,052	(33,852)
Total general revenue and transfers	15,655,619	18,460,692	(2,805,073)
Change in net assets	2,778,474	5,427,159	(2,648,685)
Net assets-beginning	82,543,983	77,116,824	5,427,159
Net assets-ending	$ 85,322,457	$ 82,543,983	$ 2,778,474

NOTE 22 – TRANSACTIONS WITH OTHER AGENCIES

The college had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION

The college incurred expenditures of $5,755,768 during fiscal year 2011 and $819,970 during fiscal year 2010 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the college via pass-through funding from the U.S Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), U.S. Department of Energy (State Energy Program), and U.S. Department of Social Services (Childcare Career Development). The schedules below list the individual funds and expenses by functional classification.

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION, continued

Fund	Funds Expensed Through June 30, 2011	Funds Expensed Through June 30, 2010
ARRA - Federal College Work Study	$ -	$ 122,250
ARRA - Solar Energy Training Center	18,936	411
ARRA - Geothermal Training Center	6,477	-
ARRA - Stabilization Funds	5,142,789	91,252
ARRA - SEP Energy Project	58,591	150,540
ARRA - BTOP Broadband Technology	202,323	4,984
ARRA - QuickJobs Adult Program	85,721	-
ARRA - QuickJobs Youth Activities	-	79,607
ARRA - QuickJobs Dislocated Workers	38,450	108,152
ARRA - Childcare Career Development	196,933	255,316
ARRA - ABC Material Grant	39	7,458
ARRA - ABC Child Care Program	5,509	-
Total expenditures incurred	$ 5,755,768	$ 819,970

Expenses by functional classification for the year ended June 30, 2011 are shown below.

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	$ 48,199	10,971	-	-	342,873	-	$ 402,043
Academic Support	10,670	2,650	-	-	200,514	-	213,834
Student Services	-	-	-	-	1,435	-	1,435
Operation and Maintenance of Plant	-	-	-	-	2,050,256	-	2,050,256
Institutional Support	-	-	-	-	3,039,962	-	3,039,962
Scholarships & Fellowships	-	-	48,238	-	-	-	48,238
Auxiliary Enterprises	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Non-Operating Stabilization Expenses	$ 58,869	13,621	48,238	-	5,635,040	-	$ 5,755,768

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION, continued

Expenses by functional classification for the year ended June 30, 2010 are shown below.

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	$ 207,279	17,511	-	-	348,404	-	$ 573,194
Academic Support	3,893	1,091	-	-	83,692	-	88,676
Student Services	-	-	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	158,100	-	158,100
Institutional Support	-	-	-	-	-	-	-
Scholarships & Fellowships	-	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Non-Operating Stabilization Expenses	$ 211,172	18,602	-	-	590,196	-	$ 819,970

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION

The college's component unit, Greenville Tech Foundation, Inc. is a separate legal entity. The Foundation issues its own audited financial statements. The consolidated statements of financial position and statement of activities are shown on pages 22, and 23-24, respectively. Following are the footnotes associated with those statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Greenville Tech Foundation, Inc. (the "Foundation") was founded in 1973 in Greenville, South Carolina as an eleemosynary organization. The primary objective of the Foundation is to support education at Greenville Technical College (the "College") through financial assistance to the College and its students. During December 2002, the Foundation formed a wholly owned subsidiary, GTF McAlister, LLC to manage the daily operations of the McAlister Square facility. In 2004, the Foundation formed a wholly owned subsidiary, GTF Student Housing, LLC. This subsidiary is responsible for the building and maintenance of student housing on the Greenville Technical College campus. Student housing opened during the fall semester of 2006. During 2008, the Foundation formed a wholly owned subsidiary, Brashier Charter, LLC. This subsidiary is responsible for the construction of a classroom building and gymnasium on the Brashier Campus of Greenville Technical College. Construction began on this project in the fall of 2008, and the building opened in August 2009. In April 2010, the Foundation formed a wholly owned subsidiary, New Economic Opportunity Network, LLC ("NEON"). The mission of NEON is to assist community and economic development in South Carolina using the Federal New Markets Tax Credit program.

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenditures are recognized when incurred.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, any income from activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Foundation is classified by the Internal Revenue Service as a Section 509(a)(3) functionally integrated Type III supporting organization. Tax exempt status arises from the fact that the Foundation's sole reason for existence is as a support organization for Greenville Technical College.

NEON is a C-Corporation and is subject to income taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. No provision for income taxes has been recorded in the accompanying financial statements.

The Financial Accounting Standards Board ("FASB") has updated generally accepted accounting principles (GAAP) to clarify the accounting for uncertainty in income taxes recognized in a Foundation's financial statements. GAAP now prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, and disclosure.

Management has evaluated the tax positions of the Foundation and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the years ended June 30, 2011 and 2010. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, the Foundation is no longer subject to income tax examinations by the U. S. federal, state or local tax authorities for years before 2007.

Principles of Consolidation: The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries, GTF McAlister, LLC, GTF Student Housing, LLC, Brashier Charter, LLC and New Economic Opportunity Network, LLC. All material intra-entity accounts and transactions have been eliminated.

Accounting for Contributions: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by action of the Foundation and/or passage of time.
- Permanently restricted net assets - Net assets required by the donor to be held in perpetuity.

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.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period 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 and equipment other than cash are recorded at their estimated fair value.

During the years ended June 30, 2011 and 2010, the Foundation did not capitalize any donations of property and equipment received. The Foundation received noncash equipment donations of $210,537 and $752,858 during the years ended June 30, 2011 and 2010, respectively. The noncash equipment contributions were in turn used by Greenville Technical College and are reported in Equipment purchases/gifts-in-kind in the Consolidated Statement of Activities - Program Expenses - College Support for the years ended June 30, 2011 and 2010.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Foundation considers cash accounts which are not subject to withdrawal restrictions or penalties, money market accounts and certificates of deposit with original maturities of 90 days or less to be cash and cash equivalents.

Investments: In accordance with FASB ASC 958-320 Not-for-Profit Entities Investments – Debt and Equity Securities, the Foundation records investments at fair value. Realized and unrealized gains and losses are reported on the consolidated statements of activities. See Note S for discussion of fair value measurements.

Accounts Receivable: GTF McAlister, LLC's management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

GTF Student Housing, LLC leases housing units to students of Greenville Technical College. The subsidiary's accounts receivable are due from the students and are generally uncollateralized. Management closely monitors outstanding accounts receivable and establishes an allowance for doubtful accounts for any balances that are determined to be uncollectible. As of June 30, 2011 and 2010, the subsidiary established an allowance for doubtful accounts in the amount of $53,022 and $57,150, respectively.

Student Loans Receivable: Student loans receivable are unsecured short-term loans made to College students typically for periods of 2 to 6 months. These loans bear no interest if paid on a timely basis. If payments are late, the loans bear 1.5% interest monthly as well as a one-time late fee in the first late month. In management's opinion, no allowance for uncollectible student loans receivable is necessary.

Pledges Receivable: Pledges receivable are recorded when the donor makes a promise to give. In management's opinion, no allowance for uncollectible pledges receivable is necessary.

Charitable Remainder Trusts Receivable: Charitable remainder trusts represent assets that are currently held in trust for the benefit of designated income beneficiaries. Upon the death of the beneficiaries or designation by the agreement, the assets held in trust will be distributed to the Foundation based upon the provisions of the trust, principally for unrestricted use. The value of assets and liabilities of the charitable remainder trusts is estimated using a discount rate for each individual trust. Under these trusts, the Foundation is not the trustee. Therefore, a receivable is recorded based on the current fair value of the assets in the trust in the year in which the Foundation is notified of the gift's

NOTE 24 – COMPONENT UNIT INFORMATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

existence. The receivable is adjusted to the net present value based on expected growth, payouts and discount rate over the expected lives of the creators.

Property and Equipment: The Foundation follows the practice of capitalizing all purchases for land, building and equipment in excess of $1,000. The fair value of any donated land, buildings and equipment is similarly capitalized. Donations of equipment consisting of auto and aircraft parts used in the maintenance programs at the college are generally not capitalized due to the nature and use of these items. Instead, the parts are recorded as college support expense. The cost of buildings, leasehold improvements and equipment is depreciated over the estimated useful lives of the related assets.

Depreciation is computed using the straight-line method as follows:

Buildings and leasehold improvements	40 years
Furniture and fixtures, equipment, automobiles and aircraft	3 -10 years

Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions for cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of the 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 (when the stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Transfers: Transfers primarily consist of changes received from donors as to donor-imposed stipulations and contribution reclassification for establishment of endowments when contributed amounts meet the endowment criteria for required funding levels.

Use of Estimates: The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain amounts from the prior year have been reclassified during the current year for ease of comparison on the financial statements. These reclassifications resulted in no change to the previously reported net assets or changes in net assets of the Foundation.

Subsequent Events: Management has evaluated subsequent events through September 1, 2011, which is the date that these financial statements were available to be issued.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

B. RESTRICTED CASH

In relation to the Student Housing construction project, the financial institution required the Foundation to establish a Capital Repairs, Replacement and Maintenance Fund with the financial institution. Monies are deposited into this fund on a monthly basis to fund the cost of capital expenditures associated with the operations of the project. Disbursements from this capital fund shall be approved by the financial institution prior to any disbursements to the Foundation. At June 30, 2011 and 2010, cash restricted for this purpose totaled $305,947 and $239,710, respectively.

Student Housing restricted cash also includes funds received as security deposits paid by tenants totaling $32,211 and $75,553 at June 30, 2011, and 2010, respectively.

In relation to the Brashier Charter, LLC Economic Development Revenue Bonds (Note M), the financial institution required the Foundation to maintain a debt service account to cover the minimum debt service payments on the bonds. At June 30, 2011 and 2010, cash restricted for this purpose totaled $147,160 and $142,109, respectively. Additionally, the Foundation was required to establish a Capital Repairs, Replacement and Maintenance Fund with a financial institution. Monies are deposited into this fund on a monthly basis to fund the cost of capital expenditures associated with the operations of the project. At June 30, 2011 and 2010, cash restricted for this purposes totaled $10,542 and $5,246, respectively.

The Foundation is holding cash balances restricted-by donors in the amount of $762,510 and $654,196 as of June 30, 2011 and 2010, respectively. The Foundation also holds restricted cash funds of $813,152 and $172,128 as of June 30, 2011 and 2010, respectively, in its investment accounts.

C. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, plus an unlimited amount on non interest bearing accounts. The cash balances held in broker accounts are insured by the Securities Investor Protection Corporation to a maximum of $100,000. At times the Foundation's cash balances on deposit at these financial institutions are in excess of the federally insured limits.

D. PLEDGES RECEIVABLE

The pledges receivable are unconditional and due over five years. Uncollectible promises are expected to be insignificant. Pledges are discounted using a net present value calculation and an effective rate of 3.50%.

Unconditional promises to give as of June 30 are:

	2011	2010
Receivable in less than one year	$ 46,650	$ 31,106
Receivable in one to five years	39,783	14,779
	86,433	45,885
Less: discount to net present value	(5,388)	(848)
Pledges receivable (net)	$ 81,045	$ 45,037

NOTE 24 – COMPONENT UNIT INFORMATION, continued

E. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2011	2010
Accounts receivable, trade	$ 45,755	$ 35,818
Student housing leases receivable	263,591	139,114
Less: Allowance for loss	(53,022)	(57,150)
Accounts receivable (net)	$ 256,324	$ 117,782

F. CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation is the owner and beneficiary of several life insurance policies with aggregate cash surrender values of $32,736 and $28,544 at June 30, 2011 and 2010, respectively.

G. CHARITABLE REMAINDER TRUSTS RECEIVABLE

The Foundation is the beneficiary of several charitable remainder trusts with aggregate values of $118,049 and $150,826 at June 30, 2011 and 2010, respectively. During the year, one of the trusts reached the termination of its annuity period, resulting in cash paid to the Foundation in the amount of $453,548.

H. INVESTMENTS

Investments of the Foundation are recorded at fair value as determined by quoted market prices.

The fair values and respective cost basis of investments at June 30, 2011 and 2010 are as follows:

	2011			2010		
	Fair Value	Cost	Unrealized Appreciation / (Depreciation)	Fair Value	Cost	Unrealized Appreciation / (Depreciation)
US Government securities	$ 966,379	$ 929,592	$ 36,787	$ 1,143,865	$ 1,077,476	$ 66,389
Mutual funds	691,239	638,209	53,030	588,043	545,626	42,417
Corporate bonds	785,438	737,399	48,039	794,207	728,499	65,708
Mortgage backed securities	363,343	231,192	132,151	352,102	331,394	20,708
Common stocks	2,309,725	1,931,082	378,643	1,536,654	1,585,957	(49,303)
	$ 5,116,124	$ 4,467,474	$ 648,650	$ 4,414,871	$ 4,268,952	$ 145,919

The composition of the investment return for the years ended June 30, 2011 and 2010:

	2011	2010
Interest and dividends	$ 201,314	$ 256,893
Fees	(44,040)	(70,295)
Unrealized/realized gains (losses)	542,288	259,525
	$ 699,562	$ 446,123

NOTE 24 – COMPONENT UNIT INFORMATION, continued

I. ENDOWMENT

The Foundation's endowment funds consist of approximately 111 individual funds established for a variety of purposes.

The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2011:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 1,536,847	$ 249,011	$ 3,703,590	$ 5,489,448

Endowment Net Asset Composition by Type of Funds as of June 30, 2010:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 1,272,496	$ (68,499)	$ 3,293,549	$ 4,497,546

Changes in Endowment Net Assets for the Year Ended June 30:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment net assets, June 30, 2009	$ -	$ 1,420,538	$ (265,766)	$ 3,246,905	$ 4,401,677
Investment return:					
Investment income (loss), net	-	43,213	85,510	-	128,723
Change in value of CSV and CRUTs	-	(87,247)	(444)	-	(87,691)
Net appreciation (depreciation) realized and unrealized	-	52,527	164,843	-	217,370
Contributions	-	4,428	-	46,644	51,072
Appropriations of endowment assets for expenditure	(213,555)	-	-	-	(213,555)
Net Assets released from restrictions	213,555	(160,963)	(52,592)	-	-
Endowment net assets, June 30, 2010	-	1,272,496	(68,449)	3,293,549	4,497,596
Investment return:					
Investment income (loss), net	-	29,899	91,922	-	121,821
Change in value of CSV and CRUTs	-	423,177	(57)	-	423,120
Net appreciation (depreciation) realized and unrealized	-	112,151	332,558	-	444,709
Contributions	-	2,750	-	335,664	338,414
Transfers	-	-	-	74,377	74,377
Appropriations of endowment assets for expenditure	(410,589)	-	-	-	(410,589)
Net Assets released from restrictions	410,589	(303,626)	(106,963)	-	-
Endowment net assets, June 30, 2011	$ -	$ 1,536,847	$ 249,011	$ 3,703,590	$ 5,489,448

NOTE 24 – COMPONENT UNIT INFORMATION, continued

I. ENDOWMENT, continued

Interpretation of relevant law

During 2008 the South Carolina Legislature enacted the South Carolina Uniform Prudent Management of Institutional Funds Act. The Board of Directors has interpreted this act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Greenville Tech Foundation, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the South Carolina Uniform Prudent Management of Institutional Funds Act. In accordance with this act, the organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Greenville Tech Foundation, Inc. and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that achieve a target rate of return of 5% net of fees.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that seeks to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 4 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with Greenville Tech Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

J. INTANGIBLE ASSETS

In July of 2008, Brashier Charter, LLC was granted variable rate Economic Development Revenue bonds of $8,410,000 by the South Carolina Jobs - Economic Development Authority to construct a classroom building and gymnasium on the Brashier Campus of Greenville Technical College. Bond issuance costs of $189,600 were reimbursed by the bond proceeds and will be amortized over the life of the bonds.

Effective March 1, 2010, GTF Student Housing, LLC's Economic Development Revenue Bonds were converted to a note payable, and the remaining unamortized balance of the bond issuance costs of $436,170 was written off as a cost of financing. Loan costs related to the note payable of $107,241 were capitalized and will be amortized over the life of the note.

The Foundation's loan costs consisted of the following at June 30, 2011 and 2010:

	2011	2010
Loan Costs	$ 296,841	$ 296,841
Less: Accumulated Amortization	(24,565)	(14,038)
	$ 272,276	$ 282,803

Amortization for the years ended June 30, 2011 and 2010 was $10,527 and $24,820, respectively.

Future amortization expense of these loan costs for the years ending June 30 are:

2012	$ 10,498
2013	10,498
2014	10,498
2015	10,498
2016	10,498
Thereafter	219,786
	$ 272,276

K. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2011:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	Consolidated
Furniture and fixtures	$ 4,000	$ -	$ 731,713	$ -	$ 735,713
Equipment	425,520	36,409	-	-	461,929
Automobiles and aircraft	107,000	-	-	-	107,000
Buildings	-	2,198,633	15,256,202	8,280,396	25,735,231
Leasehold improvements	-	5,686,875	-	-	5,686,875
Land	621,056	-	-	-	621,056
	1,157,576	7,921,917	15,987,915	8,280,396	33,347,804
Less: Accumulated depreciation	501,281	2,391,076	2,226,213	378,343	5,496,913
	$ 656,295	$ 5,530,841	$ 13,761,702	$ 7,902,053	$ 27,850,891

NOTE 24 – COMPONENT UNIT INFORMATION, continued

K. PROPERTY AND EQUIPMENT, continued

The following is a summary of property and equipment at June 30, 2010:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	Consolidated
Furniture and fixtures	$ 4,000	$ -	$ 709,470	$ -	$ 713,470
Equipment	425,520	36,409	-	-	461,929
Automobiles and aircraft	107,000	-	-	-	107,000
Buildings	-	2,198,833	15,242,756	8,280,396	25,721,985
Leasehold improvements	-	5,282,909	-	-	5,282,909
Land	621,056	-	-	-	621,056
Land held for sale	55,000	-	-	-	55,000
Work-in-progress	-	24,290	-	-	24,290
	1,212,576	7,542,441	15,952,226	8,280,396	32,987,639
Less: Accumulated depreciation	443,496	2,082,744	1,736,527	171,334	4,434,101
	$ 769,080	$ 5,459,697	$ 14,215,699	$ 8,109,062	$ 28,553,538

Depreciation expense for the years June 30, 2011 and 2010 was $1,067,021 and $1,063,004, respectively.

During the year ended June 30, 2010, the Foundation recognized an impairment loss on the land held for sale at June 30, 2010. The original carrying value of the land was $660,000; however, based on an appraisal performed by a certified appraiser during 2010, the value of the land was determined to be $55,000, resulting in a $605,000 impairment loss. During 2011, the land was sold to Greenville Technical College for $55,000 per permission granted by the State Budget and Control Board.

During the year ended June 30, 2010, the Foundation entered into a construction contract to complete roof work through its GTF McAlister, LLC subsidiary in the amount of $433,933. Greenville Technical College reimburses the Foundation for two-thirds of all maintenance expenses as part of the common area maintenance fees it pays to the College. The Foundation capitalized a total of $143,209 of the cost which represented their portion of the billed cost for the roof repairs. At June 30, 2011, the project was complete and all reimbursement had been received from Greenville Technical College.

L. NOTES PAYABLE

	2011	2010
Note payable to a bank by GTF McAlister, LLC; due in monthly principal payments of $20,834 plus interest at LIBOR plus 1.50% (approximately 1.69% and 1.85% at June 30, 2011 and 2010, respectively); matures October 1, 2013; secured by all McAlister Square property and equipment.	$ 2,360,586	$ 2,610,593
Note payable to a contractor by Brashier Charter, LLC; due in full February 1, 2011; the note did not bear any interest at june 30, 2010.	-	63,513
Note payable to a bank by GTF Student Housing, LLC; due in monthly installments of principal plus interest at 67% of 1-month LIBOR plus 3.00% (approximately 2.14% and 2.25% at June 30, 2011 and 2010, respectively); matures November 1, 2035; secured by mortgage.	13,800,000	14,290,000
	$ 16,160,586	$ 16,964,106

NOTE 24 – COMPONENT UNIT INFORMATION, continued

L. NOTES PAYABLE, continued

Provisions of the above bank debt agreements require the Foundation to maintain certain financial ratios such as debt service ratios, establish bank accounts for capital repairs, replacement and maintenance and debt service and certain other covenants which require or restrict other actions.

The future maturities of debt are as follows for years ending June 30:

2012	$	615,008
2013		630,008
2014		2,255,570
2015		415,000
2016		430,000
Thereafter		11,815,000
	$	16,160,586

M. BONDS PAYABLE

Economic Development Revenue Bonds of $8,410,000 were issued to the Foundation through Brashier Charter, LLC by the South Carolina Jobs - Economic Development Authority (JEDA) to construct a charter high school on one of the Greenville Tech College campuses. The bonds bear interest at a variable weekly rate determined by the issuing bank's remarketing agent. The interest rate was 0.58% and 0.48% at June 30, 2011 and 2010, respectively. The agreement requires annual sinking fund payments of principal plus interest ranging from approximately $318,097 to $538,653 which began July 7, 2010, when the amount deposited into the capitalized interest account was depleted. Payments for the year ended June 30, 2011 total $424,985. Sinking fund payments will continue through maturity on December 1, 2038. As disclosed in Note N, the Foundation was required to obtain an irrevocable letter of credit in connection with the issuance of the bonds as security for payment of principal and interest on the bonds. The balance of these bonds payable totaled $8,280,000 and $8,410,000 as of June 30, 2011 and 2010, respectively.

Schedule of maturities for years ending June 30:

2012	$	135,000
2013		145,000
2014		150,000
2015		155,000
2016		165,000
Thereafter		7,530,000
	$	8,280,000

N. LETTERS OF CREDIT

The Foundation, through its subsidiary, Brashier Charter, LLC, has available an irrevocable letter of credit from a financial institution in the amount of $8,280,000. This letter of credit was obtained as part of the issuance of the Economic Development Revenue Bonds discussed in Note M. The letter of credit provides security for the payment of principal and interest on the bonds. The amount supporting principal is $8,280,000 and the amount supporting an interest component of up to forty days is $90,740. The letter

NOTE 24 – COMPONENT UNIT INFORMATION, continued

N. LETTERS OF CREDIT, continued

of credit is collateralized by the building constructed by the bond proceeds. The letter expires July 10, 2013 and may be renewed or extended upon approval of request made by the financial institution.

Brashier Charter, LLC, through the letter of credit is subject to maintaining a debt service coverage ratio as determined by the issuing financial institution.

O. SWAP AGREEMENTS

The Foundation through GTF McAlister, LLC, GTF Student Housing, LLC and Brashier Charter, LLC subsidiaries used variable-rate debt to finance its mortgage on the McAlister property, the 2005 Economic Development Revenue Bonds for the construction of student housing on the Greenville Tech College campus, and to finance the 2008 Economic Development Revenue Bonds for the construction of the charter high school on the Greenville Tech College Brashier campus (See Note M). The debt obligations expose the Foundation to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps changed the variable-rate cash flows exposure on the debt obligations to fixed-cash flows. Under the terms of the interest rate swaps, the Foundation receives variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt.

By using a derivative financial instrument to hedge its exposure to changes in interest rates, the Foundation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Foundation, which creates credit risk for the Foundation. When the fair value of the derivative contract is negative, the Foundation owes the counterparty and, therefore, it does not possess credit risk. The Foundation minimizes the credit risk in derivative instruments by entering into transactions with high quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

The Foundation entered into a $1,250,000 U. S. Dollar Swap Transaction with a bank with an effective date of October 1, 2003, and a termination date of October 1, 2013. The swap was executed with the purpose of fixing the rate on the mortgage. Under the terms of the agreement, the Foundation pays a fixed rate of 5.7% to Wells Fargo Bank on a monthly basis and, in return, Wells Fargo Bank pays the Foundation a variable rate equal to LIBOR plus 1.5%. At June 30, 2011 and 2010, the swap contract had an original notional amount of $1,250,000 and a current notional amount of $291,636 and $416,640, respectively. The difference between the interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

On November 15, 2005, the Foundation entered into an $8,150,000 U. S. Dollar Swap Transaction with an effective date of November 2, 2006, and a termination date of December 1, 2010. This contract was amended on November 27, 2007 and has a maturity date of December 1, 2017. The swap was executed with the purpose of fixing the rate on the bonds issued by the South Carolina Jobs - Economic Development Authority (JEDA). The JEDA bonds were converted to a note payable with SunTrust effective March 1, 2010. As part of this conversion, the interest rate swap was also amended February 4, 2010, and has a maturity date of December 1, 2017. Under the terms of the agreement, the Foundation paid a fixed rate of 3.68% per annum through December 6, 2007, a fixed rate of 3.64% per annum through February 4, 2010, and thereafter a fixed rate of 3.66% per annum to SunTrust Bank on a monthly basis, and in return, SunTrust Bank pays the Foundation a variable rate equal to 67% of USD-LIBOR one

NOTE 24 – COMPONENT UNIT INFORMATION, continued

O. SWAP AGREEMENTS, continued

London Banking Day preceding the one month rate. At June 30, 2011 and 2010, the swap contract had an original notional amount of $11,726,250, and current notional amounts of $11,329,687 and $11,628,734, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

On July 10, 2008, the Foundation entered into an $8,410,000 U. S. Dollar Swap Transaction with an effective date of July 10, 2008, and a termination date of December 1, 2038. The swap was executed with the purpose of fixing the rate on the bonds issued by the South Carolina Jobs - Economic Development Authority (JEDA). Under the terms of the agreement, the Foundation pays a fixed rate of 3.89% per annum to SunTrust Bank on a monthly basis and in return, SunTrust Bank pays the Foundation a variable rate equal to the USD SIFMA Municipal Swap Index (Formerly USD-BMA Municipal Swap Index) plus .06% per annum. At June 30, 2011 and 2010, the swap contract had original notional amounts of $8,280,000 and $8,410,000, respectively and current notional amounts of $8,280,000 and $8,410,000, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

See Note S for the fair value information regarding the interest rate swaps.

P. MCALISTER SQUARE OPERATIONS

On August 3, 1999, the Foundation purchased the common area, inner stores and main vehicle entrance of McAlister Square Mall in Greenville, South Carolina and Greenville Technical College purchased the three large department store areas and the parking lot. The Foundation and the College renovated certain portions of the mall which house local businesses and student support services. Daily management and arrangements are handled for the Foundation through its wholly owned subsidiary, GTF McAlister, LLC. This agreement is through October 14, 2032, and provides that the Foundation is paid monthly support payments. On July 31, 2004, GTF McAlister, LLC contracted with Carolina Holdings, Inc., a property management company, to perform day-to-day management functions.

GTF McAlister, LLC leases space to tenants under operating leases which generally range from one to ten years. GTF McAlister, LLC is responsible for property taxes, maintenance and repairs. Substantially all leases include a charge for common area maintenance which is used to offset repair and maintenance costs incurred in common areas.

Minimum future lease receipts under operating leases are as follows:

2012	$	1,166,670
2013		671,511
2014		412,683
2015		86,541
2016		32,345
	$	2,369,750

Q. RELATED PARTY TRANSACTIONS

The Foundation pays Greenville Technical College $4,000 annually for equipment rental and communication services. GTF McAlister, LLC, a subsidiary of the Foundation, manages Greenville Technical College's portion of the McAlister Square Mall for a management fee of $14,250 per month. For the years ended June 30, 2011 and 2010, management fees paid to GTF McAlister, LLC and the Foundation by the college totaled $171,000 per year. The College also reimbursed GTF McAlister, LLC

NOTE 24 – COMPONENT UNIT INFORMATION, continued

Q. RELATED PARTY TRANSACTIONS, continued

and the Foundation for approximately two-thirds of expenses incurred in running the facility, including common area maintenance (CAM) related expenses. At June 30, 2011 and 2010, GTF McAlister, LLC had a receivable due from the College for CAM expenses of $36,116 and $25,116, respectively. During the years ended June 30, 2011 and 2010 the College paid maintenance expenses in the amount of $221,205 and $145,974, respectively which reduced GTF McAlister deferred income. Greenville Technical College acts as the paymaster for the Foundation and GTF McAlister, LLC. The Foundation and the LLC transfer funds to the College each pay period.

The Foundation, through GTF Student Housing, LLC, leases land from Greenville Technical College for $1 annually. The initial term of this lease commenced on January 1, 2005 and extends for 30 years, ending December 31, 2034.

The Foundation, through Brashier Charter, LLC, leases land from Greenville Technical College for $1 annually and the College leases from the Foundation, through Brashier Charter, LLC an educational facility. The initial term of this lease commenced May 13, 2008 and extends for 30 years, ending December 31, 2038. Base rent for this educational facility under this lease is an amount equal to the debt service payments owed by Brashier for the development/construction financing obtained by Brashier Charter, LLC plus additional amounts required by the lender under such financing, in its loan documents, to create and maintain certain reserves and a debt, service coverage ratio.

R. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of June 30, 2011 consisted of the following support transferred out of temporarily and permanently restricted funds for payment by unrestricted funds.

	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ 170,212	$ -	$ 170,212
Student programs	140,374	-	140,374
College faculty/staff development	103,439	-	103,439
College departmental supplies & activities	135,623	-	135,623
Equipment purchases/gifts-in-kind	89,276	-	89,276
Miscellaneous expenses	131,655	-	131,655
Total Net Assets Released from Restrictions	$ 770,579	$ -	$ 770,579

NOTE 24 – COMPONENT UNIT INFORMATION, continued

R. NET ASSETS RELEASED FROM RESTRICTIONS, continued

Net assets released from restrictions as of June 30, 2010 consisted of the following support transferred out of temporarily and permanently restricted funds for payment by unrestricted funds.

	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ 196,908	$ -	$ 196,908
Student programs	178,515	-	178,515
College faculty/staff development	15,973	-	15,973
College departmental supplies & activities	126,154	-	126,154
Equipment purchases/gifts-in-kind	77,408	-	77,408
Miscellaneous expenses	2,424	-	2,424
Total Net Assets Released from Restrictions	$ 597,382	$ -	$ 597,382

S. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. ASC 820 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and 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 under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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 the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Cash, accounts receivable, accounts payable, and other accrued liabilities: carrying value approximates fair value because of the short maturity of these financial instruments.

Investments: valued based on information provided by external investment managers or comparison to quoted market values.

Contribution receivable from a beneficial interest in a charitable remainder trust: valued using the income approach based on calculating the present value of the future distributions expected to be received, using published life expectancy tables and an appropriate discount rate.

Cash value of life insurance policies: valued at the cash surrender value of the life insurance policy, as determined by the issuer of the insurance policy, which approximates fair value.

Pledges receivable: valued using the estimated present value of expected cash inflows.

Notes payable and bonds payable: carrying value approximates fair value because these financial instruments bear interest at rates which approximate current market rates for notes and bonds with similar maturities and credit equity.

Interest rate swap: valued using observable current market information as of the reporting date and is included in long term liabilities on the accompanying statement of financial position.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2011 and 2010 were as follows:

	Assets / Liabilities at Fair Value			
	Total	Level 1	Level 2	Level 3
JUNE 30, 2011:				
ASSETS:				
Investments:				
Equity Securities – Common Stock				
Financials	$ 290,225	$ 290,225	$ -	$ -
Information Technology	386,408	386,408	-	-
Health care	310,136	310,136	-	-
Consumer discretionary	255,955	255,955	-	-
Energy	278,238	278,238	-	-
Industrials	261,581	261,581	-	-
Consumer staples	191,385	191,385	-	-
Telecommunication services	108,957	108,957	-	-
Materials	156,181	156,181	-	-
Utilities	70,659	70,659	-	-
Fixed Income Securities				
US Government debt securities	966,379	966,379	-	-
Corporate debt securities	785,438	785,438	-	-
Mortgage-backed securities	363,343	363,343	-	-
Mutual funds	691,239	691,239	-	-
Total Investments	5,116,124	5,116,124	-	-
Charitable remainder trusts receivable	118,049	-	-	118,049
Cash value of life insurance	32,736	-	32,736	-
Pledges receivable	81,045	-	-	81,045
	$ 5,347,954	$ 5,116,124	$ 32,736	$ 199,094
LIABILITIES:				
Derivative instruments	$ 2,080,085	$ -	$ 2,080,085	$ -

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

	Assets / Liabilities at Fair Value (continued)			
	Total	Level 1	Level 2	Level 3
JUNE 30, 2010:				
ASSETS:				
Investments:				
Equity Securities – Common Stock				
Financials	$ 232,623	$ 232,623	$ -	$ -
Information Technology	231,520	231,520	-	-
Health care	217,699	217,699	-	-
Consumer discretionary	179,516	179,516	-	-
Energy	169,230	169,230	-	-
Industrials	166,323	166,323	-	-
Consumer staples	111,675	111,675	-	-
Telecommunication services	95,803	95,803	-	-
Materials	81,465	81,465	-	-
Utilities	50,800	50,800	-	-
Fixed Income Securities				
US Government debt securities	1,143,865	1,143,865	-	-
Corporate debt securities	794,207	794,207	-	-
Mortgage-backed securities	352,102	352,102	-	-
Mutual funds	588,043	588,043	-	-
Total Investments	4,414,871	4,414,871	-	-
Charitable remainder trusts receivable	150,826	-	-	150,826
Cash value of life insurance	28,544	-	28,544	-
Pledges receivable	45,037	-	-	45,037
	$ 4,639,278	$ 4,414,871	$ 28,544	$ 195,863
LIABILITIES:				
Derivative instruments	$ 2,337,043	-	$ 2,337,043	-

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table represents a summary of changes of the Foundation's Level 3 assets for the years ended June 30, 2011 and 2010:

	Charitable Remainder Trust receivables	Pledges receivable	Total
Balance June 30, 2009	$ 239,025	$ 293,320	$ 532,345
Total realized/unrealized gains or (losses) included in change in net assets:	(88,199)	-	(88,199)
Purchases, reissuance, and settlements	-	(248,283)	(248,283)
Balance June 30, 2010	150,826	45,037	195,863
Total realized/unrealized gains or (losses) included in change in net assets:	(32,777)	-	(32,777)
Purchases, reissuance, and settlements	-	36,008	36,008
Balance June 30, 2011	$ 118,049	$ 81,045	$ 199,094

Total realized and unrealized gains (losses) on charitable remainder trust receivables measured using Level 3 inputs are reported in the Foundation's statements of activities.