



The Crisis at Louisiana College

A 10 Year Financial Analysis

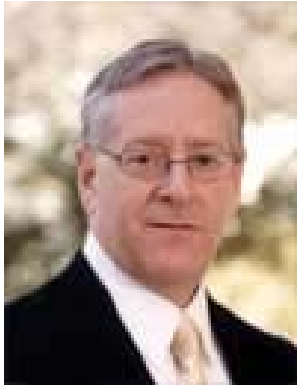
“...as we address every aspect of becoming the greatest liberal arts institution this state has ever seen.”.....“We claim the blessings of financial stability, enrollment booms, and unprecedented growth, all because we give Him the glory.”

-Mr. Aguillard, President of Louisiana College

Notes

- This study was undertaken by a consortium of 37 people. It includes former Faculty and staff, current Faculty and staff, alumni, LBC employees, several pastors of LBC churches, and 2 independent business consultants. The work spanned 24 months from May 2008 to May 2010.
- All Information is taken from IRS Form 990 filed each Tax Year by non-Profit (501c(3)) organizations unless otherwise noted
- LC's Fiscal year is Aug 1 to July 31.
- Form 990's must be filed by the 15th Day of the 5th month after the close of the fiscal year. Thus for LC this is Dec 15th of each year.
- Two 90 day extensions "may" be granted. In that case the maximum latest filing for a Fiscal year could be June 15th of the following year.
- All other information on other institutions is gathered from the same IRS Form 990, although the Fiscal Year may vary for each institution.
- All are required to be posted for public inspection and are available on a number of web-sites (ERI, GuideStar, etc)
- While each institution has nuances and certain freedoms of how they report certain items, it is consistent (in compliance with US-GAAP) year-over-year for accuracy in comparisons.
- Other quotes come from Columns articles, Interviews given to The Town Talk, the Baptist Message, or Press Releases on the LC or LBC Websites.
- Donor research comes from the college's own publications. Given the suppression and refusal to allow examination of the Fact Book to insure accurate analysis, it's the only data available.
- Mr. Aguiard's first full Fiscal year at the helm of LC is FY 2005 (Aug 1,2005 – July 31, 2006)

May 2010



Mr. Aguillard on LC's Donors:

“Our donor pool has dwindled over the past several years. According to the LC Fact Book Fall 2004, from 1998-2002 we lost 64 percent of our donors. We are in the process of building that pool back and have now regained almost 75% of the donors that we had in 1998.”

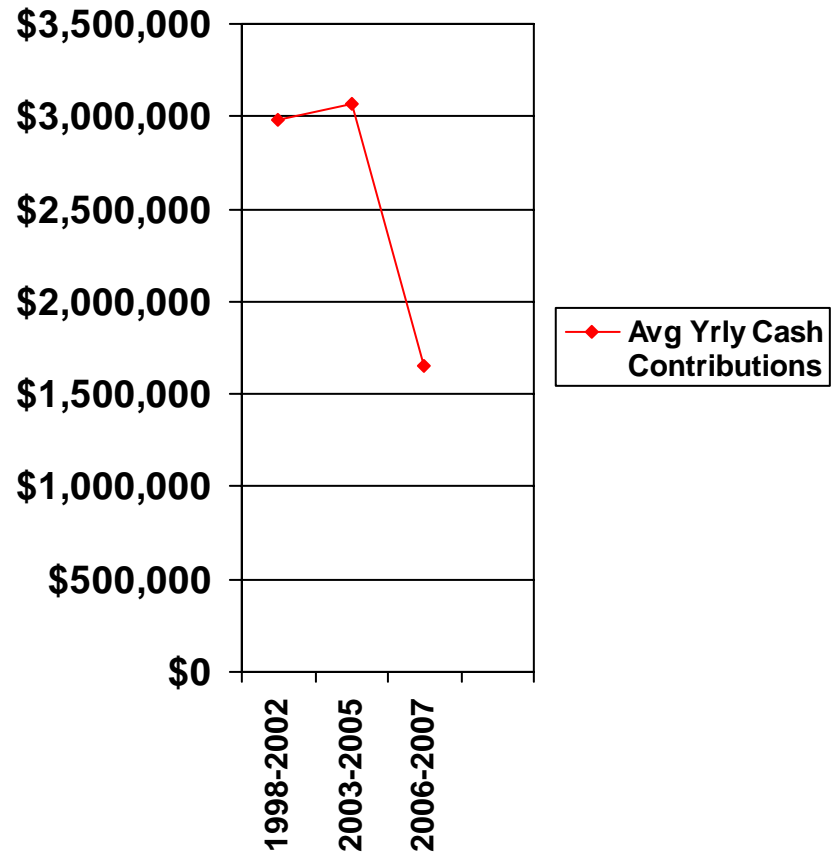
– Mr. Aguillard, Interview published in COLUMNS, Spring 2005, pp 2 and 3

A 64% Loss of Donors?

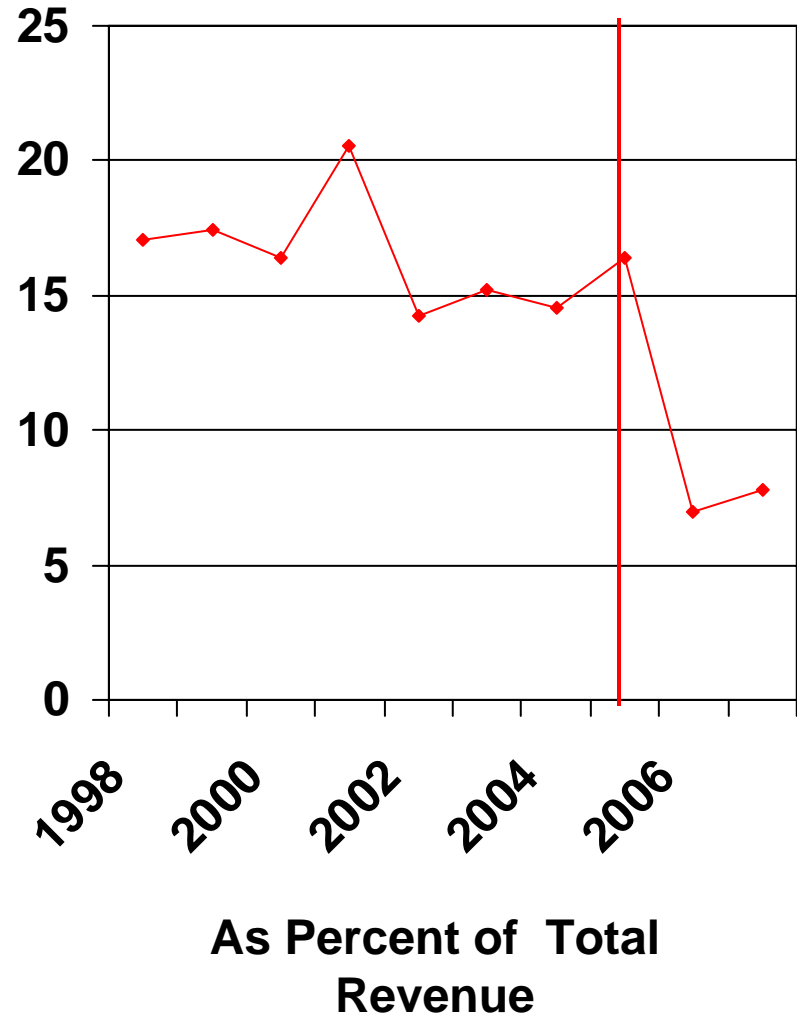
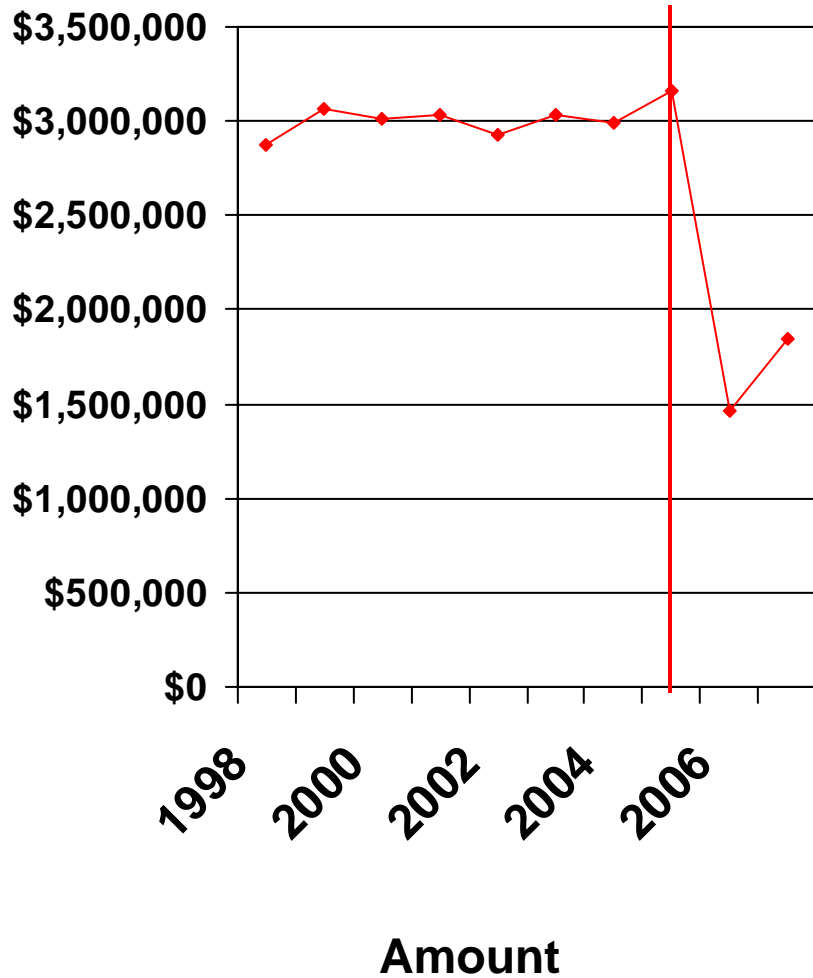
- A 64% loss in donors 1998-2002 would imply a correlated loss in Donations.
- FY's 1998-2002 Contributions to the college:
 - Grew almost 2% over that time frame
 - Grew 6% in 1999 over 1998
 - Remained even in 2000 and 2001
 - Dropped only 3% in 2002

“...we have now regained almost 75% of the donors we had in 1998..”













- 75% of “donors regained” should correlated to 75% of donations regained
 - Average Yearly Donations 1998-2002 was \$2,984,707
 - Average Yearly Donations 2003-2005 was \$3,065,437
 - Average Yearly Donations 2006-2007 was \$1,652,081
 - Actual Donations 2006 = \$1,462,256
 - Down 53% to prior year
 - Down 38% to '98-'02 Average
 - The “loss of donations” did not occur until 2006 after Mr. Aguillard took the helm



Direct Contributions



Donor Facts 2001 v. 2005

	2001 Donors	2005 Donors	% Change		
Pres. Club Life Members	106	114	7.5		(note: 6 "Lifetime Members" that appeared on 2001 are absent from the 2005 list. Why?)
Executive Level	40	24	-40		
Regular	228	172	-24.5		
Columns	274	229	-16.4		
Friends of LC	263	240	-8.7		
Trustees (former and current)	47	33	-29.7		
Faculty (former and Current)	87	60	-31.0		
Churches/Associations	84	97	+15		
Foundations	24	29	+20		
WAA	169	100	-69		
Businesses	38	48	+26		
Alumni	441	437	-1.1		
In Memory	251	211	-15.9		
In Honor	93	17	-81.7		
"Century"	0	336	N/a		(\$1-\$99 category did not exist prior to 2005)

May 2010

Donor Facts 2001 v. 2005

- If “Donors from 1998-2002 were down 64% as Mr. Aguillard Claims (COLUMNS Interview, 2005)
- And if Donors are down 2005 v. 2001 (Columns 2005)
- Then how can we have “regained 75% of our 1998 donors?”
- New categories of President’s Club created (\$1 can get your name on the list!)
- If all donors at this level gave the \$99 max it would generate a scant \$30,000/year
- In some categories the number of donors is up. But the money amounts are down. (see “Contributions”)
- Mr. Aguillard has refused to make the LC Fact Book available for further study

Revenue

1998-2007

- Direct Contributions are down 36% from 1998
- Indirect (in-kind) contributions have increased significantly to make Total Contributions line “appear” flat.
 - In kind contributions cannot pay salaries, benefits, utilities, or other operating expenses incurred by the college.
 - Government Grants have skyrocketed **179%** since 2005, but should not be considered “Contributions”.
- Yet Total Revenue “appears” flat from 2002 forward...
 - Bolstered by \$1.666 million from the Sale of Assets in 2005
 - Bolstered by \$2.090 million from the Sale of Assets in 2006
 - Bolstered by \$1.636 million from Sale of Assets in 2007
 - Bolstered by \$1.585 million from refund of forfeited retirement funds

Revenue 1998-2007

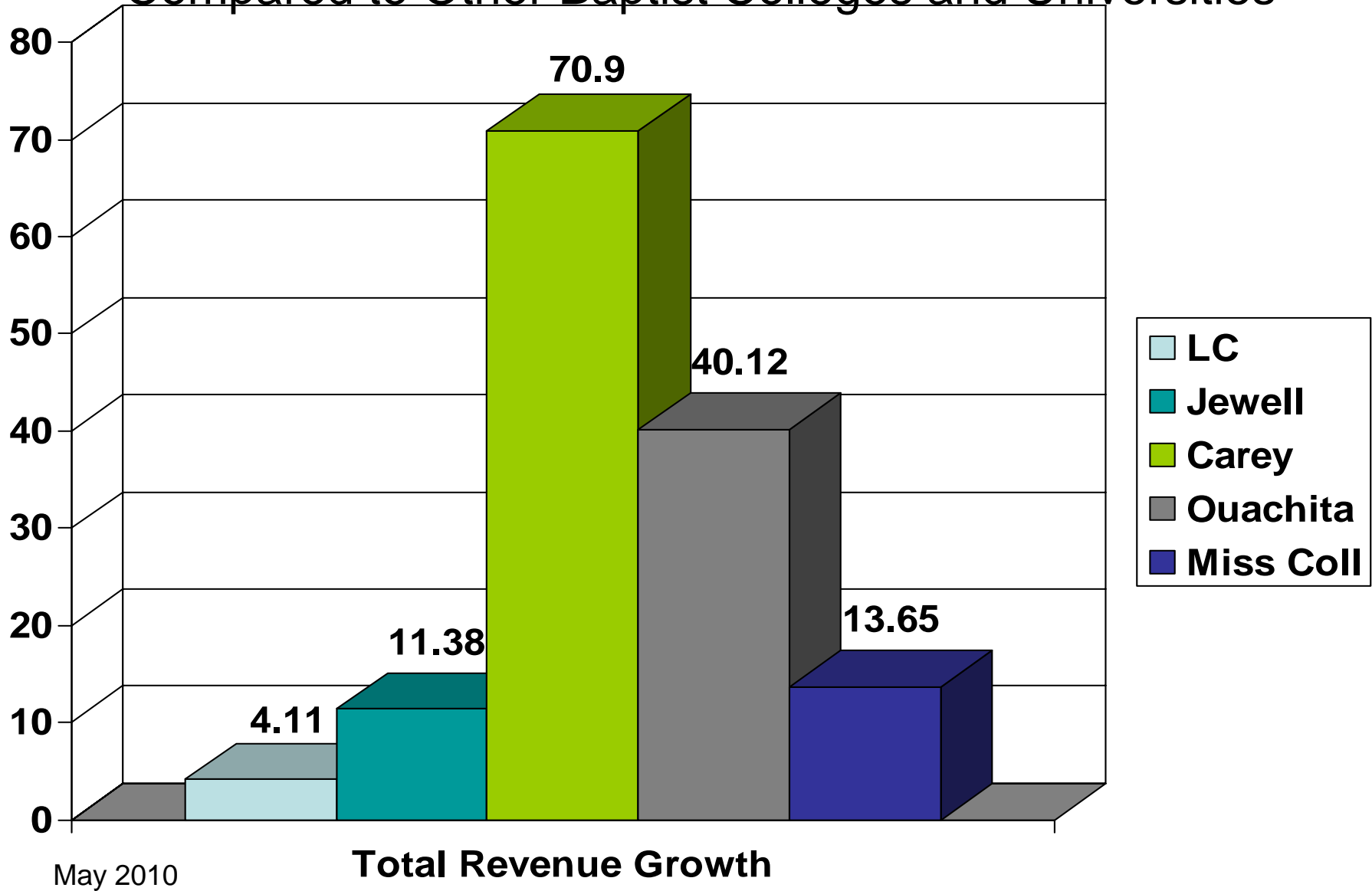
- Without the above \$6.977 million from the “sale of assets” and a one time refund due to the retirement system over-funding as a result of the rapidly dwindling faculty, the college would have finished:
 - 2005 with a **deficit** of **(\$2,110,816)**
 - 2006 with a **deficit** of **(\$1,516,101)**
 - 2007 with a **deficit** of **(\$801,071)**
- That is a total 3 year deficit of **(\$4,427,988)!**
- **Seriously.....that's 4.5 million dollars since Mr. Aguillard took the helm**
- Why are Assets being sold? If revenue doesn't keep pace with spending, expenses should be cut.

Revenue

- The swap of funds “Held by Trustee” to “Other Investments” (in Tax Year 2005) has resulted in an approx \$1.8 million revenue loss each year
 - When “Held by Trustee” this approx. \$20,000,000 fund 1998 to 2004 provided annual income to the college on avg. \$2 – 2.5 million per year. (2001 resulted in a loss, explainable after 9/11. See Line 7 “Other Investment Income”)
 - Now that it is just “invested” it has resulted in income each year of an average \$776,000 (a 3.2% return. See Line 6 “Dividends and Interest”)
 - 2005 - \$621,583
 - 2006 - \$774,150
 - 2007 - \$934,538
 - Who and why were these funds shifted and why is it acceptable to get such a lower return on invested capital?
 - Who is overseeing the investments of these funds
 - The “Trustee” prior to 2005 has a much better track record providing substantial revenue to the college
 - Who made, and who approved this change in investing strategy?

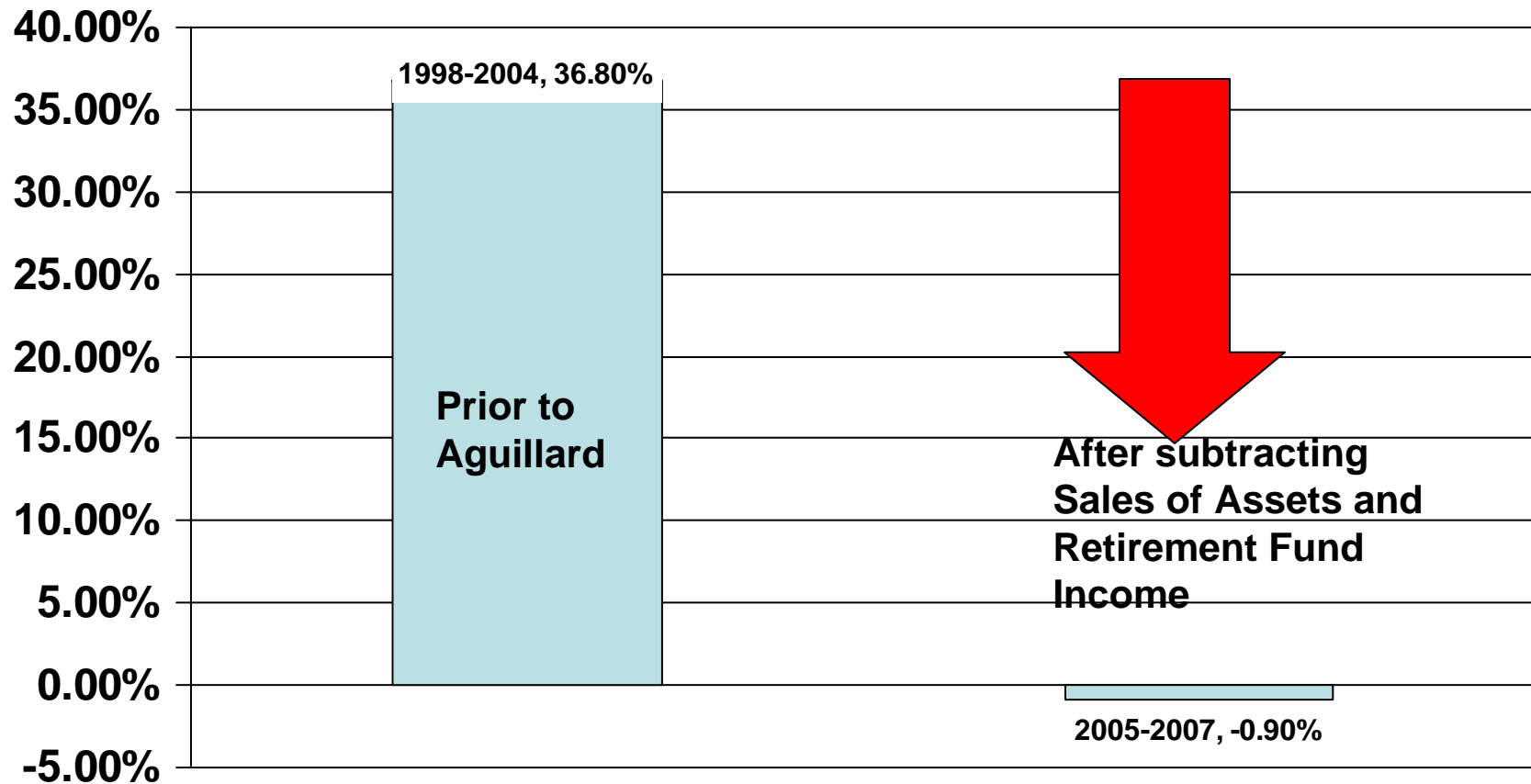
Total Revenue Growth 1998-2006

Compared to Other Baptist Colleges and Universities



May 2010

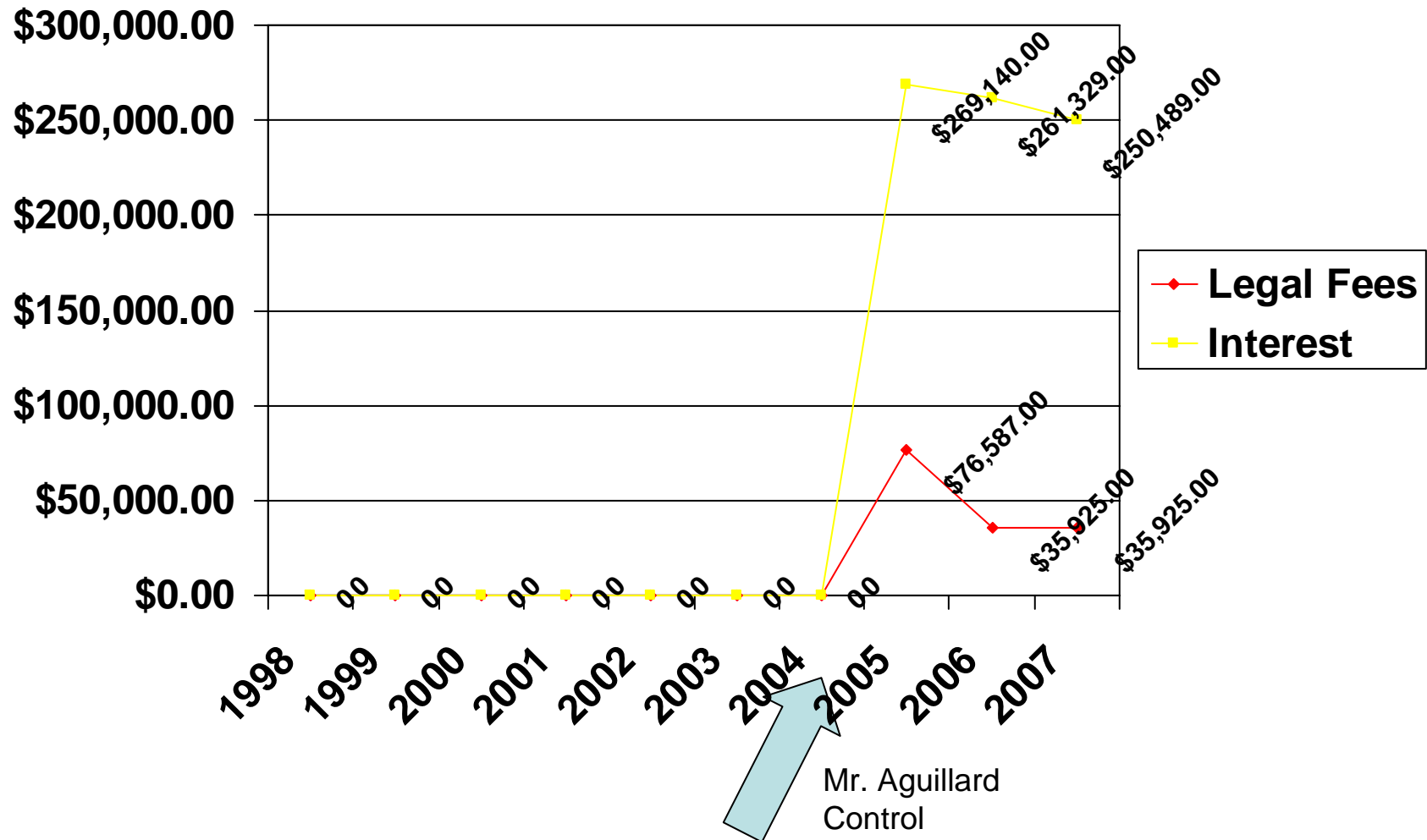
LC's "REAL" Revenue Growth Since Mr. Aguillard



Expenses 2005-2007

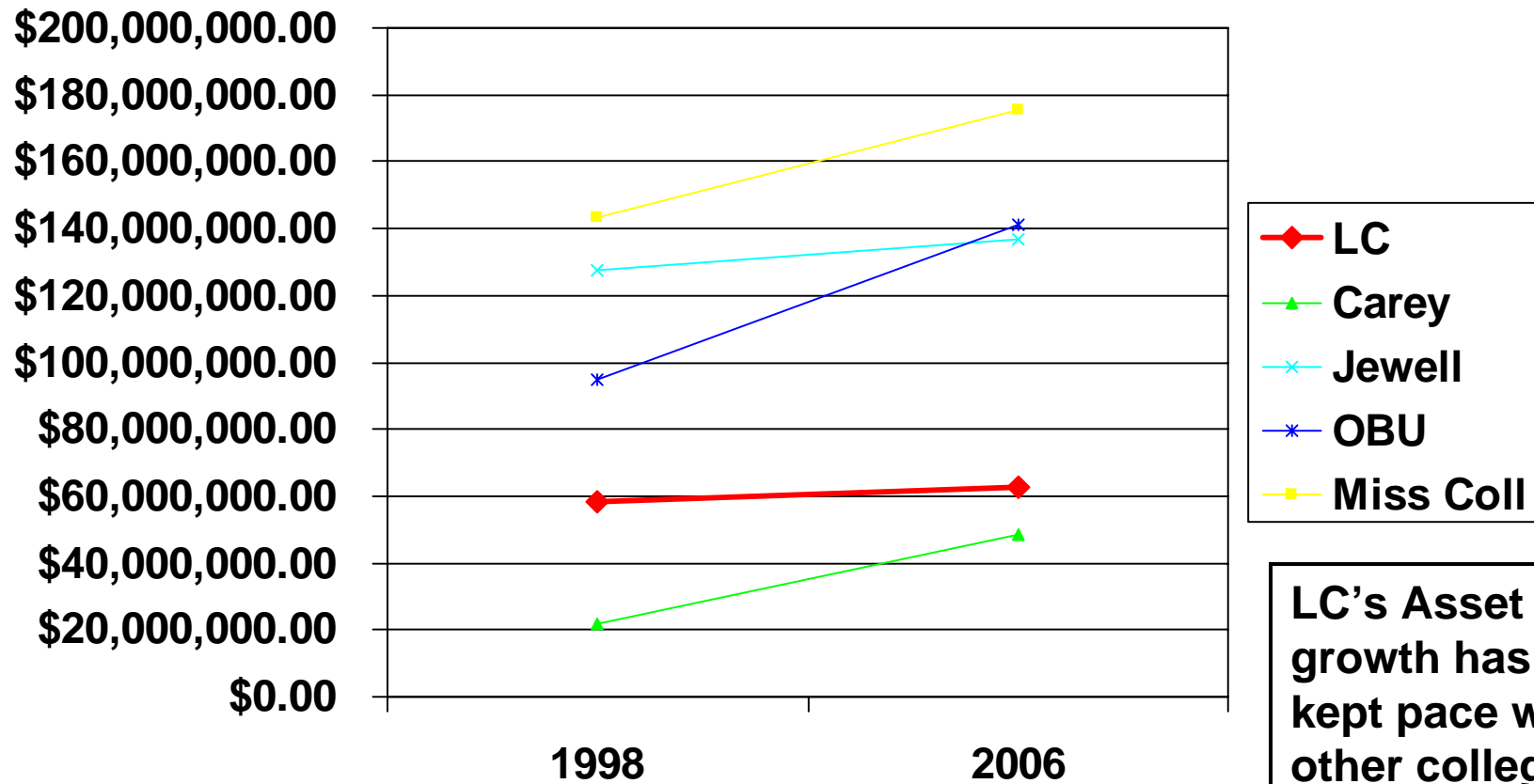
- Expenses have risen 7.4% on Mr. Aguillard's watch
 - Factoring in \$4,427,988 of Assets Sold in 2005, 2006, and 2007 Fiscal Years to bolster Revenue, **Management and General** expenses have risen to over 20% of Revenue.
 - Over \$250,000 expense each year in interest costs since 2005
 - Unprecedented Legal Fees incurred

Legal Fees and Interest on borrowed money



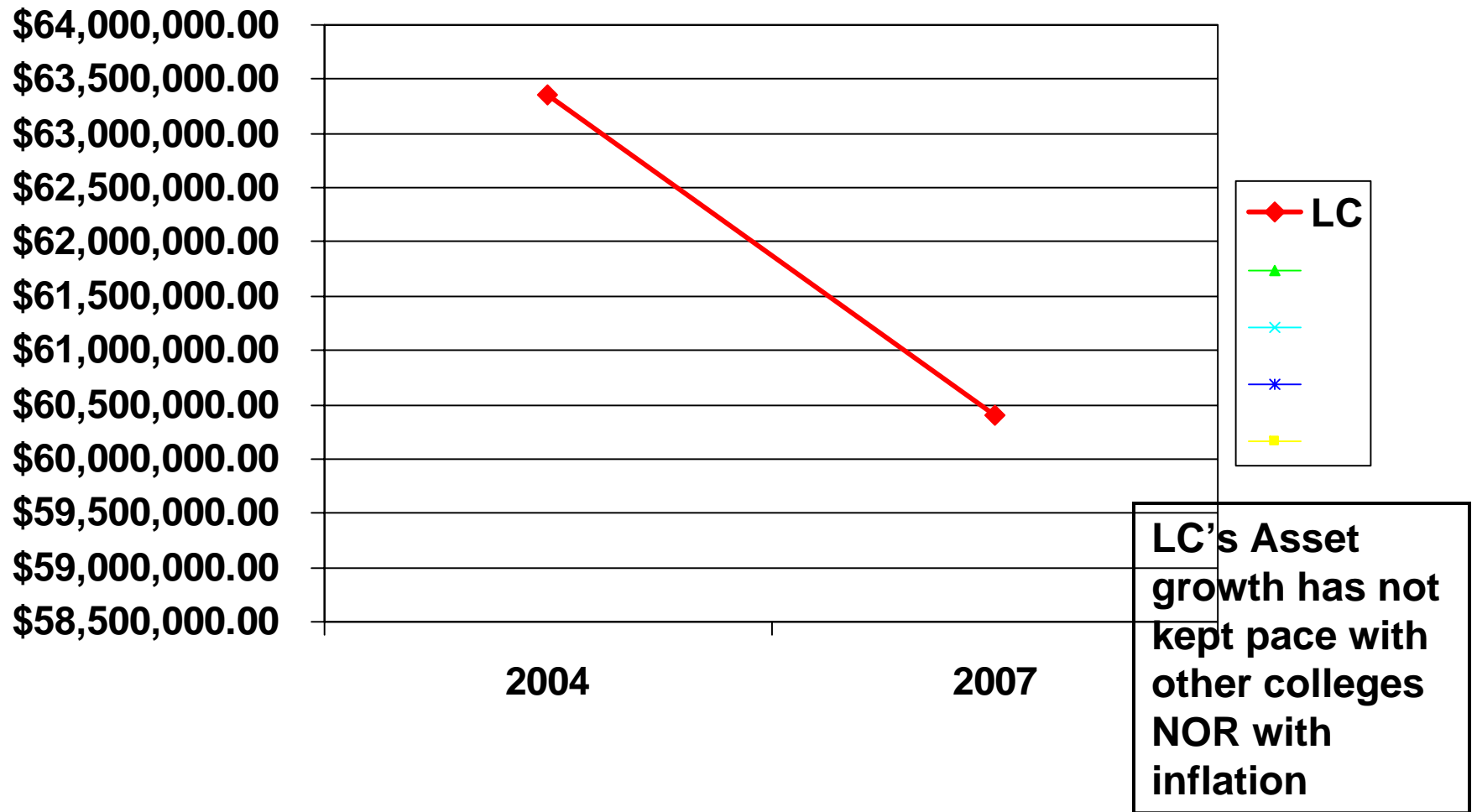
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Total Assets Trend 1998-2006

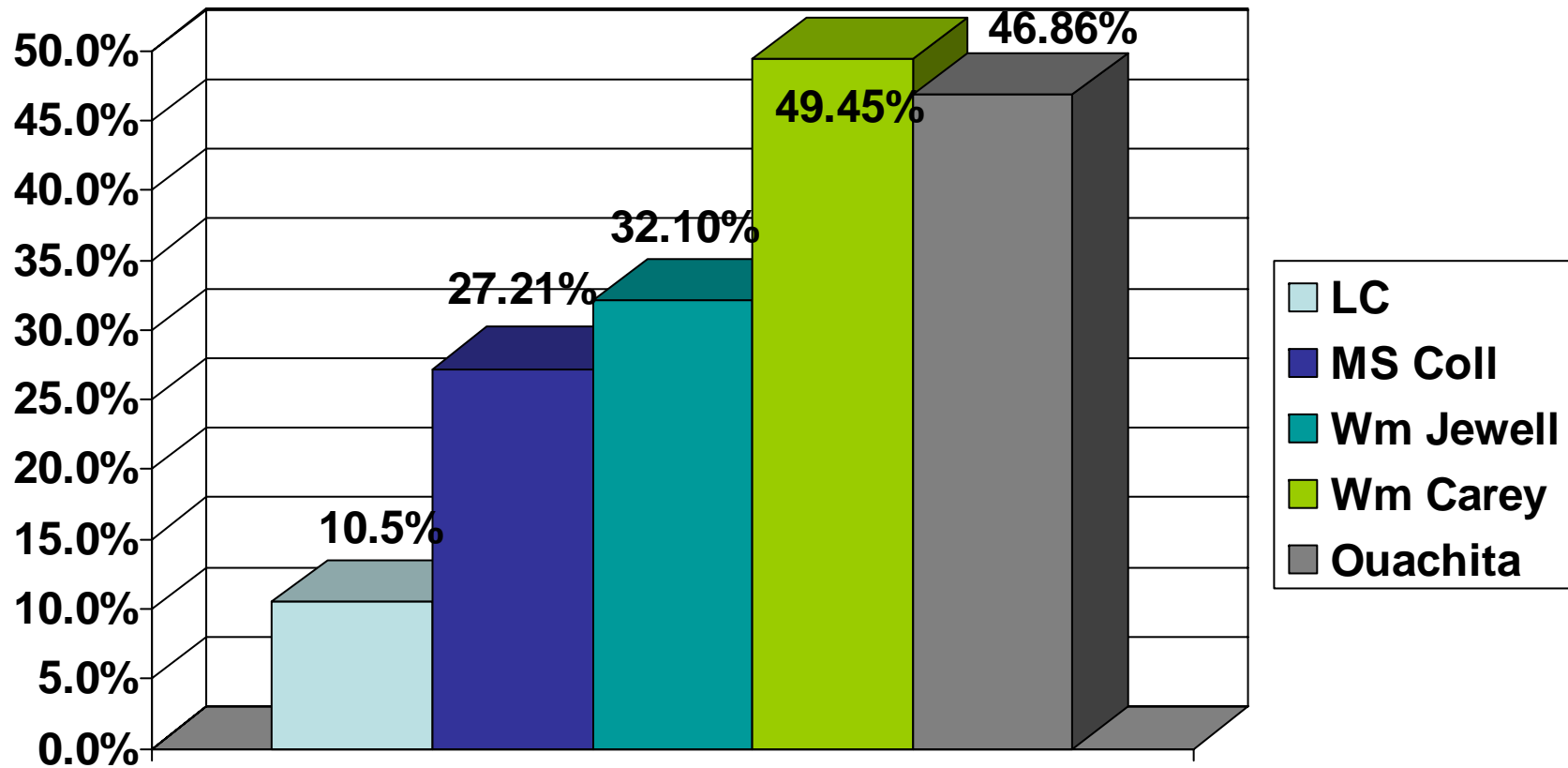


LC's Asset growth has not kept pace with other colleges NOR with inflation

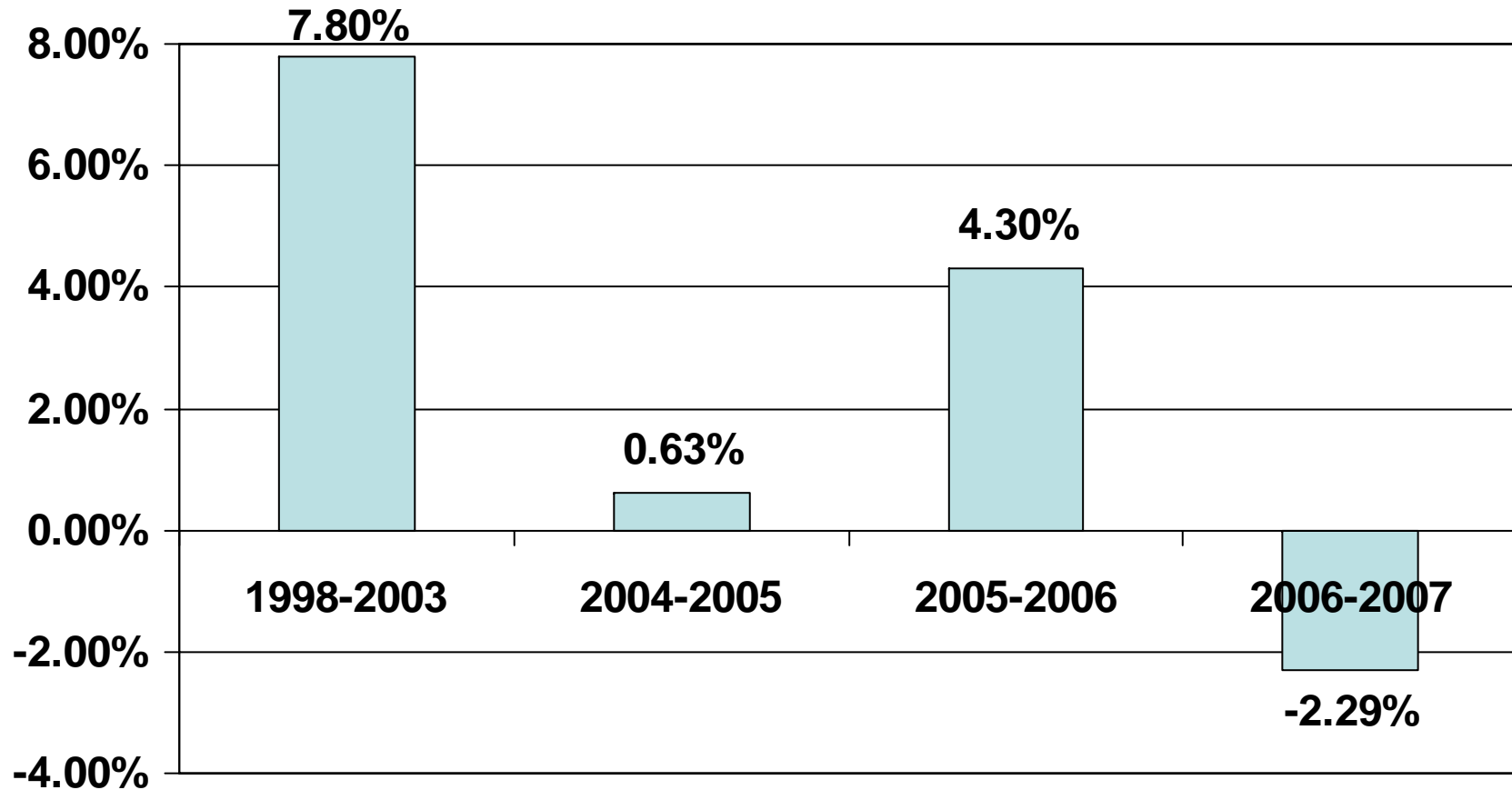
Total Assets Trend 2004-2007 (Mr. Aguillard's Era)



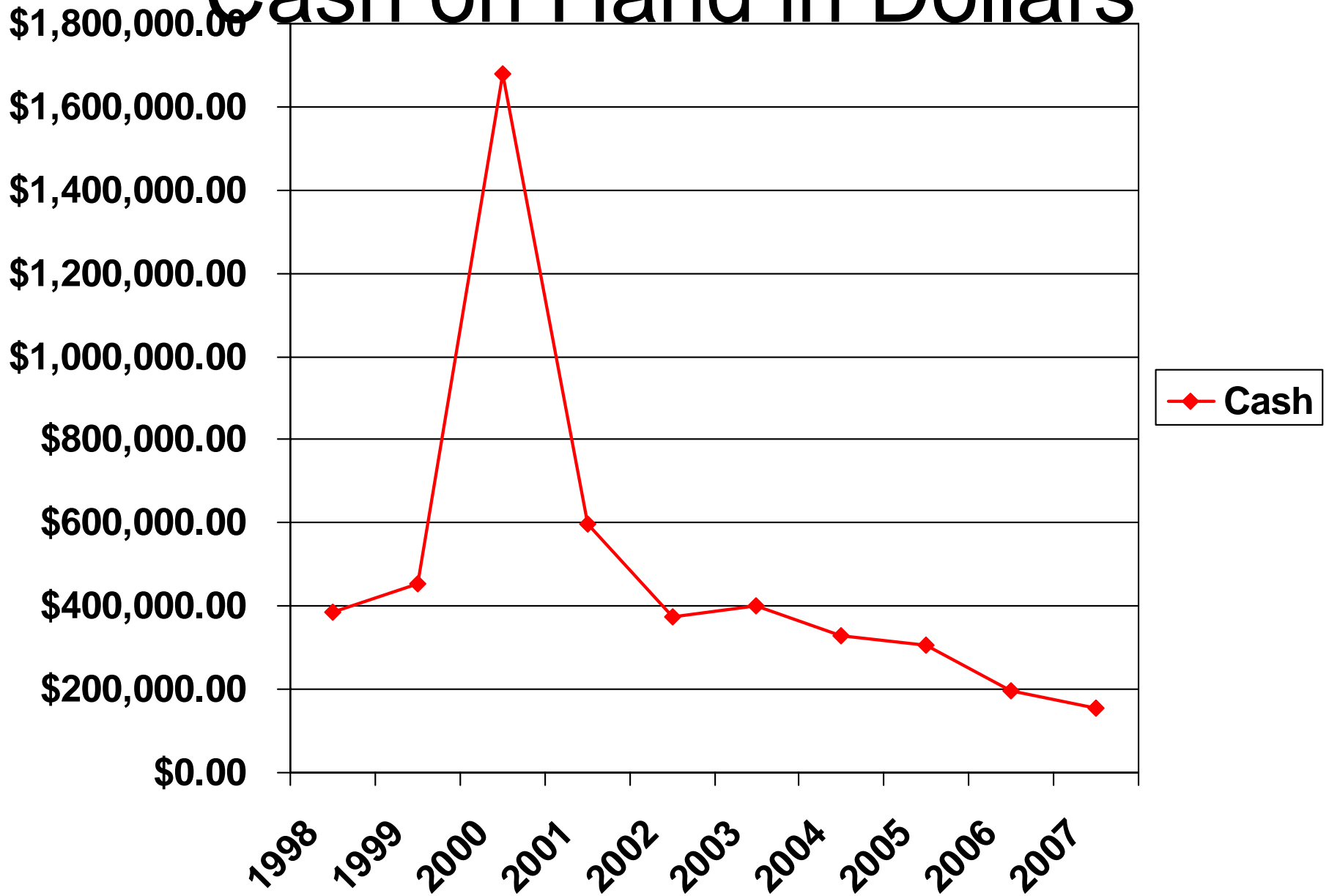
Endowment Growth Trend – 10 year Comparison 1998-2007 Compared to other Baptist Colleges



Endowment Growth Trend

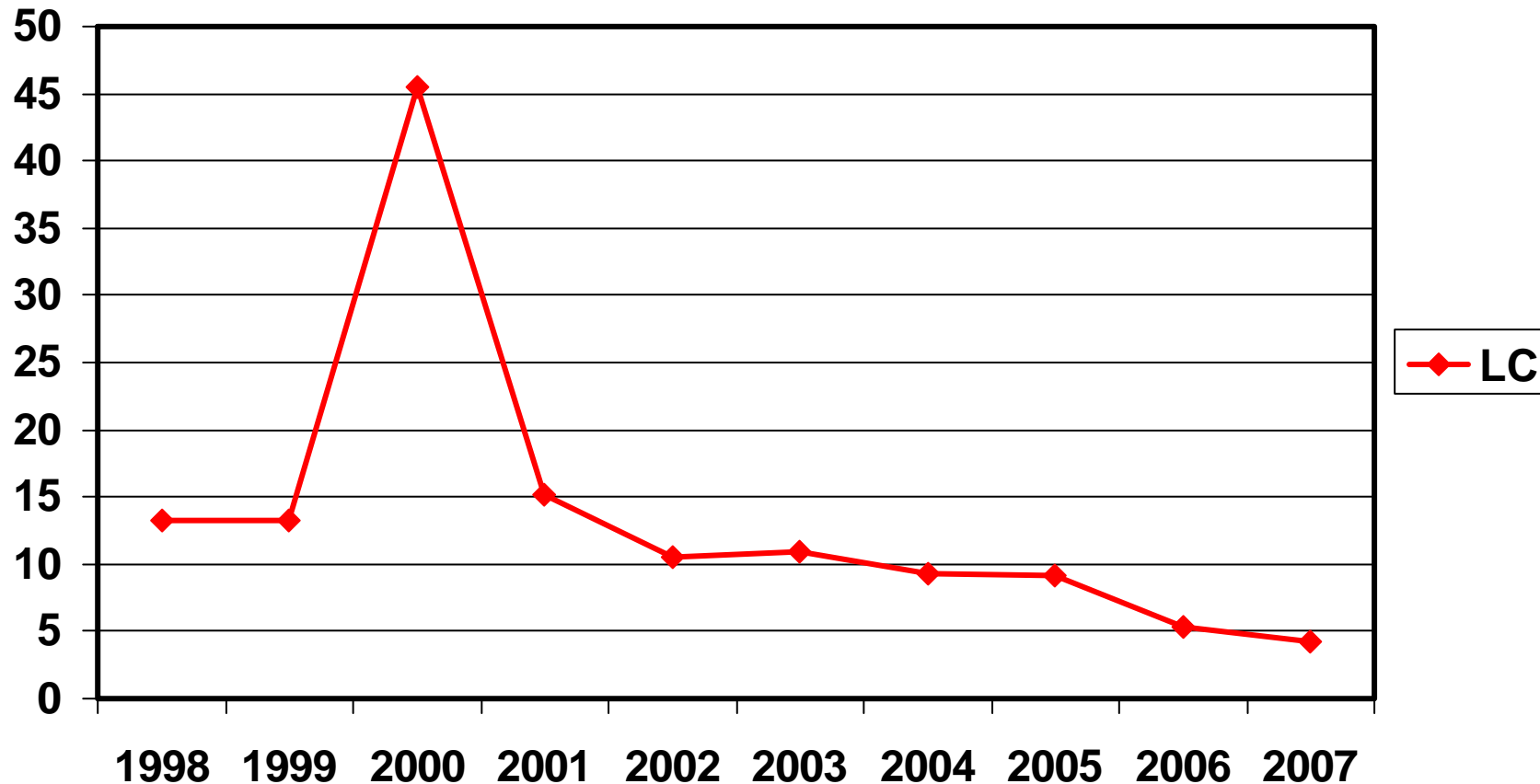


Cash on Hand in Dollars



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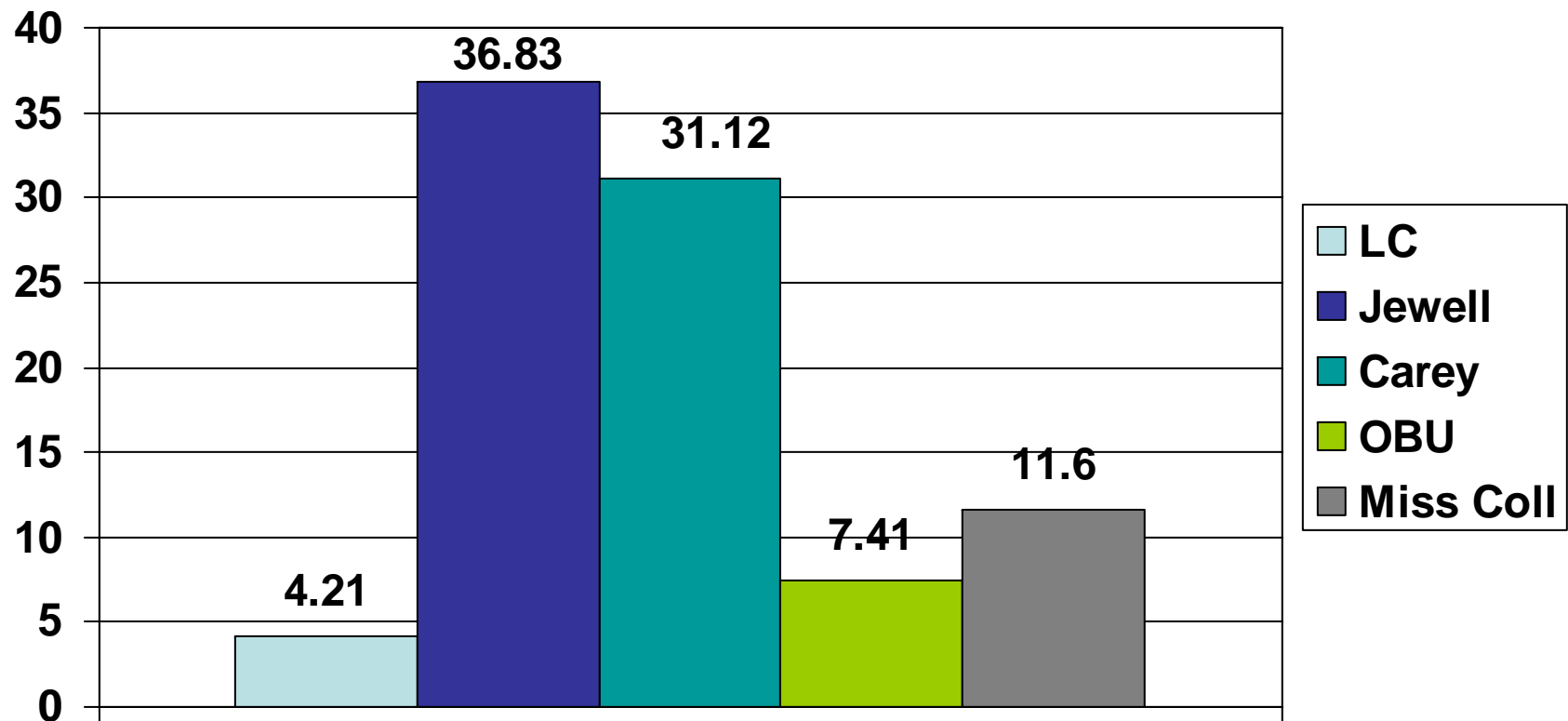
Cash On Hand as Percent of M&G



**Insufficient cash on hand for even 2 weeks of Payroll at 2007 level.
Does not account for other expenses (utilities, etc) indicating a
severe Cash Flow crisis.**

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Cash on Hand as Percent of M&G Compared to other Baptist Colleges Y/E 2007



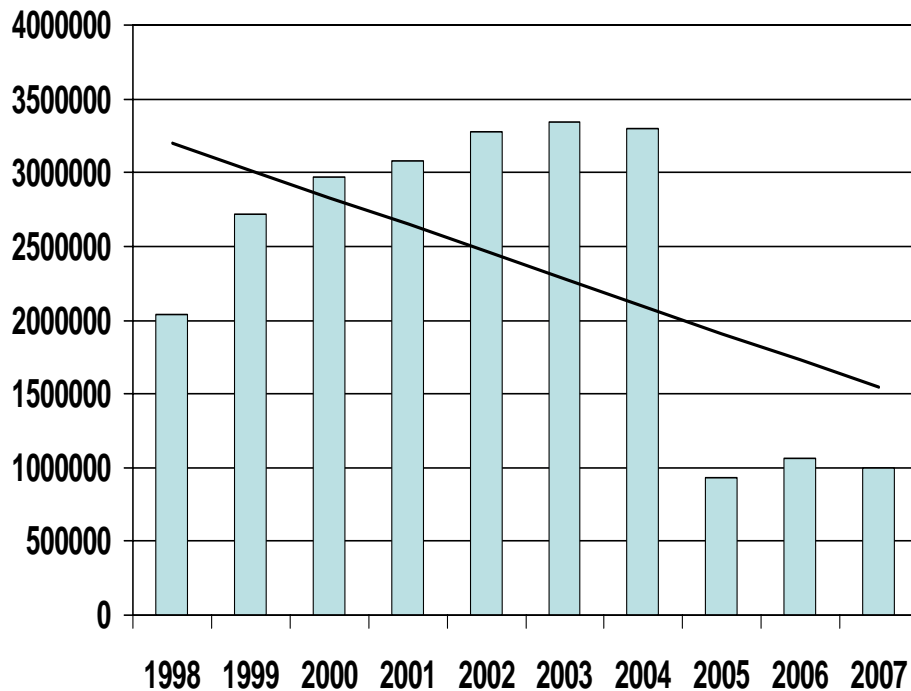


David Hankins on Mr. Aguillard's Commitment to Students

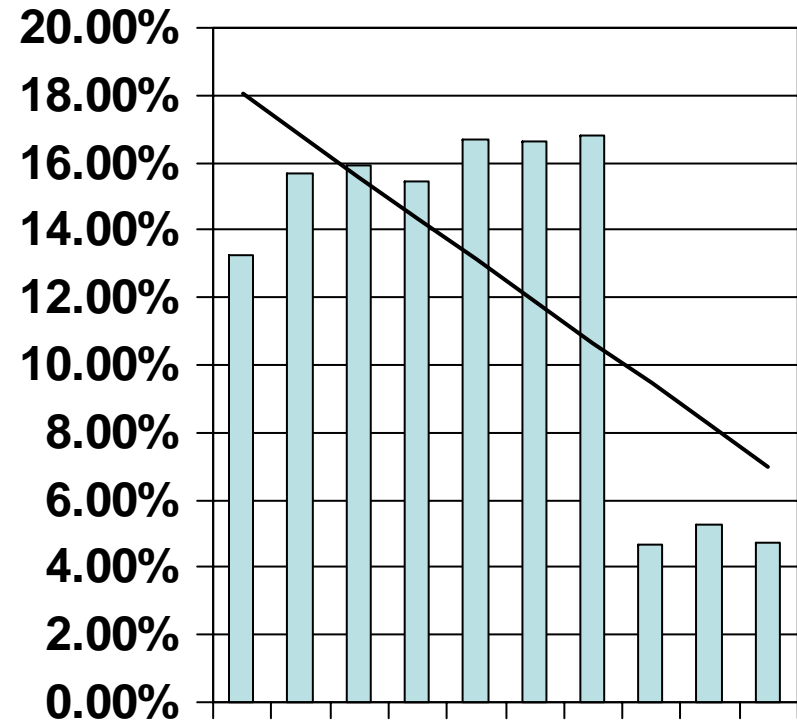
“I have often heard it said by educational institutions, including this one, “students are our primary assets, and we exist for the students.” I wholeheartedly agree.”

-in his speech at the installation of Mr. Aguillard

Student Services Expenses- “It’s all about the students” ??

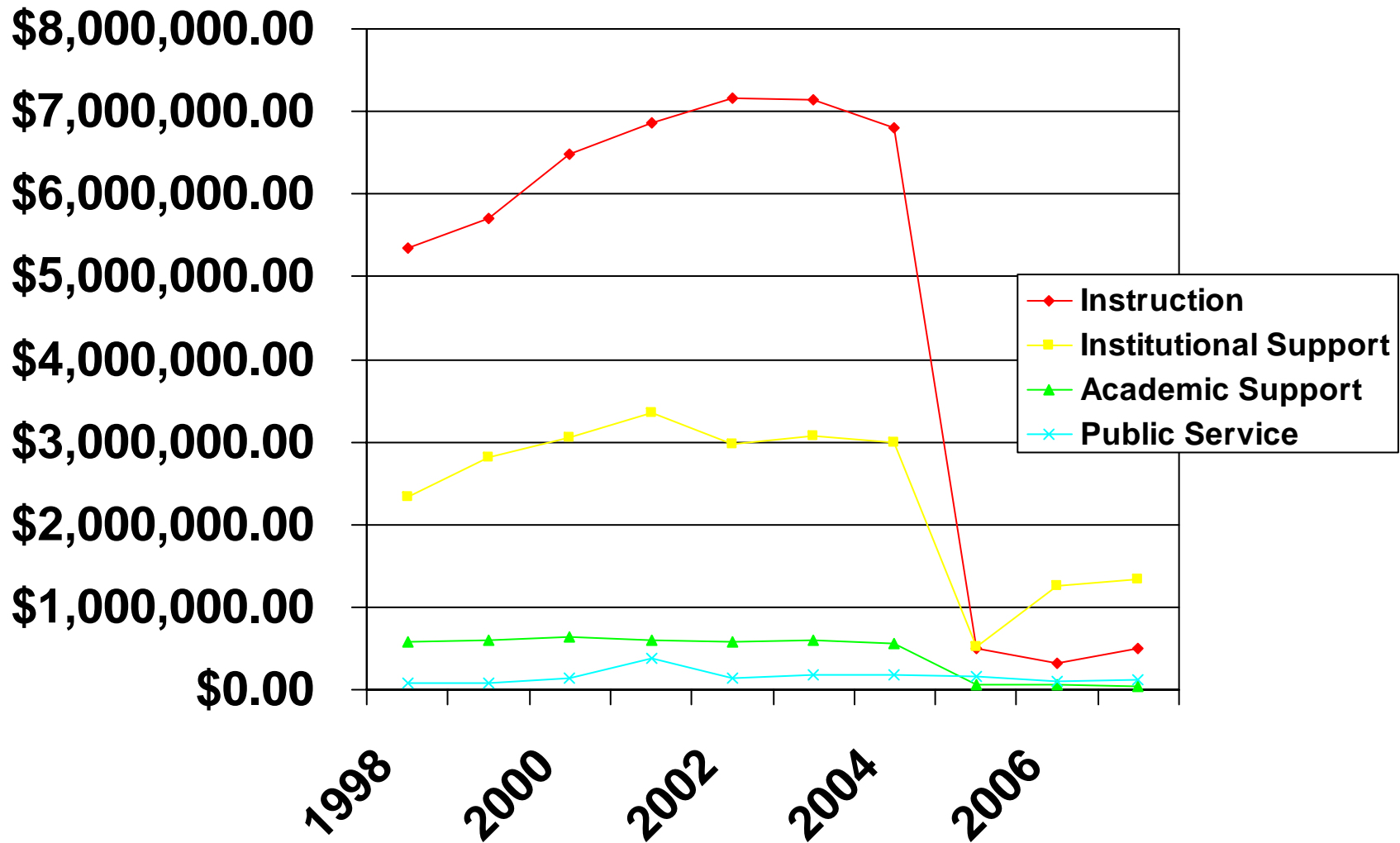


Dollars

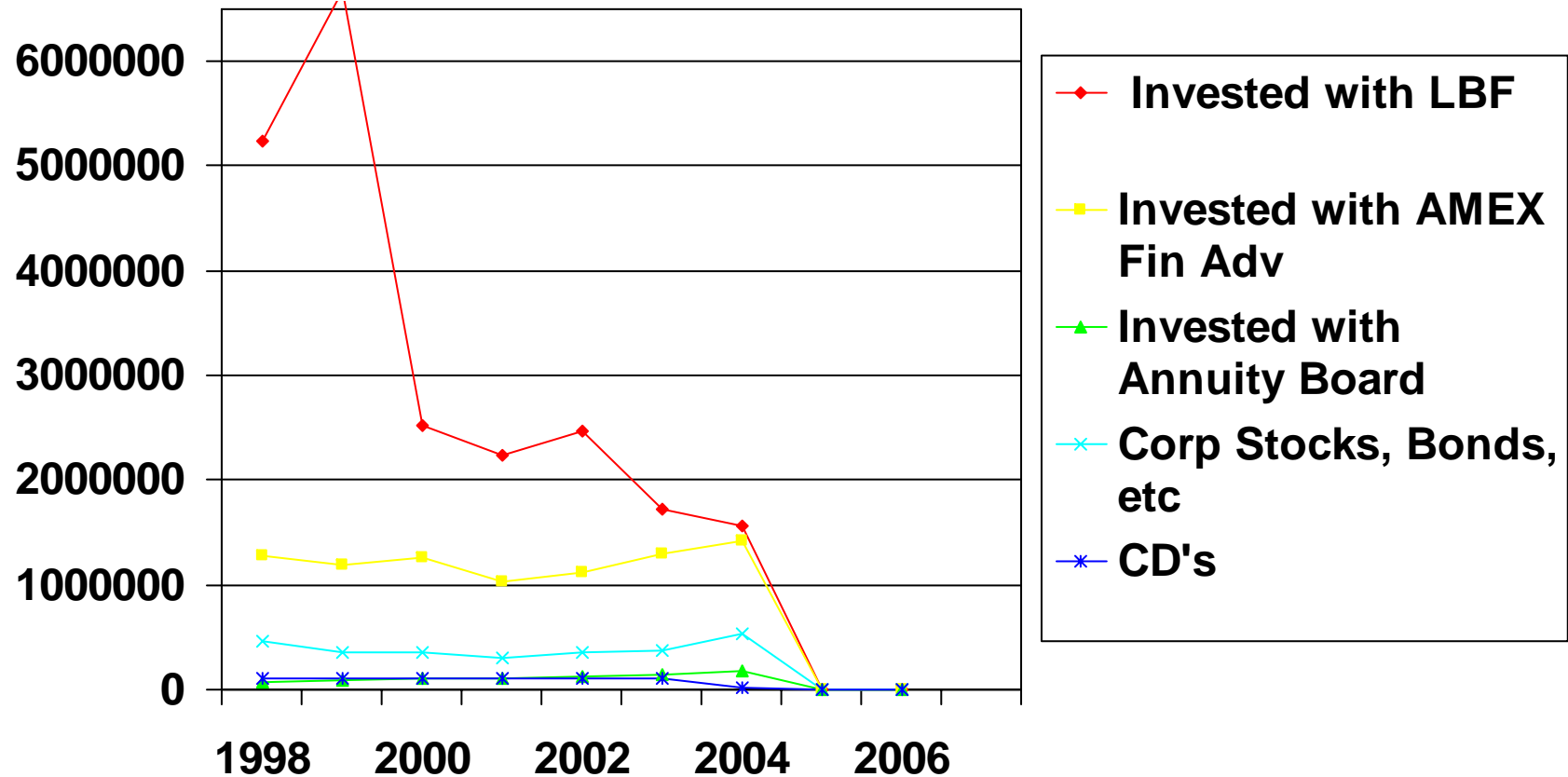


As % of Expenses

Instruction, Institutional, Academic Support Expenses Plummet



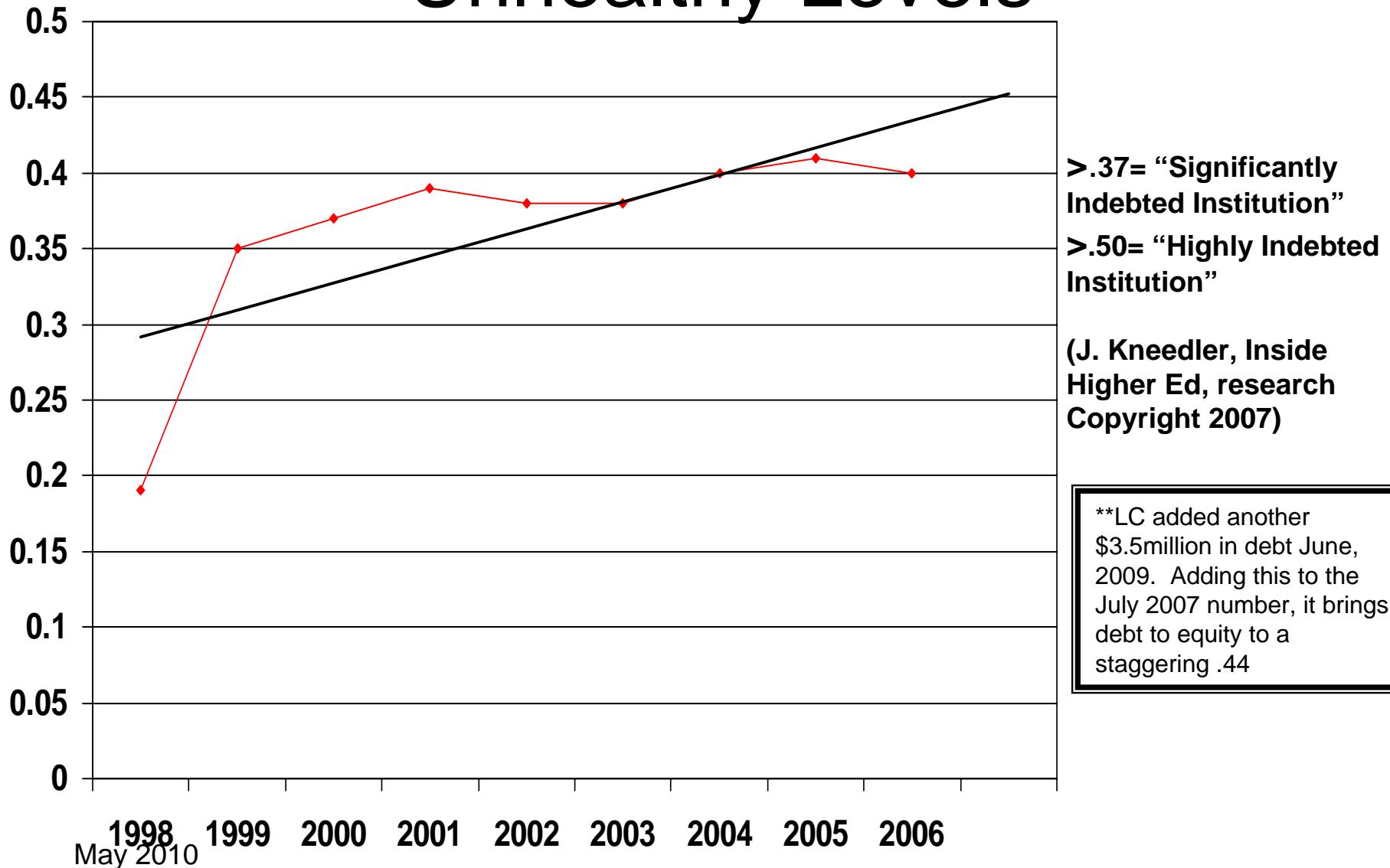
Other Investments – Cashed out in 2005 (to cover falling revenue and rising expenses?)



Financial Ratios

- **Current Ratio (aka Cash Ratio)** = the higher the number, the more able the entity is to pay its short-term obligations (salaries, utilities, etc). The closer it gets to 1.0, the worse the overall financial health of the institution (i.e Higher is better)
- **Debt to Equity** = A measure of financial leverage that indicates what proportion of debt the organization is using to finance its assets (i.e. lower is better)

Debt to Equity – Rising/Passing Unhealthy Levels



Financial Ratios

Tax Year 2006 – Compared with Other Baptist Colleges

	LC	MC	Carey	Jewell	OBU
Current Ratio	3.48	3.68	20.76	4.02	5.04
Debt to Equity	.41	.37	.06	.33	.26

**LC added another \$3.5million in debt June, 2009. Adding this to the July 2007 number, it brings debt to equity to a staggering .44



Mr. Aguillard on his Presidency

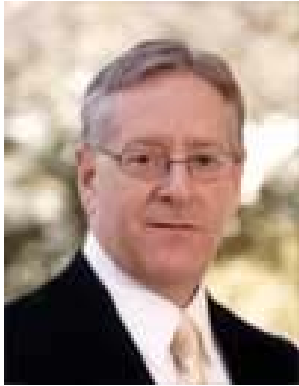
“Communications is at the heart of the role of the presidency. It is his role to inform the various constituencies of the happenings surrounding the institution. This communication involves informing **our constituents** of our present situation in all areas including **financial, academic**, student life, the spiritual environment, and **institutional advancement** areas.”

-COLUMNS Interview, 2005

Mr. Aguillard's "Talk" on Institutional Advancement and Communications

*The Office of Institutional Research and Institutional Effectiveness is responsible for collecting, analyzing, and **disseminating** institutional data to the Louisiana College community to support its strategic planning, policy-making, and ongoing institution-wide evaluation processes. It is the goal of the Office Institutional Research and Institutional Effectiveness to provide consistent, reliable, and accurate data and information in **a timely manner** and on **a regular basis**. The Office of Institutional Research and Institutional Effectiveness continually strives to improve its data gathering, reporting, and presentation techniques to ensure that college information is as accurate, **accessible** and meaningful as possible.*

-From the LC Website



Mr. Aguiard's "Walk" on Institutional Advancement and Communications

- Not timely as data is now 4 years old
- Not accessible

The screenshot shows a Microsoft Internet Explorer browser window displaying the Louisiana College website. The address bar shows the URL http://www.lacollege.edu/inre/fact_book.aspx. The page features a blue header with the text "LOUISIANA COLLEGE" and a search bar. A navigation menu on the left lists various categories: About LC, Admissions, Finances, Academics, Library, Student, and Athletics. The main content area is titled "Fact Book" and contains the following text: "The Louisiana College Fact Book is published each fall admissions and enrollment. Some tables and figures s an update of the current year's data." Below this text, there is a bullet point: "• 2006 Fact Book **RESTRICTED ACCESS**".

May 2010

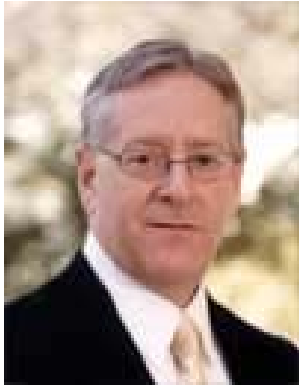


Mr. Aguillard sees himself as another G. Earl Guinn?

“Dr Guinn left a legacy that is still renowned today. I hope that I can leave a legacy that generations of alumni will look back on in the years to come and note that every decision that I make as President was made out of the deep love that I feel for LC”

-COLUMNS INTERVIEW, 2005





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“Dr Guinn left a legacy that is still renowned today. I hope that I can leave a legacy that generations of alumni will look back on in the years to come and note that every decision that I make as President was made out of the deep love that I feel for LC”
-COLUMNS INTERVIEW, 2005

Mr. Aguillard awarded The Distinguished Service Award to an LC **Drop Out** who accused Dr. Guinn of allowing and supporting **Heresy** to be taught at LC during his administration. Does Mr. Aguillard consider Dr. Guinn a Heretic and wants to emulate him? Or does he believe that the Drop Out lied about the Heresy teachings during Dr. Guinn’s Presidency?



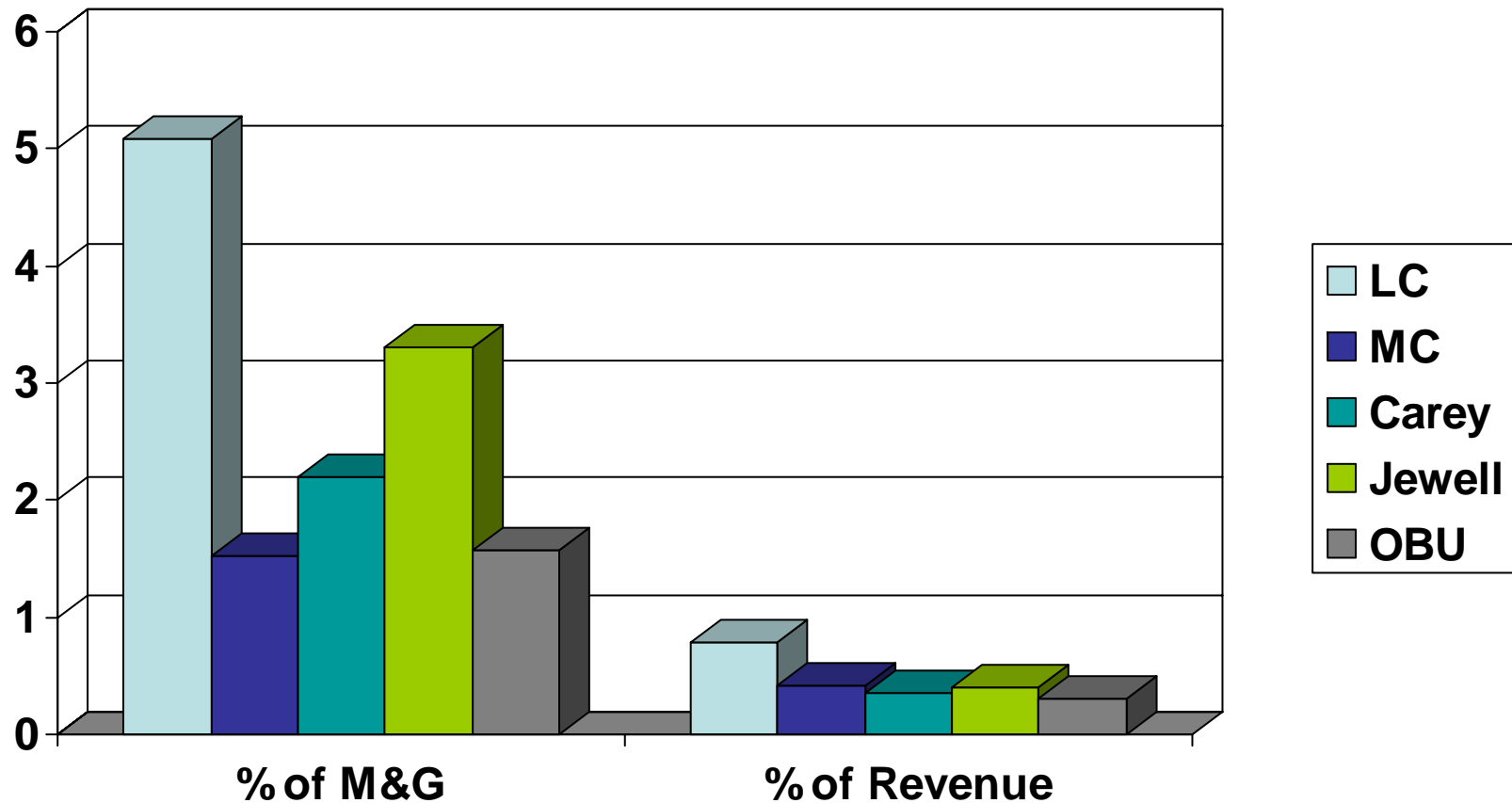
Mr. Aguillard's "Deep love for LC" makes him highly compensated in his Peer Group

(2007 Salary, Benefits, Expenses)

	LC	MC	Carey	Jewell	OBU
Amount	\$186,352	\$249,900	\$116,000	\$177,300	\$142,000
Pres Salary as % of Mgmt & General Expenses	5.08%	1.53%	2.19%	3.30%	1.57%
Pres Salary as % of Contributions	10.12%	3.1%	1.6%	5.45%	2.01%
Pres Salary as % of Revenue	.79%	.41%	.35%	.40%	.31%
Size (Assets) of the Institution	\$62.7m	\$175.4m	\$48.2m	\$136.5m	\$141.2m

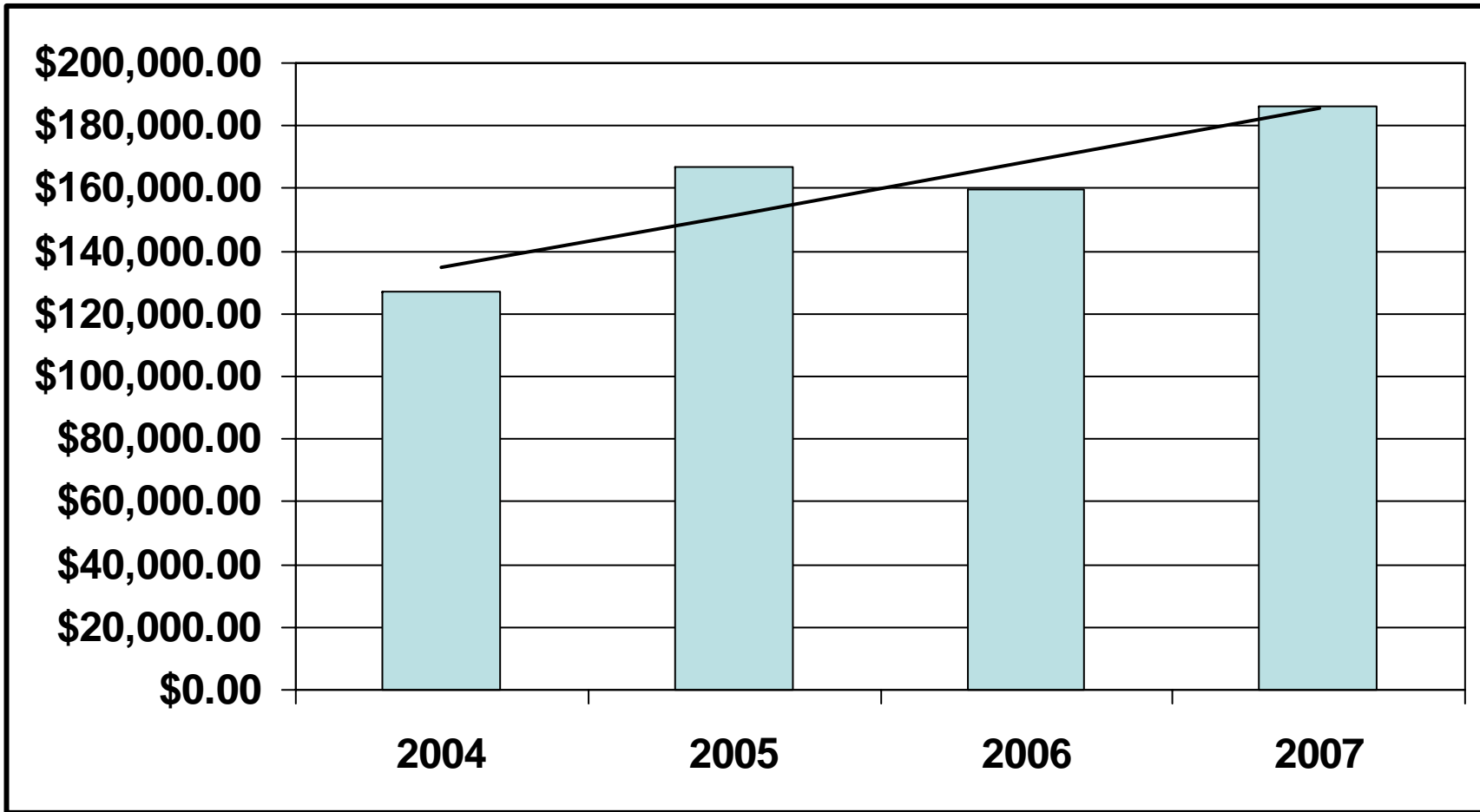
Mr. Aguillard's Compensation

(Tax Year 2006 Compared to Other Baptist College Presidents)

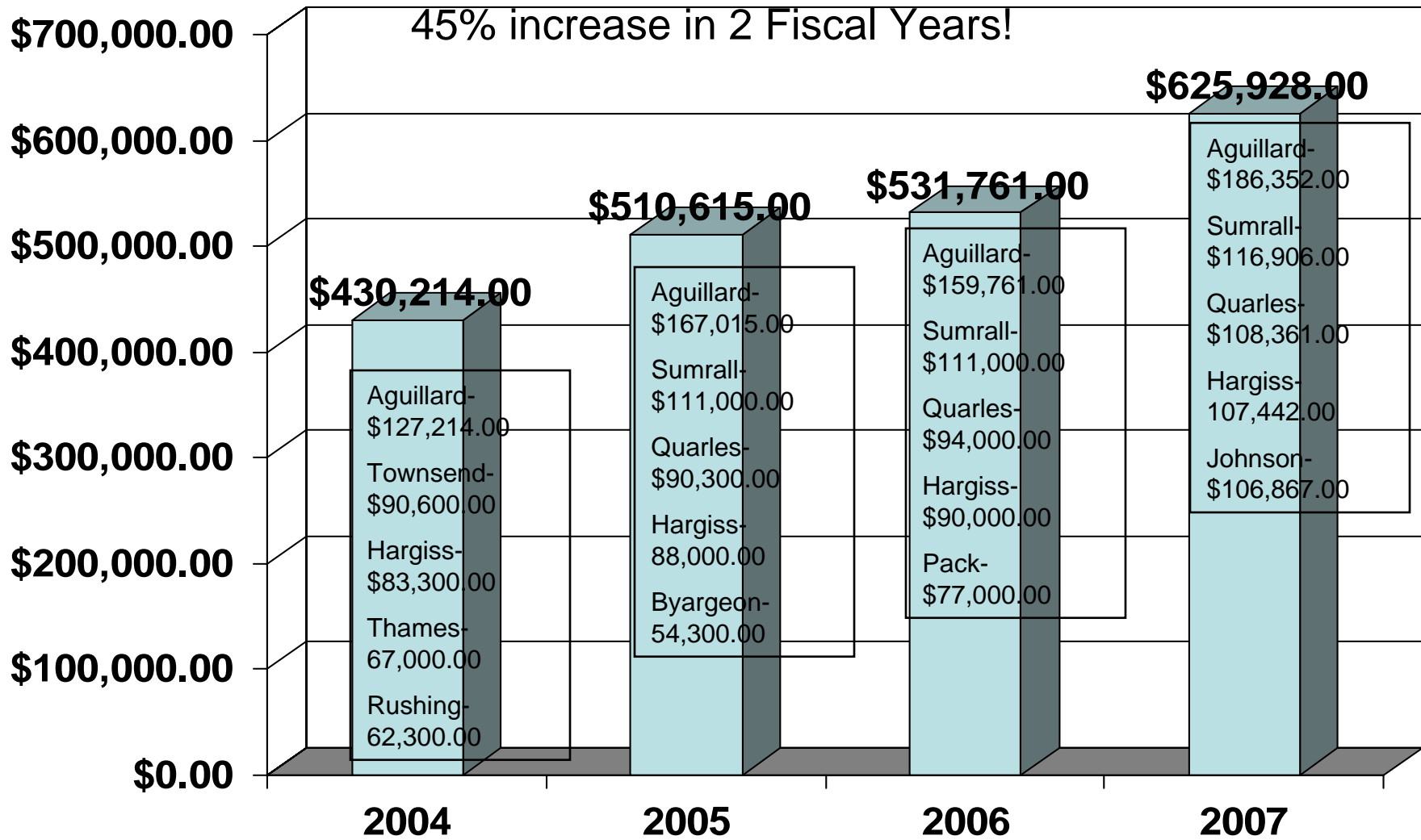


Mr. Aguillard's Compensation-

A 46% increase!

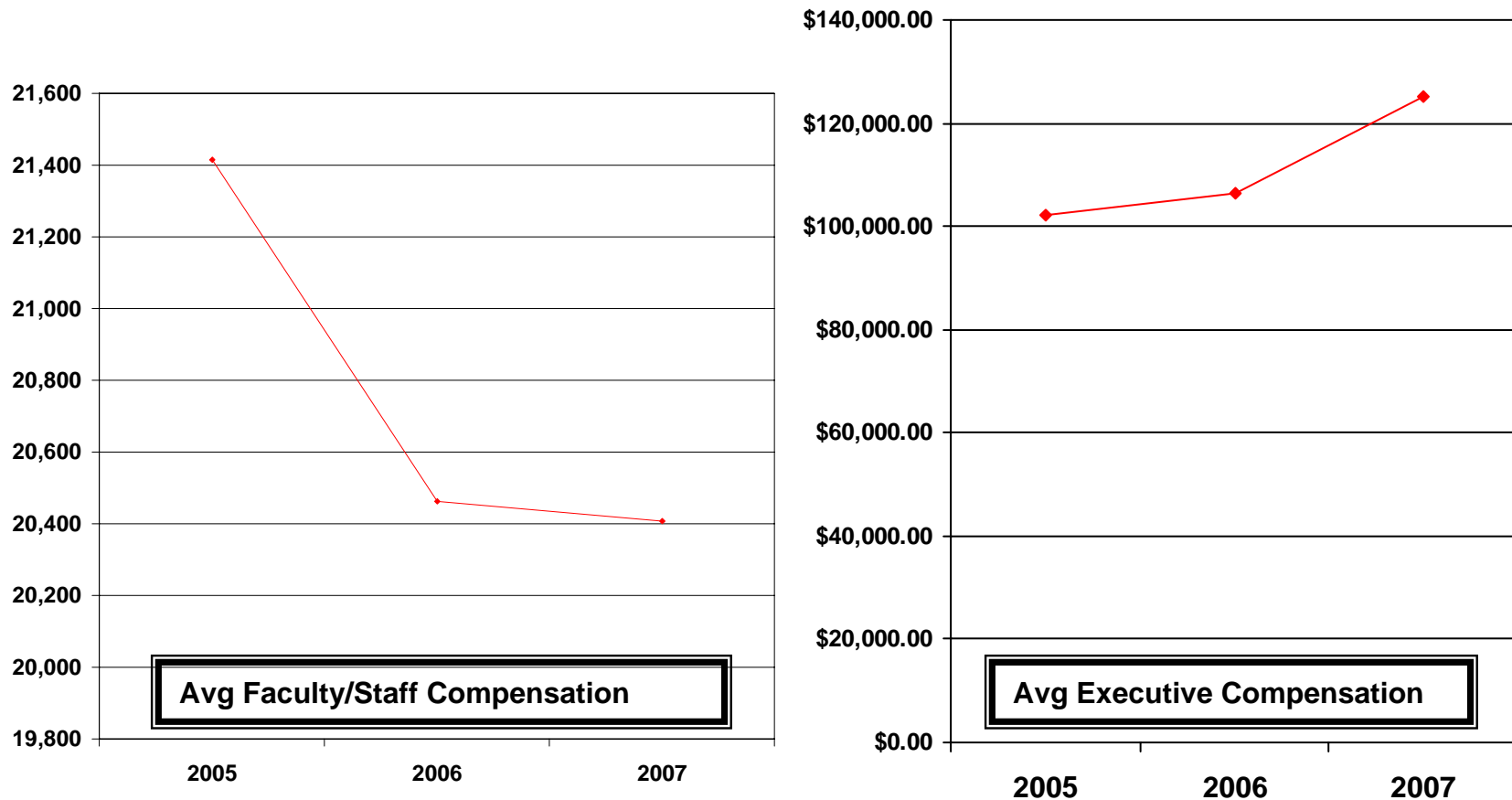


Top 5 Highest Paid Executives Compensation Packages



Salary, Benefits and Pension

Annual Compensation Per Employee



Compensation includes Salary, Benefits, Pension, and Expense Accounts. It is determined by totaling these categories and dividing by the number of Total Employees reported on the Annual IRS 990.

Promise Keepers?

Promise	Date	Progress
Shreveport Campus at Summer Grove Baptist	Summer 2006	None
Hattie B. Strother Renovation	Winter 2007	None
Ware-Godbold Plaza	Winter 2007	None
Centennial Campaign	Spring 2005	None
Law School	August 2007	None
Football Stadium – Phase I	July 2008	Completed by increasing debt \$3.5 million
Football Stadium – Phase II	July 2008	None
Football Stadium – Phase III	July 2008	None
Film School		None
Cavanaugh Hall Expansion	May 2009	None
Medical School-	Summer 2009 Promises \$5 million by Christmas	None



June 2009 Update

- On June 25, 2009 Mr. Aguiard announced the borrowing of an additional \$3.5 million
- Thus bringing LC's debt to almost \$14 million
- Total Liabilities are now almost \$20 million
- Servicing the interest costs alone will severely burden the cash flow of the institution
- Guinn Auditorium, Cottingham Hall, Hixon Student Center, and Baker Wellness Center are all now mortgaged
- A large portion of these funds are going to repair and upgrade facilities and systems that should have been maintained all along using the regular income of the college rather than legal battles, high priced Ex-President fundraisers, and football stadiums.



LC accepts \$250,000 in State Funds

- House Bill 881 appropriated \$250,000 in State Funds to Louisiana College
- Signed into Law by the Governor.
- Are the Churches and Louisiana Baptists aware of this shift in funding sources?
- Are the Taxpayers of Louisiana Aware that their taxes are going to a religious institution?
- Will LC be subjected to the same requirements that other state funded schools are subject to?

It's been 5 Years.....

- ***Where are the.....***
 - ***blessings of financial stability?***
 - ***Financial Stability should not include borrowing more and more***
 - ***enrollment booms?***
 - ***Not measurable due to repression of the Fact Book***
 - ***and unprecedented growth?***
 - ***Except for Executive Salaries we see no growth in any key indicator***



Mr. Aguillard on himself

“Every organization is designed for the results that it gets.”

-Mr. Aguillard Quoting Arthur Jones, COLUMNS Interview 2005

Is Louisiana College getting the results she needs? Or the results Mr. Aguillard has designed for her?



Demand a Change in Leadership

- Have your **Church** express concern to the LBC Executive Board
- Have your **Church withhold all contributions** to the LBC and LC until a change is made
- Express your **personal concern** to the LC Board and the LBC Executive Board
- **Deny/Withhold any personal contributions to LC** until a change is made
- **Deny/Withhold any personal contributions to your Church** until a change is made
- LC is YOUR College....As a Louisiana Baptist **expect and demand better performance and fiscal responsibility**