

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Lima Technical College Foundation

We have reviewed the Independent Auditor's Report of the Lima Technical College Foundation, Allen County, prepared by E.S. Evans & Company for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lima Technical College Foundation is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

February 5, 2002

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LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

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E.S. Evans and Company

Certified Public Accountants and Consultants

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

September 28, 2001

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lima Technical College Development Fund
Allen County, Ohio

Auditor of State of Ohio
Columbus, Ohio

and

We have audited the accompanying statements of financial position of Lima Technical College Development Fund (a nonprofit organization) as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lima Technical College Development Fund as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 28, 2001, on our consideration of Lima Technical College Development Fund's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

E.S. Evans and Company

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

STATEMENT OF FINANCIAL POSITION

June 30, 2001

Assets:

Cash and Cash Equivalents	\$	184,124
Investments - Note B		837,528
Pledges Receivable - Note F		478,151
Accounts Receivable		5,386
Loans Receivable		<u>18,812</u>
Total Assets	\$	<u><u>1,524,000</u></u>

Liabilities and Net Assets:

Accounts Payable	\$	<u>101,497</u>
Net Assets:		
Unrestricted		343,319
Temporarily Restricted		666,805
Permanently Restricted		<u>412,379</u>
Total Net Assets		<u>1,422,503</u>
Total Liabilities and Net Assets	\$	<u><u>1,524,000</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, Gains and Other Support:</u>				
Contributions	\$ 48,340	\$ 68,849	\$ 26,962	\$ 144,151
Interest and Net Unrealized Gain/(Loss)	5,358	(10,747)	-	(5,389)
	53,698	58,102	26,962	138,762
Assets Released from Restrictions	175,023	(175,023)	-	-
	228,721	(116,921)	26,962	138,762
Total Revenues, Gains and Other Support	228,721	(116,921)	26,962	138,762
 <u>Expenses and Losses:</u>				
Scholarships/Awards	166,481	-	-	166,481
Projects and Administrative Expenses	170,933	-	-	170,933
	337,414	-	-	337,414
Total Expenses and Losses	337,414	-	-	337,414
Change in Net Assets	(108,693)	(116,921)	26,962	(198,652)
Net Assets at Beginning of Year	452,012	783,726	385,417	1,621,155
Net Assets at End of Year	\$ 343,319	\$ 666,805	\$ 412,379	\$ 1,422,503

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2001

<u>Cash Flows from Operating Activities:</u>	
Change in Net Assets	\$ (198,652)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities:	
(Increase)/Decrease in Account Receivables	(23,800)
(Increase)/Decrease in Pledge Receivables	174,149
Increase/(Decrease) in Account Payable	<u>38,255</u>
Net Cash Provided/(Used) by Operating Activities	<u>(10,048)</u>
<u>Cash Flows from Investing Activities:</u>	
Net Unrealized Gains/(Losses) on Investments	(25,570)
Gain/(Loss) on Sale of Investments	(18,668)
Investment Purchases	<u>146,020</u>
Net Cash Provided/(Used) by Investing Activities	<u>101,782</u>
<u>Net Increase/(Decrease) in Cash</u>	91,734
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>92,390</u>
<u>Cash and Cash Equivalents at End of Year</u>	<u>\$ 184,124</u>

The accompanying notes are an integral part of these financial statements

EXHIBIT C

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note A - Summary of Significant Accounting Policies

Purpose of Organization

This Organization was established for charitable and educational purposes for the benefit of Lima Technical College and its students, by receiving, holding, investing, and administering property and making expenditures to or for the benefit of Lima Technical College and its students.

Method of Accounting

Lima Technical College Development Fund uses the accrual method of accounting for income and expense.

Federal Income Taxes

Lima Technical College Development Fund is a not for profit organization exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code. In addition, Lima Technical College Development Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

Basis of Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted – Net assets are under the discretionary control of the Board of Trustees and include amounts designated by the Board for specified purposes.

Temporarily Restricted – Net assets are restricted by the donor for a specific purpose (generally scholarships) or use in a future time period. As restrictions are met or expire, the net assets are released from restrictions and transferred to unrestricted.

Permanently Restricted – Net assets are subject to donor-imposed restrictions that the resources be maintained permanently. The income on these net assets is generally used for scholarships.

Use of Estimates

The preparation of the financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note A - Summary of Significant Accounting Policies - (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, Lima Technical College Development Fund considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows include checking accounts, savings accounts, and petty cash.

Fair Value of Financial Instruments

The following methods and assumptions were used by Lima Technical College Development Fund in estimating the fair value of their financial instruments:

Cash and Cash Equivalents - The carrying amount reported in the Statement of Financial Position is fair value.

Investments - These are carried at market value. Market values are based on current quoted market prices in accordance with the Statement of Financial Standards (SFAS) No. 124.

Concentrations of Credit Risk

Financial instruments that potentially subject Lima Technical College Development Fund to credit risk are the investments. Investments are held in various investment groups and Management has diversified these funds to minimize any potential credit risk.

Note B - Investments

Investments at June 30, 2001 are comprised of the following:

Equity Funds	\$ 506,472
Bond Funds	281,568
Common Stock	49,488
Total	<u>\$ 837,528</u>

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note C - Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Note D - Restrictions on Net Assets

The permanently restricted net assets are comprised of contributions given to the Lima Technical College Development Fund for the establishment of scholarship endowments. These endowed funds will be held indefinitely, the income from which is expendable for student scholarships.

The Lima Technical College Development Fund also receives contributions restricted for specific purposes. These funds are classified as temporarily restricted net assets. Once the restrictions are satisfied or expire, the temporarily restricted net assets are released to the unrestricted fund.

Note E - Dayton Foundation

Four scholarship funds are held by The Dayton Foundation. The John J. and Martha M. Hudson Fund, two James J. Countryman Funds and the Thomas R. Leech Fund. The account balances at June 30, 2001 are \$9,120, \$13,590, \$4,420 and \$11,986, respectively. These funds are managed by The Dayton Foundation and are not included in the financial statements of Lima Technical College Development Fund. During 2001, Lima Technical College awarded a \$300 scholarship from the Hudson Fund, a \$200 scholarship from the Countryman Fund and a \$600 scholarship from the Leech fund. The money is transferred from The Dayton Foundation to Lima Technical College and is treated as revenue and expense in the year awarded.

LIMA TECHNICAL COLLEGE DEVELOPMENT FUND
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note F - Fair Value of Pledges Receivable

The fair value of unconditional promises to give (pledges receivable) in more than one year is estimated at \$478,151 after discounting for the future cash flows.

The following schedule summarizes the net realizable value and discounted values through the year 2007.

	<u>Net Realizable Value</u>	<u>Discounted Value</u>
2003	\$ 149,312	\$ 149,312
2004	139,015	132,442
2005	77,230	70,130
2006	77,230	66,829
2007	<u>72,081</u>	<u>59,438</u>
Total	<u>\$ 514,868</u>	<u>\$ 478,151</u>

Note G – Net Assets

Restricted net assets are as follows at June 30, 2001:

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>
Scholarship Funds	<u>\$ 412,379</u>	<u>\$ 666,805</u>

The permanently restricted scholarship funds are donor restricted scholarship endowments. The income from these endowments are used for the purpose of assisting individuals to further their education at Lima Technical College.

The temporarily restricted scholarship funds are donor restricted funds established to provide scholarships based on individual fund criteria to Lima Technical College students.



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September 28, 2001

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Trustees
Lima Technical College Development Fund
Allen County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the financial statements of Lima Technical College Development Fund as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether Lima Technical College Development Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Board of Trustees
Lima Technical College Development Fund
Auditor of State of Ohio
January 3, 2001
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Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lima Technical College Development Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, and Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ...", is located in the lower right quadrant of the page.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIMA TECHNICAL COLLEGE DEVELOPMENT FUND

ALLEN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2002**