

**CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION**

FINANCIAL STATEMENTS

June 30, 2004 and 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Cincinnati State Technical and Community College Foundation
Cincinnati, Ohio

We have reviewed the Independent Auditor's Report of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Crowe Chizek and Company LLC, for the audit period July 1, 2003 through June 30, 2004. 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 Cincinnati State Technical and Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 3, 2005

This Page is Intentionally Left Blank.

CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION

Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2004 and 2003

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES.....	4
STATEMENTS OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS	7
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10



Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Cincinnati State Technical and Community
College Foundation and Ms. Betty Montgomery,
Auditor of State of Ohio
Cincinnati, Ohio

We have audited the accompanying statement of financial position of Cincinnati State Technical and Community College Foundation (the "Foundation") as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of June 30, 2003, were audited by other auditors, whose report, dated December 3, 2003, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2004, 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 our report dated January 13, 2005, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Columbus, Ohio
January 13, 2005

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and cash equivalents	\$ 526,033	\$ 672,084
Investments	991,037	947,116
Pledges receivable, net	424,354	87,492
Interest income receivable	<u>548</u>	<u>603</u>
Total assets	<u>\$ 1,941,972</u>	<u>\$ 1,707,295</u>
LIABILITIES AND NET ASSETS		
Accounts payable	<u>\$ 31,336</u>	<u>\$ 42,441</u>
Net assets		
Unrestricted		
General	20,541	(3,667)
Quasi-Endowment	<u>602,072</u>	<u>580,758</u>
Total unrestricted net assets	622,613	577,091
Temporarily restricted	621,901	695,313
Permanently restricted endowment	<u>666,122</u>	<u>392,450</u>
Total net assets	<u>1,910,636</u>	<u>1,664,854</u>
Total liabilities and net assets	<u>\$ 1,941,972</u>	<u>\$ 1,707,295</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2004

	<u>Unrestricted</u>			Temporarily Restricted	Permanently Restricted Endowment	2004 Total
	<u>General</u>	<u>Quasi Endowment</u>	<u>Total Unrestricted</u>			
Support and revenue						
Contributions	\$ 24,538	\$ -	\$ 24,538	\$ 451,585	\$ 273,672	\$ 749,795
Interest and dividend income, net	12,840	2,379	15,219	-	-	15,219
Unrealized and realized gain on investments	32,058	18,935	50,993	-	-	50,993
Net assets released from restriction	<u>524,997</u>	<u>-</u>	<u>524,997</u>	<u>(524,997)</u>	<u>-</u>	<u>-</u>
Total support and revenue	594,433	21,314	615,747	(73,412)	273,672	816,007
Expenses						
General operating expenses and support	117,492	-	117,492	-	-	117,492
College contributions	225,000	-	225,000	-	-	225,000
Student scholarships, financial aid and educational program funding	<u>227,733</u>	<u>-</u>	<u>227,733</u>	<u>-</u>	<u>-</u>	<u>227,733</u>
Total expenses	<u>570,225</u>	<u>-</u>	<u>570,225</u>	<u>-</u>	<u>-</u>	<u>570,225</u>
Increase (decrease) in net assets	24,208	21,314	45,522	(73,412)	273,672	245,782
Net assets, beginning of year	<u>(3,667)</u>	<u>580,758</u>	<u>577,091</u>	<u>695,313</u>	<u>392,450</u>	<u>1,664,854</u>
Net assets, end of year	<u>\$ 20,541</u>	<u>\$ 602,072</u>	<u>\$ 622,613</u>	<u>\$ 621,901</u>	<u>\$ 666,122</u>	<u>\$ 1,910,636</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2003

	<u>Unrestricted</u>			Temporarily <u>Restricted</u>	Permanently Restricted <u>Endowment</u>	2003 <u>Total</u>
	<u>General</u>	<u>Quasi Endowment</u>	<u>Total Unrestricted</u>			
Support and revenue						
Contributions	\$ 8,396	\$ -	\$ 8,396	\$ 389,777	\$ -	\$ 398,173
Interest and dividend income, net	18,595	5,840	24,435	-	-	24,435
Unrealized and realized loss on Investments	(4,097)	(2,922)	(7,019)	-	-	(7,019)
Net assets released from restriction	<u>248,664</u>	<u>-</u>	<u>248,664</u>	<u>(248,664)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>271,558</u>	<u>2,918</u>	<u>274,476</u>	<u>141,113</u>	<u>-</u>	<u>415,589</u>
Expenses						
General operating expenses and support	194,746	-	194,746	-	-	194,746
Student scholarships, financial aid and educational program funding	<u>130,804</u>	<u>-</u>	<u>130,804</u>	<u>-</u>	<u>-</u>	<u>130,804</u>
Total expenses	<u>325,550</u>	<u>-</u>	<u>325,550</u>	<u>-</u>	<u>-</u>	<u>325,550</u>
Increase (decrease) in net assets	(53,992)	2,918	(51,074)	141,113	-	90,039
Net assets, beginning of year	<u>50,325</u>	<u>577,840</u>	<u>628,165</u>	<u>554,200</u>	<u>392,450</u>	<u>1,574,815</u>
Net assets, end of year	<u>\$ (3,667)</u>	<u>\$ 580,758</u>	<u>\$ 577,091</u>	<u>\$ 695,313</u>	<u>\$ 392,450</u>	<u>\$ 1,664,854</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Change in net assets	\$ 245,782	\$ 90,039
Net realized and unrealized (gain) loss on investments	(50,993)	7,019
Change in assets and liabilities		
Pledges receivable	(336,862)	(87,492)
Interest income receivable	55	(603)
Accounts payable	<u>(11,105)</u>	<u>(274,511)</u>
Net cash used in operating activities	(153,123)	(265,548)
 Cash flows from investing activities		
Proceeds from sale of investments	<u>7,072</u>	<u>23,026</u>
 Net decrease in cash and cash equivalents	(146,051)	(242,522)
 Cash and cash equivalents, beginning of year	<u>672,084</u>	<u>914,606</u>
 Cash and cash equivalents, end of year	<u>\$ 526,033</u>	<u>\$ 672,084</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 1 – ORGANIZATION AND GENERAL INFORMATION

The Cincinnati State Technical and Community College Foundation (the “Foundation”) was organized to promote and support the programs, services and capital improvement projects of Cincinnati State Technical and Community College (“College”) and to solicit, receive, hold, administer and apply funds or other property, raised through gifts, devises, bequests, endowments, and grants for the benefit of the College.

The Foundation is governed by a self-perpetuating Board of Directors whose membership consists of certain ex-officio and other members from the College’s Board and management and members (a majority) who are not from the College’s Board or employed by the College.

Certain administrative functions related to the Foundation are provided by the College at no cost to the Foundation.

The Internal Revenue Service has ruled that the Foundation is not a private foundation and is exempt from federal income taxes under Internal Revenue Code 501(c) (3).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounts of the Foundation are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation: These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been done by classification of transactions and balances into three categories of net assets: unrestricted, temporarily restricted, and permanently restricted.

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

Unrestricted Net Assets:

General – General unrestricted net assets have no external restrictions as to use or purpose.

(Continued)

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Quasi-Endowment Net Assets – Quasi-Endowment net assets are designated by the Board of Directors to be invested as a preservation of gift income and used at a later date when additional needs may arise.

Temporarily Restricted Net Assets:

Temporarily restricted net assets represent net assets received that are restricted as to use as specified by donors or restricted by time. Such net assets were generally restricted as follows at June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Scholarships and student financial aid	\$ 567,080	\$ 592,852
Equipment purchases and capital construction	9,918	49,422
Program support	<u>44,903</u>	<u>53,039</u>
Total	<u>\$ 621,901</u>	<u>\$ 695,313</u>

Permanently Restricted Endowment Net Assets:

Endowment net assets are subject to the restrictions of gift instruments requiring in perpetuity that the principle be invested and the income only be utilized in support of scholarships and student financial aid.

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. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents: Cash and cash equivalents includes deposits in financial institutions and short-term investments with original maturities of 90 days or less.

Investments: Investments are reported at fair value and consist of pooled investments in The Greater Cincinnati Foundation Balanced Pool (“Pool”). The valuation of the investments in the Pool is based on the quoted market values of the investments held by the Pool. The Pool primarily invests in large capitalized equities and intermediate duration bonds.

(Continued)

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2004 and 2003

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include checking and overnight investment accounts with one local bank that maintains insurance on deposits up to \$100,000 for the years ended June 30, 2004 and 2003. At various times throughout the fiscal year, the Foundation had in excess of \$100,000 on deposit.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable have been classified as temporarily restricted net assets, as they have restrictions as to use. No allowance for uncollectible pledges is considered necessary. Pledges receivable are due as follows:

2005	\$ 204,282
2006	89,392
2007	83,816
2008	62,658
2009	<u>1,462</u>
	441,610
Less: present value discount	<u>17,256</u>
Net pledges receivable	<u>\$ 424,354</u>



Crowe Chizek and Company LLC
Member Horwath International

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

Board of Directors
Cincinnati State Technical and Community
College Foundation and Ms. Betty Montgomery,
Auditor of State of Ohio
Cincinnati, Ohio

We have audited the financial statements of Cincinnati State Technical and Community College Foundation (the Foundation) as of and for the year ended June 30, 2004, and have issued our report thereon dated January 13, 2005. 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.

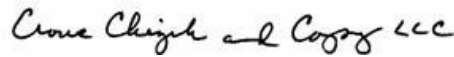
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation'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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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


Crowe Chizek and Company LLC

Columbus, Ohio
January 13, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE
FOUNDATION**

HAMILTON 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
MAY 17, 2005**