

Owens Community College Foundation

Financial Statements

June 30, 2005 and 2004



**Auditor of State
Betty Montgomery**

To the Board of Trustees
Owens Community College Foundation
Toledo, Ohio

We have reviewed the *Independent Auditor's Report* of the Owens Community College Foundation, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2004 through June 30, 2005. 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 Owens 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

November 4, 2005

This Page is Intentionally Left Blank.

Owens Community College Foundation

Contents

Independent Auditor's Report	1
Statement of Financial Position as of June 30, 2005 and 2004	2
Statements of Activities	
Year ended June 30, 2005	3
Year ended June 30, 2004	4
Statement of Cash Flows - Years Ended June 30, 2005 and 2004	5
Notes to Financial Statements	6-9
Report Letter on Compliance with Laws and Regulations and Internal Control - Basic Financial Statements	10



Plante & Moran, PLLC
3434 Granite Circle
P.O. Box 353090
Toledo, OH 43635-3090
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Independent Auditor's Report

Board of Trustees
Owens Community College Foundation

We have audited the accompanying statement of financial position of Owens Community College Foundation as of June 30, 2005 and 2004 and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Owens Community College Foundation as of June 30, 2005 and 2004, and the results of its operations and cash flows 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 October 3, 2005 on our consideration of Owens Community College Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 opinions 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.

Plante & Moran, PLLC

October 3, 2005

A member of



A worldwide association of independent accounting firms

Owens Community College Foundation

Statement of Financial Position

	June 30	
	2005	2004
Assets		
Cash and cash equivalents	\$ 334,064	\$ 194,128
Investments (Note 3)	1,229,429	1,077,958
Pledges receivable (Note 4)	147,411	48,277
Land	68,806	68,806
Total assets	<u>\$ 1,779,710</u>	<u>\$ 1,389,169</u>
Liabilities and Net Assets		
Liabilities		
Due to Owens State Community College	\$ 45,154	\$ 30,275
Deferred revenue	104,645	389
Funds in custody (Agency Funds)	80,726	55,641
Total liabilities	230,525	86,305
Net Assets (Note 6)		
Unrestricted	173,328	141,275
Temporarily restricted	586,411	462,709
Permanently restricted	789,446	698,880
Total net assets	<u>1,549,185</u>	<u>1,302,864</u>
Total liabilities and net assets	<u>\$ 1,779,710</u>	<u>\$ 1,389,169</u>

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Support				
Donations received	\$ 24,779	\$ 201,500	\$ 85,596	\$ 311,875
Investment income:				
Interest and dividend income	10,234	29,987	207	40,428
Unrealized loss on investments	-	(72,892)	-	(72,892)
Realized gain on investments	22,342	78,658	531	101,531
Other revenue	11,167	51,389	4,232	66,788
Revenue released from restrictions	164,940	(164,940)	-	-
Total revenue and support	233,462	123,702	90,566	447,730
Expenses				
Program services:				
Scholarships	58,300	-	-	58,300
Equipment grant	54,956	-	-	54,956
Outside grants expense	50,389	-	-	50,389
Other program services	3,325	-	-	3,325
Total program services	166,970	-	-	166,970
Management and general	34,439	-	-	34,439
Total expenses	201,409	-	-	201,409
Change in net assets	32,053	123,702	90,566	246,321
Net Assets – Beginning of year	141,275	462,709	698,880	1,302,864
Net Assets – End of year	\$ 173,328	\$ 586,411	\$ 789,446	\$ 1,549,185

Owens Community College Foundation

Statement of Activities Year Ended June 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Support				
Donations received	\$ 12,772	\$ 389,329	\$ 149,793	\$ 551,894
Investment income:				
Interest and dividend income	6,563	21,739	386	28,688
Unrealized gain on investments	-	73,292	-	73,292
Realized gain on investments	1,715	10,120	190	12,025
Other revenue	19,000	49,611	-	68,611
Revenue released from restrictions	<u>425,823</u>	<u>(425,823)</u>	<u>-</u>	<u>-</u>
Total revenue and support	465,873	118,268	150,369	734,510
Expenses				
Program services:				
Scholarships	69,860	-	-	69,860
Equipment grant	305,613	-	-	305,613
Outside grants expense	49,612	-	-	49,612
Other program services	<u>3,238</u>	<u>-</u>	<u>-</u>	<u>3,238</u>
Total program services	428,323	-	-	428,323
Management and general	<u>42,261</u>	<u>-</u>	<u>-</u>	<u>42,261</u>
Total expenses	<u>470,584</u>	<u>-</u>	<u>-</u>	<u>470,584</u>
Change in net assets	(4,711)	118,268	150,369	263,926
Net Assets – Beginning of year	<u>145,986</u>	<u>344,441</u>	<u>548,511</u>	<u>1,038,938</u>
Net Assets – End of year	<u>\$ 141,275</u>	<u>\$ 462,709</u>	<u>\$ 698,880</u>	<u>\$ 1,302,864</u>

Owens Community College Foundation

Statement of Cash Flows

	Year Ended June 30	
	2005	2004
Cash Flows from Operating Activities		
Increase in net assets	\$ 246,321	\$ 263,926
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Unrealized loss (gains) on investments	72,892	(73,292)
Net realized gains on investments	(101,531)	(12,025)
(Increase) decrease in pledges receivable	(99,134)	8,991
Decrease in accounts receivable	-	1,356
Increase (decrease) in amounts due to Owens Community College	14,879	(12,366)
Increase in deferred revenue	104,256	389
Increase in funds in custody (Agency Funds)	25,085	31,142
Donations restricted for long-term endowment investment	(85,596)	(149,793)
Net cash provided by operating activities	177,172	58,328
Cash Flows from Investing Activities		
Purchase of investments	(1,672,314)	(677,188)
Proceeds from the sale of investments	1,549,482	266,781
Net cash used in investing activities	(122,832)	(410,407)
Cash Flows from Financing Activities		
Proceeds from donations restricted for long-term endowment investment	85,596	149,793
Increase (Decrease) in Cash and Cash Equivalents	139,936	(202,286)
Cash and Cash Equivalents - Beginning of year	194,128	396,414
Cash and Cash Equivalents - End of year	\$ 334,064	\$ 194,128

Owens Community College Foundation

Notes to Financial Statements June 30, 2005 and 2004

(1) Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens Community College (the College) terminated the Michael J. Owens Technical College Charitable Trust (the Trust). The assets of the Trust were transferred to the newly established Owens State Community College Foundation (the Foundation). The Foundation was established for the benefit of the College and its students. The Foundation was incorporated in April, 2002, and the name was changed to Owens Community College Foundation effective November 25, 2003.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The Foundation's financial statements are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

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 may or will be met either by actions of the Foundation and/or the passage of time. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations 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.

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 (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.

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash in bank, time deposits, and highly liquid debt instruments with maturities of three months or less when purchased to be cash and cash equivalents.

Owens Community College Foundation

Notes to Financial Statements June 30, 2005 and 2004

(2) Summary of Significant Accounting Policies (Continued)

(d) Investments

In 2005 and 2004, investments are recorded at current market value based on quoted market prices and consist of stock and bond mutual funds.

(e) Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

(f) Land

Land is stated at cost of the property. The most recent appraisal of this property, performed in May, 2003, valued the land at \$225,000.

(g) Income Taxes

The Internal Revenue Service, in a letter dated September 29, 1997, and again on September 22, 2004, determined that the Foundation was exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

(h) Use of Estimates

Management of the Foundation has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Investments

Investments at June 30, 2005, by major security type, were as follows:

	Cost	Market Value @ 6/30/05
Bond mutual funds	\$ 433,016	\$ 438,127
Equity mutual funds	763,121	791,262
Coins	40	40
Total investments	<u>\$ 1,196,177</u>	<u>\$ 1,229,429</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2005 and 2004

(3) Investments (Continued)

Investments at June 30, 2004, by major security type, were as follows:

	Cost	Market Value @ 6/30/04
Bond mutual funds	\$ 339,008	\$ 330,959
Equity mutual funds	632,768	746,959
Coins	40	40
Total investments	<u>\$ 971,816</u>	<u>\$ 1,077,958</u>

(4) Pledges Receivable

As of June 30, 2005 and 2004, contributors to the Foundation have made written unconditional promises to give. These promises are reported at present value of estimated future cash flows and are discounted at 3 to 4%. This rate is commensurate with risks involved and is consistent with past experience.

	2005	2004
Unconditional promises to give	\$ 158,000	\$ 52,480
Less unamortized discount	<u>(10,589)</u>	<u>(4,203)</u>
Net unconditional promises to give	<u>\$ 147,411</u>	<u>\$ 48,277</u>
Amounts due in:		
Less than one year	\$ 49,595	\$ 12,480
One to five years	<u>97,816</u>	<u>35,797</u>
Total	<u>\$ 147,411</u>	<u>\$ 48,277</u>

Owens Community College Foundation

Notes to Financial Statements June 30, 2005 and 2004

(5) Related Party Transactions

Program services in the amount of \$166,970 and \$427,184 for fiscal years 2005 and 2004, respectively, were paid to the College by the Foundation. At June 30, 2005 and 2004, the net amounts owed to the College for reimbursement by the Foundation were \$45,154 and \$30,275, respectively.

(6) Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	2005	2004
Gifts and other unexpended revenues available for:		
Library campaign	\$ 28,187	\$ 28,227
Equipment	184,987	99,892
Scholarships	369,058	330,411
Student loans	4,179	4,179
	<u>\$ 586,411</u>	<u>\$ 462,709</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	2005	2004
Equipment	\$ 58,001	\$ 308,851
Outside grant expenses	50,389	49,612
Scholarships	56,550	67,360
	<u>\$ 164,940</u>	<u>\$ 425,823</u>

Permanently restricted net assets consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships. These expenses are reflected in the appropriate program services category on the statement of activities.



Plante & Moran, PLLC
3434 Granite Circle
P.O. Box 353090
Toledo, OH 43635-3090
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Report Letter on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees
Owens Community College Foundation

We have audited the financial statements of Owens Community College Foundation as of and for the years ended June 30, 2005 and 2004 and have issued our report thereon dated October 3, 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.

Compliance

As part of obtaining reasonable assurance about whether Owens Community College Foundation'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Owens Community College 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 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 of Owens Community College Foundation and the Auditor of the State of Ohio, and is not intended to be used and should not be used by anyone other than those specified parties.

Plante & Moran, PLLC

October 3, 2005



A worldwide association of independent accounting firms



**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

OWENS COMMUNITY COLLEGE FOUNDATION

WOOD 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
NOVEMBER 17, 2005**