

**CINCINNATI STATE TECHNICAL AND  
COMMUNITY COLLEGE FOUNDATION  
Cincinnati, Ohio**

**FINANCIAL STATEMENTS  
June 30, 2006 and 2005**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Cincinnati State Technical and Community College Foundation  
3520 Central Parkway  
Cincinnati, Ohio 45223-2690

We have reviewed the *Report of Independent Auditor's* of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Crowe Chizek and Company LLC for the audit period July 1, 2005 through June 30, 2006. 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

November 30, 2006

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CINCINNATI STATE TECHNICAL AND  
COMMUNITY COLLEGE FOUNDATION  
Cincinnati, Ohio

FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Cincinnati State Technical and Community  
College Foundation  
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, 2006 and 2005, 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 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 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 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, 2006 and 2005, and the changes in its net assets and its 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 13, 2006, on our consideration of the Foundation's internal control over financial reporting and on 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 the rest of our audit.

*Crowe Chizek and Company LLC*

Crowe Chizek and Company LLC

Columbus, Ohio  
October 13, 2006



CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 562,058	\$ 742,876
Investments	1,439,014	1,268,699
Pledges receivable, net	228,516	416,061
Interest income receivable	2,608	1,496
Other receivable	<u>57,636</u>	<u>--</u>
<b>Total assets</b>	<b><u>\$ 2,289,832</u></b>	<b><u>\$ 2,429,132</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	<u>\$ 64,540</u>	<u>\$ 49,615</u>
Net assets		
Unrestricted	406,362	624,018
Temporarily restricted	944,080	954,159
Permanently restricted endowment	<u>874,850</u>	<u>801,340</u>
Total net assets	<u>2,225,292</u>	<u>2,379,517</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,289,832</u></b>	<b><u>\$ 2,429,132</u></b>

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See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2006 with comparative 2005 totals

	Unrestricted			Temporarily Restricted	Permanently Restricted Endowment		
	General	Quasi Endowment	Total Unrestricted			2006 Total	2005 Total
Support and revenue							
Contributions	\$ 50,846	\$ -	\$ 50,846	\$ 453,083	\$ 73,510	\$ 577,439	\$ 806,570
Interest and dividend income, net	41,929	2,350	44,279	-	-	44,279	33,569
Unrealized and realized gain on investments	9,850	62,986	72,836	-	-	72,836	77,299
Net assets released from restriction	<u>463,162</u>	<u>-</u>	<u>463,162</u>	<u>(463,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	565,787	65,336	631,123	(10,079)	73,510	694,554	917,438
Expenses							
General operating expenses and support	164,610	-	164,610	-	-	164,610	162,738
College contributions	108,301	-	108,301	-	-	108,301	107,573
Student scholarships, financial aid and educational program funding	575,868	-	575,868	-	-	575,868	178,246
Total expenses	<u>848,779</u>	<u>-</u>	<u>848,779</u>	<u>-</u>	<u>-</u>	<u>848,779</u>	<u>448,557</u>
Increase (decrease) in net assets	(282,992)	65,336	(217,656)	(10,079)	73,510	(154,225)	468,881
Net assets, beginning of year	<u>(43,283)</u>	<u>667,301</u>	<u>624,018</u>	<u>954,159</u>	<u>801,340</u>	<u>2,379,517</u>	<u>1,910,636</u>
Net assets, end of year	<u>\$ (326,275)</u>	<u>\$ 732,637</u>	<u>\$ 406,362</u>	<u>\$ 944,080</u>	<u>\$ 874,850</u>	<u>\$ 2,225,292</u>	<u>\$ 2,379,517</u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2005

	Unrestricted			Temporarily Restricted	Permanently Restricted	2005 Total
	General	Quasi Endowment	Total Unrestricted			
Support and revenue						
Contributions	\$ 12,644	\$ -	\$ 12,644	\$ 658,708	\$ 135,218	\$ 806,570
Interest and dividend income, net	25,963	7,606	33,569	-	-	33,569
Unrealized and realized gain on Investments	19,676	57,623	77,299	-	-	77,299
Net assets released from restriction	<u>326,450</u>	<u>-</u>	<u>326,450</u>	<u>(326,450)</u>	<u>-</u>	<u>-</u>
Total support and revenue	384,733	65,229	449,962	332,258	135,218	917,438
Expenses						
General operating expenses and support	162,738	-	162,738	-	-	162,738
College contributions	107,573	-	107,573	-	-	107,573
Student scholarships, financial aid and educational program funding	178,246	-	178,246	-	-	178,246
Total expenses	<u>448,557</u>	<u>-</u>	<u>448,557</u>	<u>-</u>	<u>-</u>	<u>448,557</u>
Increase (decrease) in net assets	(63,824)	65,229	1,405	332,258	135,218	468,881
Net assets, beginning 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>
Net assets, end of year	<u><u>\$ (43,283)</u></u>	<u><u>\$ 667,301</u></u>	<u><u>\$ 624,018</u></u>	<u><u>\$ 954,159</u></u>	<u><u>\$ 801,340</u></u>	<u><u>\$ 2,379,517</u></u>

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (154,225)	\$ 468,881
Contributions permanently restricted for endowment	(73,510)	(135,218)
Net realized and unrealized gain on investments	(72,836)	(77,298)
Change in assets and liabilities		
Pledges receivable	187,545	8,293
Other accounts receivable	(58,748)	(949)
Accounts payable	<u>14,925</u>	<u>18,279</u>
Net cash from operating activities	(156,849)	281,988
 <b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,480,754	-
Purchase of investments	<u>(1,578,233)</u>	<u>(200,363)</u>
Net cash from investing activities	<u>(97,479)</u>	<u>(200,363)</u>
 <b>Cash flows from financing activities</b>		
Contributions permanently restricted for endowment	73,510	135,218
 Net increase (decrease) in cash and cash equivalents	(180,818)	216,843
 Cash and cash equivalents, beginning of year	<u>742,876</u>	<u>526,033</u>
 <b>Cash and cash equivalents, end of year</b>	<u><u>\$ 562,058</u></u>	<u><u>\$ 742,876</u></u>

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See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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**NOTE 1 - ORGANIZATION AND GENERAL INFORMATION**

The Cincinnati State Technical and Community College Foundation ("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**

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted 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.

Contributions: Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support, while contributions without donor-imposed restrictions are reported as unrestricted support.

Investments: Investments are reported at fair value and consist of pooled investments. The valuation of the investments in 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.

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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

**NOTE 3 - NET ASSETS**

Net assets, 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.

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, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Scholarships and student financial aid	\$ 523,014	\$ 596,710
Equipment purchases and capital construction	--	99,846
Program support	<u>421,066</u>	<u>257,603</u>
Total	<u>\$ 944,080</u>	<u>\$ 954,159</u>

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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**NOTE 3 - NET ASSETS (Continued)**

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.

**NOTE 4 - 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, 2006 and 2005. At various times throughout the fiscal year, the Foundation had in excess of \$100,000 on deposit.

**NOTE 5 - 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:

2007	\$ 159,324
2008	66,628
2009	4,325
2010	2,000
2011	<u>-</u>
	232,277
Less: present value discount	<u>(3,761)</u>
Net pledges receivable	<u>\$ 228,516</u>

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CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005

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**NOTE 6 - TRANSACTIONS WITH CINCINNATI STATE TECHNICAL AND  
COMMUNITY COLLEGE**

Cincinnati State Technical and Community College provides office space, personnel, computer and other administrative services to the Foundation. All compensation and benefits for the personnel are paid by the College. The estimated value of the services is not included in the Foundation's financial statements.





**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, 2006, and have issued our report thereon dated October 13, 2006. 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 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 than these specified parties.



Crowe Chizek and Company LLC

Columbus, Ohio  
October 13, 2006



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**CINCINNATI STATE TECHNICAL  
AND  
COMMUNITY COLLEGE FOUNDATION**

**MIAMI 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  
DECEMBER 14, 2006**