

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

**Financial Statements
June 30, 2006 and 2005**

With

Independent Auditors' Report

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA

Auditor of State

Board of Directors
Columbus State Community College
Development Foundation, Inc.
550 East Spring Street
Columbus, Ohio 43216

We have reviewed the *Independent Auditors' Report* of the Columbus State Community College Development Foundation, Inc., Franklin County, prepared by Parns & 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 Columbus State Community College Development Foundation, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 22, 2007

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**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Columbus State Community College
Development Foundation, Inc.
Columbus, Ohio

We have audited the accompanying statement of financial position of Columbus State Community College Development Foundation, Inc. (the Foundation), a component unit of Columbus State Community College 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 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 Columbus State Community College Development Foundation, Inc. as of June 30, 2006 and 2005, 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 6, 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 grants. 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 read in conjunction with this report in considering the results of our audit.

Parms & Company, LLC

Columbus, Ohio
October 6, 2006

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statements of Financial Position
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 119,970	\$ 317,849
Investments	3,827,907	3,436,762
Pledges receivable	1,730,303	580,443
Student loans receivable, net of allowance of \$12,170	<u>1,297</u>	<u>1,297</u>
Total assets	<u><u>\$ 5,679,477</u></u>	<u><u>\$ 4,336,351</u></u>
 LIABILITIES		
Trade Payables	\$ -	\$ 20,000
Due Columbus State Community College	<u>1,132,296</u>	<u>4,860</u>
Total liabilities	1,132,296	24,860
 NET ASSETS		
Unrestricted	73,086	132,780
Temporarily restricted	1,389,169	1,350,504
Permanently restricted	<u>3,084,926</u>	<u>2,828,207</u>
Total net assets	<u><u>4,547,181</u></u>	<u><u>4,311,491</u></u>
Total liabilities and net assets	<u><u>\$ 5,679,477</u></u>	<u><u>\$ 4,336,351</u></u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statement of Activities
For the Year Ended June 30, 2006**

	2006			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND SUPPORT				
Contributions	\$ 1,251,539	552,972	251,889	\$ 2,056,400
Investment income:				
Dividends and net realized gain (loss)	56,190	87,404	-	143,594
Net unrealized gain (loss)	41,815	14,567	-	56,382
Miscellaneous				
Net assets released from restrictions:				
Satisfaction of program restrictions	618,242	(618,242)	-	-
Total revenue and support	<u>1,967,786</u>	<u>36,701</u>	<u>251,889</u>	<u>2,256,376</u>
EXPENSES				
Scholarships	485,946	-	-	485,946
Contribution to Columbus State	1,000,000	-	-	1,000,000
Management and general support	534,740	-	-	534,740
Total expenses	<u>2,020,686</u>	<u>-</u>	<u>-</u>	<u>2,020,686</u>
CHANGE IN NET ASSETS	(52,900)	36,701	251,889	235,690
Other changes in net assets				
Transfer of earnings	(6,794)	1,964	4,830	-
Transfer per donors request	-	-	-	-
NET ASSETS				
Beginning of year	132,780	1,350,504	2,828,207	4,311,491
End of year	<u>\$ 73,086</u>	<u>1,389,169</u>	<u>3,084,926</u>	<u>\$ 4,547,181</u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statement of Activities
For the Year Ended June 30, 2005**

	2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ 412,790	635,114	282,010	\$ 1,329,914
Investment income:				
Dividends and net realized gain (loss)	(8,293)	479,524	-	471,231
Net unrealized gain (loss)	30,716	(409,215)	-	(378,499)
Miscellaneous				
Net assets released from restrictions:				
Satisfaction of program restrictions	582,103	(582,103)	-	-
Total revenue and support	<u>1,017,316</u>	<u>123,320</u>	<u>282,010</u>	<u>1,422,646</u>
EXPENSES				
Scholarships	582,103	-	-	582,103
Management and general support	345,603	-	-	345,603
Total expenses	<u>927,706</u>	<u>-</u>	<u>-</u>	<u>927,706</u>
CHANGE IN NET ASSETS	89,610	123,320	282,010	494,940
Other changes in net assets				
Transfer of earnings	(201,780)	201,780	-	-
Transfer per donors request	38,730	(15,000)	(23,730)	-
NET ASSETS				
Beginning of year	206,220	1,040,404	2,569,927	3,816,551
End of year	<u>\$ 132,780</u>	<u>1,350,504</u>	<u>2,828,207</u>	<u>\$ 4,311,491</u>

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 235,690	\$ 494,940
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net unrealized (gain) loss on investments	(56,382)	378,499
Effects of changes in assets and liabilities:		
Increase in pledges receivable	(1,149,860)	(562,066)
Increase in accounts payable	1,107,436	6,340
	136,884	317,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(334,763)	(449,443)
NET DECREASE IN CASH	(197,879)	(131,730)
CASH AND CASH EQUIVALENTS, BEGINNING	317,849	449,579
CASH AND CASH EQUIVALENTS, ENDING	\$ 119,970	\$ 317,849

See accompanying notes to the financial statements.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 1 - Summary of Significant Accounting Policies:

The financial statements of the Columbus State Community College Development Foundation, Inc. (the Foundation) have been prepared on the accrual basis of accounting. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization

Columbus State Community College Development Foundation, Inc. is a not-for-profit Ohio corporation formed in 1982. It is considered to be a component unit of Columbus State Community College (the College). The Foundation is organized and operated exclusively to generate, receive, hold, invest, manage and allocate funds and property for the advancement, achievement, and support of the educational programs of the Columbus State Community College, the beneficiaries being its students and community. Columbus State Community College provides administrative services on behalf of the Foundation.

Financial statement presentation

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statement of Not-For-Profit Organizations."* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash

For purposes of the statements of cash flows, the Foundation considers all demand bank deposits as cash. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

In-Kind Income

Columbus State Community College provides an annual budget for personnel and general operating expenses of the Foundation, as well as the facilities occupied by the Foundation. In addition, the College assists the Foundation in fund-raising, gift processing and accounting. The value of the operating budget, office space and services provided constitutes additional in-kind income to the Foundation that is not recorded, nor is the associated in-kind expense for the office space and other services. Annually, the Foundation hosts an event that recognizes donors as well as raises funds for scholarships and special projects called "Taste the Future" in which vendors prepare various gourmet foods. No amounts have been included in the financial statements to value the in-kind donation of time and food items for this event.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 1 - Summary of Significant Accounting Policies: (Continued)

Investments

Realized and unrealized gains and losses are reported in the statement of activities. Fair value is determined by market quotations. Donated investments are recorded at the fair value at the time received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Cash:

The Foundation maintains its cash account with Huntington National Bank. The account is consolidated with the College's other cash funds and available balances are daily swept to a concentration account and invested in an overnight repurchase agreement. The Foundation's cash is included in the College's consolidated cash, which is insured by the FDIC up to \$100,000. Uninsured cash funds held by the bank are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2006 and 2005, the Foundation had a balance per bank of \$318,581 and \$451,616, respectively. The difference between bank balance and carrying value represent normal reconciling items. The bank balances were a part of the funds invested by the College in an overnight repurchase agreement, as of June 30, 2006 and 2005.

Note 3 - Investments:

The Foundation's investments are stated at market value, with changes in market value being recognized as gains and losses during the period in which they occur. The following summarizes investment values at June 30, 2006:

	<u>Cost</u>	<u>Market</u>
Cash Equivalents	\$ 36,785	\$ 36,785
Fixed Income Securities	3,040,614	3,125,533
Equity Securities	<u>641,193</u>	<u>665,589</u>
	\$ <u>3,718,592</u>	\$ <u>3,827,907</u>

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 3 - Investments: (Continued)

The following summarizes investment values at June 30, 2005:

	<u>Cost</u>	<u>Market</u>
Cash	\$ 22,964	\$ 22,964
Fixed Income Securities	1,374,544	1,401,250
Equity Securities	<u>1,987,349</u>	<u>2,012,548</u>
	<u>\$ 3,384,857</u>	<u>\$ 3,436,762</u>

Note 4 - Promises to Give:

Unconditional promises to give consist of the following as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Support What Works Campaign Pledges	\$ 739,341	\$ 480,000
Annual Pledges	30,402	133,750
FedEx Pledge	1,000,000	-
Less: Discount and allowance	<u>(39,440)</u>	<u>(33,307)</u>
Total	<u>\$1,730,303</u>	<u>\$ 580,443</u>

As of June 30, 2006	<u>Gross</u>	<u>Allowance/</u>	<u>Net</u>
Amounts due to be received in:	<u>Amount</u>	<u>Discount</u>	<u>Amount</u>
Less than one year	\$1,332,925	-	\$1,332,925
One to five years	<u>436,818</u>	<u>(39,440)</u>	<u>397,378</u>
Total	<u>\$1,769,743</u>	<u>(39,440)</u>	<u>\$1,730,303</u>

During 2005, the Foundation began soliciting contributions for a major gifts campaign. As of June 30, 2006, management estimates that all promises to give ultimately will be collectible. Due to uncertainties about future events, management's estimate of uncollectible promises to give may subsequently change, although the amount of such a change cannot be estimated. Pledges receivable as of June 30, 2006, included \$1,000,000 for the estimated value of a used jet donated to the Foundation by Federal Express, earmarked for the College's aviation and law enforcement programs. Discounts applied to promises to give total \$39,440 and \$33,307, as of June 30, 2006 and 2005.

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 5 - Net Assets:

The following summarizes the purposes and restrictions of the funds:

Unrestricted net assets:

Undesignated:

To provide for students' needs other than for scholarships. The funds are derived from interest from the Unrestricted Scholarship Fund and from donations.

Temporarily restricted net assets:

Funds established to support specific projects of the College or provide scholarships based on individual fund criteria to Columbus State Community College students.

<u>Fund/Nature of Restriction</u>	<u>2006</u>	<u>2005</u>
Academia Nuts - Art Supplies	\$ 1,245	\$ 1,245
Alumni Association Club - Alumni Events and Projects	10,517	-
Aviation Maintenance	4,830	480
Bob Evans - Scholarships, Team Competition and Equipment	58,699	54,597
Capital Equipment	37,985	67,885
Columbus Edge K-12 and Workforce Development Program	36,000	36,000
Community Outreach - Workforce Development Program	268	5,268
Diversity Enhancement - Diversity Programs and Workforce Development	-	45,000
Eischen/Reliastar - Business and Industry Programs	3,917	3,917
First Tee of Columbus - Grants for First Tee Program	-	9,000
First Tee General Support - General Program Support	-	6,435
Healthcare Workforce	283,565	
Hospitality Management - Student Competition	3,223	3,223
Huntington Lecture Series	95,962	99,962
Landscape ALCA	39,850	-
Limited Women's	27,385	-
Kids in College - Summer K-12 Program	30,101	29,861
Ohio Children's Foundation - CDC Playground	-	45,000
Raymond Mason Foundation - Programs and Language Institute	-	7,940
Wolfe Associates - Cross Finish Line	236,122	-
Others	910	-
Various Scholarship Funds	<u>518,590</u>	<u>934,691</u>
Total Temporarily Restricted Net Assets	<u>\$1,389,169</u>	<u>\$1,350,504</u>

**COLUMBUS STATE COMMUNITY COLLEGE
DEVELOPMENT FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2006 and 2005**

Note 5 - Net Assets: (continued)

Permanently restricted net assets:

The following represents endowed funds at June 30:

<u>Fund/Nature of Restriction</u>	<u>2006</u>	<u>2005</u>
Mary Babcock Endowed Fund - Development Foundation Support	\$ 250,000	\$ 250,000
SEM Title III - Enrollment Management Project Support	289,698	289,698
Worthington Special Project Endowed Fund - Campus Project Support	10,000	10,000
Various Endowed Scholarship Funds	<u>2,535,228</u>	<u>2,278,509</u>
Total Permanently Restricted Net Assets	<u>\$3,084,926</u>	<u>\$2,828,207</u>

Note 6 - Non Monetary Pass-Through Contribution:

During fiscal year 2006, the Foundation received the donation of a used FedEx jet. The use of the jet was designated for the Columbus State Community College. Management has estimated the value of the jet to be \$1,000,000. Since the use of the jet is intended for the College's aviation and law enforcement programs, the Foundation in fiscal year 2006 has recorded both the revenue for receipt of the jet, and contribution expense for its transference over to the College.

Note 7 - Reclassification:

Certain reclassifications have been made to the 2005 financial statements presentations to conform with the 2006 financial statements presentations.

**INDEPENDENT AUDITORS' REPORT
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 Trustees
Columbus State Community College
Development Foundation, Inc.
Columbus, Ohio

We have audited the financial statements of Columbus State Community College Development Foundation, Inc. (the Foundation), a component unit of Columbus State Community College, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 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 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*.

However, we noted certain matters involving the internal control over financial reporting, which we have reported to management of the Foundation in a separate letter dated October 6, 2006.

This report is intended solely for the use of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Farms & Company, LLC

October 6, 2006
Columbus, Ohio



Mary Taylor, CPA
Auditor of State

COLUMBUS STATE COMMUNITY COLLEGE DEVELOPMENT FOUNDATION, INC.

FRANKLIN 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
FEBRUARY 6, 2007**