

***CUYAHOGA COMMUNITY COLLEGE
FOUNDATION***

*Financial Statements
Years Ended June 30, 2006 and 2005
And Independent Auditors' Report*



Mary Taylor, CPA

Auditor of State

Board of Directors
Cuyahoga Community College Foundation
700 Carnegie Avenue
Cleveland, Ohio 44115

We have reviewed the *Independent Auditors' Report* of the Cuyahoga Community College Foundation, Cuyahoga County, prepared by Hausser & Taylor 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 Cuyahoga Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 18, 2007

This Page is Intentionally Left Blank.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2006, and 2005:	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-10
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	11
STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2006	12

This Page is Intentionally Left Blank.



Board of Directors
Cuyahoga Community College Foundation
Cleveland, Ohio

Independent Auditors' Report

We have audited the accompanying statements of financial position of the Cuyahoga Community College Foundation (the "Foundation") as of June 30, 2006 and 2005 and the related statements of activities and of 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 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 September 29, 2006 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.

Cleveland, Ohio
September 29, 2006

Hausser + Taylor LLC

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2006 and 2005

ASSETS	2006	2005
Cash and cash equivalents	\$ 2,578,058	\$ 2,104,777
Investments	14,326,021	12,058,658
Receivables:		
Contributions—net	2,962,683	2,780,885
Contributions due from related party	<u>70,864</u>	<u>93,640</u>
TOTAL	<u>\$ 19,937,626</u>	<u>\$ 17,037,960</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Grants due to related party	<u>\$ 1,016,856</u>	<u>\$ 1,364,554</u>
NET ASSETS:		
Unrestricted	(17,416)	21,565
Temporarily restricted	16,991,550	13,851,844
Permanently restricted	<u>1,946,636</u>	<u>1,799,997</u>
Total net assets	<u>18,920,770</u>	<u>15,673,406</u>
TOTAL	<u>\$ 19,937,626</u>	<u>\$ 17,037,960</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions and grants	\$ 315,078	\$ 3,023,822		\$ 3,338,900
Special events revenue		1,017,342		1,017,342
Interest and dividend income	139	399,724		399,863
Net appreciation in fair value of investments	847	1,059,052	\$ 146,639	1,206,538
Net assets released from restriction	<u>2,360,234</u>	<u>(2,360,234)</u>		
Total revenues	<u>2,676,298</u>	<u>3,139,706</u>	<u>146,639</u>	<u>5,962,643</u>
EXPENSES:				
Program services:				
Scholarships	484,080			484,080
Educational development	<u>1,762,877</u>			<u>1,762,877</u>
Total program services	2,246,957			2,246,957
Special events	127,119			127,119
Administration and general	204,346			204,346
Fundraising	<u>136,857</u>			<u>136,857</u>
Total expenses	<u>2,715,279</u>			<u>2,715,279</u>
CHANGE IN NET ASSETS	(38,981)	3,139,706	146,639	3,247,364
NET ASSETS—Beginning of year	<u>21,565</u>	<u>13,851,844</u>	<u>1,799,997</u>	<u>15,673,406</u>
NET ASSETS—End of year	<u>\$ (17,416)</u>	<u>\$ 16,991,550</u>	<u>\$ 1,946,636</u>	<u>\$ 18,920,770</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contributions and grants	\$ 228,001	\$ 3,725,909	\$ 1,533	\$ 3,955,443
Special events revenue		794,122		794,122
Interest and dividend income	187	326,347		326,534
Net appreciation (depreciation) in fair value of investments	(3,306)	672,022	116,606	785,322
Net assets released from restriction	<u>3,058,663</u>	<u>(3,058,663)</u>		
Total revenues	<u>3,283,545</u>	<u>2,459,737</u>	<u>118,139</u>	<u>5,861,421</u>
EXPENSES:				
Program services:				
Scholarships	270,299			270,299
Educational development	<u>2,678,512</u>			<u>2,678,512</u>
Total program services	2,948,811			2,948,811
Special events	50,460			50,460
Administration and general	221,874			221,874
Fundraising	<u>133,466</u>			<u>133,466</u>
Total expenses	<u>3,354,611</u>			<u>3,354,611</u>
CHANGE IN NET ASSETS	(71,066)	2,459,737	118,139	2,506,810
NET ASSETS—Beginning of year	<u>92,631</u>	<u>11,392,107</u>	<u>1,681,858</u>	<u>13,166,596</u>
NET ASSETS—End of year	<u>\$ 21,565</u>	<u>\$ 13,851,844</u>	<u>\$ 1,799,997</u>	<u>\$ 15,673,406</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,247,364	\$ 2,506,810
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net (appreciation) in fair value of investments	(1,206,538)	(785,322)
Permanently restricted contributions	0	(1,533)
(Increase) in contributions receivable	(181,798)	(867,224)
(Decrease)/Increase in due to related party - net	<u>(324,922)</u>	<u>92,770</u>
Net cash provided by operating activities	<u>1,534,106</u>	<u>945,501</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(17,955,615)	(8,702,229)
Proceeds from sale of investments	<u>16,894,790</u>	<u>7,109,054</u>
Net cash used in investing activities	<u>(1,060,825)</u>	<u>(1,593,175)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions	<u>0</u>	<u>1,533</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	473,281	(646,141)
 CASH AND CASH EQUIVALENTS—Beginning of year	 <u>2,104,777</u>	 <u>2,750,918</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 2,578,058</u>	<u>\$ 2,104,777</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—The Cuyahoga Community College Foundation (the "Foundation") was incorporated in August 1973 as a tax-exempt, not-for-profit corporation under Section 501(c) (3) of the Internal Revenue Code for the purpose of collecting donations from individuals, corporations and foundations to be distributed as scholarships to persons attending Cuyahoga Community College (the "College"), and to be used for other purposes benefiting the College. The Foundation is classified as other than a private foundation by the Internal Revenue Service and is exempt from income taxes.

Basis of Accounting and Financial Statement Presentation—The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with the provisions of the American Institute of Certified Public Accountants' Audit Guide for Not-for-Profit Organizations. The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following three categories:

Unrestricted—Net assets are under the discretionary control of the Board of Directors (the "Board") 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 educational development programs) or use in a future time period. The income on these net assets is either temporarily restricted or unrestricted based on the intentions of the donor.

Permanently Restricted—Net assets are subject to the donor's restriction that the principal remain invested in perpetuity. The income on these net assets generally is used for scholarships or educational development programs.

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.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of three months or less. Substantially all of the Foundation's cash and cash equivalents are composed of investments in money market funds. At times, cash on hand may exceed federally insured limits.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments— Investments of the unrestricted, temporarily restricted and permanently restricted funds are pooled for making investment transactions and are carried at market value. Market values are based on quoted market prices. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to the funds monthly using the unitized fair value method of accounting for pooled investment funds.

Contributions Receivable—Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Donated items are recorded at fair value when received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met. It is the Foundation's policy that an initial minimum balance of \$25,000 be required to establish an endowment fund. The policy allows for an annual review to determine if the accumulation of contributions and interest meet the minimum principal balance requirements.

Contributions—Contributions and grants, including bequests, special gifts and other donations, are recorded as revenue when received or, if by pledge, when an unconditional pledge is made. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Noncash bequests, gifts, and donations, if any, would be recorded at the fair market value of the asset at the date of donation.

Program Services Expenses—All scholarships and other program services distributions are approved by the Board. Unconditional grants to the College are recognized when approved. Grants approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statements of activities and changes in net assets when the specified conditions are satisfied.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

2. INVESTMENTS

For investment purposes, assets of the various unrestricted, temporarily restricted and permanently restricted classifications are pooled. Realized and unrealized gains and losses and investment income are allocated to unrestricted assets except when the donor specifies that income is to be temporarily or permanently restricted.

Investments at June 30, 2006 and 2005 consist of the following:

Description	<u>2006</u>	<u>2005</u>
Common Stock	\$ 5,692,688	\$ 4,803,525
U.S. Government Bonds	1,800,785	1,943,171
Foreign Bonds	33,841	75,244
Corporate Bonds	833,573	729,685
Mutual Funds	5,965,134	4,507,033
Totals	<u>\$ 14,326,021</u>	<u>\$ 12,058,658</u>

The various investments are exposed to various risks, such as interest rate, market and credit risks.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are accounted for in accordance with SFAS 116. The recorded fair value of contributions receivable is the present value of estimated future cash receipts using a discount rate of 4.75%. Management has determined that any allowance for uncollectible promises to give would be immaterial. Amounts due are as follows:

Contributions Receivable	Temporarily Restricted	
	<u>2006</u>	<u>2005</u>
Less than one year	\$ 1,752,397	\$ 1,413,477
One to five years	1,283,843	1,467,829
Totals	<u>3,036,240</u>	<u>2,881,306</u>
Unamortized discount	<u>(73,557)</u>	<u>(100,421)</u>
Total	<u>\$ 2,962,683</u>	<u>\$ 2,780,885</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

4. RELATED PARTY TRANSACTIONS

The College makes contributions to the Foundation during the year primarily for parking receipts. Any amounts due to the Foundation as of June 30 are reported as due from related party on the statements of financial position.

The Foundation received, on behalf of the College, cash payments on grants from private foundations of \$1,937,734 and \$1,866,701 in 2006 and 2005, respectively, and made promises to give these monies to the College for educational development programs. Outstanding promises to give grant monies to the College are reported as due to related party on the statements of financial position.

The Foundation recognizes contributed services received from the College when those services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by College employees possessing those skills, and would typically need to be purchased if not provided by the donation. The Foundation recognized \$246,469 and \$227,536 of contributed services as contribution revenue and as general and administrative expenses in 2006 and 2005.

5. NET ASSETS

Net assets are restricted primarily for scholarships and educational purposes. Net assets were released from restriction for the following purposes during the years ended June 30:

	2006	2005
Scholarships	\$ 484,080	\$ 207,298
Educational Development	1,562,877	2,678,512
Special Events	126,931	50,196
Other	186,346	59,657
Total	<u>\$2,360,234</u>	<u>\$3,058,663</u>

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for the following purposes at June 30:

	2006	2005
Scholarships	\$ 2,193,393	\$ 1,788,097
Educational Development	13,455,780	10,969,415
Special Events	561,934	458,100
Other	780,443	636,232
Total	<u>\$16,991,550</u>	<u>\$13,851,844</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2006 AND 2005

5. NET ASSETS - continued

Permanently restricted net assets are held in perpetuity and whose use by the Foundation has been limited by donor agreements that stipulate that realized gains relating to those permanently restricted investments shall become part of the principal of those permanently restricted funds. Income from those permanently restricted investments shall be used for the following purposes at June 30:

	2006	2005
Scholarships	\$ 1,946,636	\$ 1,799,997

Board of Directors
Cuyahoga Community College Foundation
Cleveland, Ohio

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

We have audited the financial statements of Cuyahoga Community College Foundation (the "Foundation") as of and for the year ended June 30, 2006 and have issued our report thereon dated September 29, 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 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, Foundation management, and the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Hausser + Taylor LLC

Cleveland, Ohio
September 29, 2006

CUYAHOGA COMMUNITY COLLEGE FOUNDATION
STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL
AND LEGAL COMPLIANCE

Year Ended June 30, 2006

There were no comments on internal control and legal compliance included in the prior year reports.



Mary Taylor, CPA
Auditor of State

CUYAHOGA COMMUNITY COLLEGE FOUNDATION
CUYAHOGA 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
JANUARY 30, 2007