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**SINCLAIR COMMUNITY  
COLLEGE FOUNDATION**  
Dayton, Ohio

**FINANCIAL STATEMENTS**  
December 31, 2011 and 2010





# Dave Yost • Auditor of State

Board of Trustees  
Sinclair Community College Foundation  
444 West Third Street  
Dayton, Ohio 45402 – 1460

We have reviewed the *Report of Independent Auditors* of the Sinclair Community College Foundation, Montgomery County, prepared by Crowe Horwath LLP, for the audit period January 1, 2011 through December 31, 2011. 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 Sinclair Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 26, 2012

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SINCLAIR COMMUNITY COLLEGE FOUNDATION

Dayton, Ohio

FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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Crowe Horwath LLP  
Independent Member Crowe Horwath International

## REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
Sinclair Community College Foundation  
Dayton, Ohio

We have audited the accompanying statements of financial position of Sinclair Community College Foundation (the "Foundation"), a not-for-profit component unit of Sinclair Community College, as of December 31, 2011 and 2010, and the related statements of activities and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of Sinclair Community College 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 Sinclair Community College Foundation as of December 31, 2011 and 2010, 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 June 13, 2012, 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 results of our audits.

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(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling other information directly to the underlying accounting and such records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

REPORT OF INDEPENDENT AUDITORS

*Crowe Horwath LLP*

Crowe Horwath LLP

Columbus, Ohio  
June 13, 2012

Board of Trustees  
Sinclair Community College Foundation  
Columbus, Ohio

We have audited the accompanying financial statements of Sinclair Community College Foundation, a not-for-profit corporation, and the related schedule of functional expenses for the years ended December 31, 2011 and 2010 and the related statements of activities and changes in net assets and net equity for the years then ended. The financial statements are the responsibility of Sinclair Community College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. These 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 also includes assessing the accounting principles and practices 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 Sinclair Community College Foundation as of December 31, 2011 and 2010 and the changes in net assets and net equity 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 an opinion on the internal control over financial reporting of the Foundation. Our audit was limited to the scope of our audit over financial reporting and compliance with certain provisions of law, 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 effectiveness of the Foundation's internal control over financial reporting. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in connection with the audit report.



SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,714,127	\$ 541,671
Investments		
Fixed income security funds	7,264,036	7,101,033
Equity funds	15,440,631	17,413,801
Venture capital funds	<u>579,523</u>	<u>583,299</u>
Total investments	23,284,190	25,098,133
Accounts receivable	49,165	14,986
Pledges receivable, net of allowances of \$9,525 and \$12,242 at December 31, 2011 and 2010, respectively	<u>681,236</u>	<u>814,352</u>
Total assets	<u>\$ 25,728,718</u>	<u>\$ 26,469,142</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Payable to Sinclair Community College	\$ 93,760	\$ 188,736
Other payables	<u>50,000</u>	<u>25,000</u>
Total liabilities	143,760	213,736
Net assets		
Unrestricted	16,549,261	16,954,059
Temporarily restricted	3,459,100	3,970,660
Permanently restricted	<u>5,576,597</u>	<u>5,330,687</u>
Total net assets	<u>25,584,958</u>	<u>26,255,406</u>
Total liabilities and net assets	<u>\$ 25,728,718</u>	<u>\$ 26,469,142</u>

See accompanying notes to financial statements

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
Years ended December 31, 2011 and 2010

	2011			2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:							
Contributions	\$ 200,038	\$ 1,540,114	\$ 245,910	\$ 1,986,062	\$ 943,006	\$ 269,784	\$ 1,570,509
Investment income	143,355	43,706	-	187,061	644,340	84,267	3,010,120
Net assets released from restrictions	<u>2,095,380</u>	<u>(2,095,380)</u>	<u>-</u>	<u>-</u>	<u>(1,650,570)</u>	<u>-</u>	<u>-</u>
Total revenue and support	2,438,773	(511,560)	245,910	2,173,123	(63,224)	354,051	4,580,629
Expenses:							
Scholarships	747,203	-	-	747,203	-	-	590,390
Project support	1,925,911	-	-	1,925,911	-	-	1,549,434
Operating expenses	<u>170,457</u>	<u>-</u>	<u>-</u>	<u>170,457</u>	<u>-</u>	<u>-</u>	<u>209,455</u>
Total expenses	<u>2,843,571</u>	<u>-</u>	<u>-</u>	<u>2,843,571</u>	<u>-</u>	<u>-</u>	<u>2,349,279</u>
Change in net assets	(404,798)	(511,560)	245,910	(670,448)	(63,224)	354,051	2,231,350
Net assets, beginning of year	<u>16,954,059</u>	<u>3,970,660</u>	<u>5,330,687</u>	<u>26,255,406</u>	<u>4,033,884</u>	<u>4,976,636</u>	<u>24,024,056</u>
Net assets, end of year	<u>\$ 16,549,261</u>	<u>\$ 3,459,100</u>	<u>\$ 5,576,597</u>	<u>\$ 25,584,958</u>	<u>\$ 3,970,660</u>	<u>\$ 5,330,687</u>	<u>\$ 26,255,406</u>

See accompanying notes to financial statements.

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (670,448)	\$ 2,231,350
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized/unrealized gain on investments	(214,441)	(3,039,694)
Contributions and investment income restricted for long-term investment	(245,910)	(354,051)
Change in assets and liabilities		
Accounts receivable	(34,179)	(3,867)
Pledges receivable	133,116	189,674
Payable to Sinclair Community College	(94,976)	(310,411)
Other payables	25,000	5,000
Net cash used in operating activities	<u>(1,101,838)</u>	<u>(1,281,999)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	2,982,725	22,130,079
Purchase of investments	<u>(954,341)</u>	<u>(21,269,084)</u>
Net cash provided by investing activities	2,028,384	861,014
<b>Cash flows from financing activities</b>		
Contributions restricted for endowments	245,910	269,784
Investment income restricted for endowments	<u>-</u>	<u>84,267</u>
Net cash from financing activities	<u>245,910</u>	<u>354,051</u>
Net change in cash and cash equivalents	1,172,456	(66,934)
Cash and cash equivalents at beginning of year	<u>541,671</u>	<u>608,624</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,714,127</u>	<u>\$ 541,671</u>
Noncash donations of equipment and materials	\$ 28,300	\$ 168,698

See accompanying notes to financial statements.

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

Organization: The Sinclair Community College Foundation (the "Foundation") was established in 1969 for the sole purpose of providing scholarships and other financial assistance to Sinclair Community College (the "College") and its students. Revenue sources for the Foundation are private gifts from individuals, businesses and other foundations and investment income. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of presentation: The Foundation classifies net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. These classifications are permanently restricted, temporarily restricted, and unrestricted net assets.

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.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they 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.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with maturity of three months or less at the time of purchase, including money market accounts which are recorded at fair value, to be cash equivalents.

Investments: Investments in equity funds and fixed income security funds are carried at fair value under generally accepted accounting principles. Other investments, if acquired by gift, are recorded at fair value at the date of the gift. Realized and unrealized gains and losses on all investments are recorded in the period earned.

Venture capital funds are measured at cost. The Foundation reviews the funds for impairment on an annual basis. The Foundation would recognize impairment losses if the carrying amount is determined not to be recoverable. As of December 31, 2011 and 2010, the Foundation believes that no impairment existed.

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could result in the subsequent values of investment securities differing materially from the amounts reported in the statement of financial position.

Contributions: Contributions 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.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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SINCLAIR COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2011 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2011. Management has performed its analysis through June 13, 2012, the date the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS**

Investment (loss) income includes interest, dividends, fees and realized and unrealized gains and losses on investments as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 24,551	\$ 20,700
Investment fees	(51,931)	(50,274)
Realized and unrealized gains	<u>214,441</u>	<u>3,039,694</u>
	<u>\$ 187,061</u>	<u>\$ 3,010,120</u>

Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC Topic 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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(Continued)

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011 and 2010

**NOTE 2 – INVESTMENTS (Continued)**

For equity funds and fixed income security funds that have sufficient activity or liquidity within the fund, fair value is determined using the net asset value (or its equivalent) provided by the fund manager and are classified within Level 2 of the hierarchy. The market approach is utilized for equity funds and fixed income security funds which have observable inputs and market activity that allow for pricing based on the fund manager indirectly pricing the individual bonds and securities held by the fund on December 31 by comparing them to bonds and equities with similar characteristics that were actively traded on that date. The fixed income security funds and equity funds are index funds with strategies designed to replicate the capitalization-weighted compositions of third-party indices that represent the investment performance of specific segments of public securities' markets in the United States and/or foreign countries. Redemption restrictions range up to one week and there were no unfunded commitments at December 31, 2011 and 2010.

The reported fair values of the Foundation's investments in fixed income security funds and equity funds are based on inputs from the various fund managers and are presented by caption and by level in the tables below.

	Fair Value Measurements at December 31, 2011 Using Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	Assets:			
Fixed income security funds	\$ -	\$ 7,264,036	\$ -	\$ 7,264,036
Equity funds	<u>-</u>	<u>15,440,631</u>	<u>-</u>	<u>15,440,631</u>
Total	<u>\$ -</u>	<u>\$ 22,704,667</u>	<u>\$ -</u>	<u>\$ 22,704,667</u>

	Fair Value Measurements at December 31, 2010 Using Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	Assets:			
Fixed income security funds	\$ -	\$ 7,101,033	\$ -	\$ 7,101,033
Equity funds	<u>-</u>	<u>17,413,801</u>	<u>-</u>	<u>17,413,801</u>
Total	<u>\$ -</u>	<u>\$ 24,514,834</u>	<u>\$ -</u>	<u>\$ 24,514,834</u>

(Continued)

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011 and 2010

**NOTE 2 – INVESTMENTS (Continued)**

The tables below present a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed Income Security Funds	Equity Funds	Total
Beginning balance, January 1, 2010	\$ 7,688,641	\$ 3,728,312	\$ 11,416,953
Total gains (realized/unrealized)	448,179	2,834,754	3,282,933
Purchases/redemptions	(1,035,787)	10,051,778	9,015,991
Transfers out of Level 3	<u>(7,101,033)</u>	<u>(16,614,844)</u>	<u>(23,715,877)</u>
Ending balance, December 31, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FASB issued additional guidance on how entities should estimate the fair value of certain alternative investments. The fair value of such investments can now be determined using Net Asset Value (NAV), unless it is probable that the asset will be sold at something other than NAV. The guidance indicates that liquidity of the assets should be an input in determining the level classification. During 2010, amounts previously classified in level 3 were reclassified to level 2 as a result of this consideration of liquidity.

**NOTE 3 – PLEDGES RECEIVABLE**

As the collection of pledges is estimated to be probable, the Foundation has recorded a receivable of \$681,236 and \$814,352, representing the present value of those pledges receivable at December 31, 2011 and 2010, respectively. The fair value of pledges due within one year approximates its carrying value due to the short-term nature of the receivable. The remaining receivables have been discounted to reflect the present value of expected future cash flows using discount rates ranging from 2 - 5%.

Pledges receivable at December 31, 2011 and 2010 are summarized as follows:

	2011	2010
Less than one year	\$ 390,185	\$ 357,509
One to five years	90,606	270,888
More than five years	<u>214,510</u>	<u>214,510</u>
	695,301	842,907
Allowance for doubtful accounts	(9,525)	(12,242)
Discount	<u>(4,540)</u>	<u>(16,313)</u>
	<u>\$ 681,236</u>	<u>\$ 814,352</u>

(Continued)

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011 and 2010

**NOTE 4 – NET ASSETS**

Unrestricted Net Assets: Unrestricted net assets represent funds which can be used by the Foundation for any purpose authorized by the Board of Trustees.

Temporarily Restricted Net Assets: Temporarily restricted net assets represent funds whose corpus are restricted to be spent for a specific purpose determined by the donor and unspent earnings from funds whose corpus is permanently restricted by donors. The Foundation maintains separate balances in its accounting records to account for the amounts available for such restricted purposes. Net assets released from donor restrictions as of December 31, 2011 and 2010, were as follows:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 298,141	\$ 384,645
Project support	1,733,685	1,202,768
Operating fee	<u>63,554</u>	<u>63,157</u>
	<u>\$ 2,095,380</u>	<u>\$ 1,650,570</u>

Permanently Restricted Net Assets: Permanently restricted net assets are restricted to investment in perpetuity as endowment funds. The endowment funds represent contributions for which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income (or portions thereof) of the funds be expended as the donor has specified, principally for scholarships and student financial aid. Such investment income is recognized as income generally in temporarily restricted net assets in accordance with donor stipulations when it is earned.

The following summarizes the programs supported by net assets of the Foundation at December 31:

	2011		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Scholarships	\$ 1,694,024	\$ 3,739,195	\$ 5,433,219
Project support	1,765,076	1,454,193	3,219,269
Undesignated	<u>-</u>	<u>383,209</u>	<u>383,209</u>
Total funds	<u>\$ 3,459,100</u>	<u>\$ 5,576,597</u>	<u>\$ 9,035,697</u>
	2010		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Scholarships	\$ 1,840,003	\$ 3,552,541	\$ 5,392,544
Project support	2,130,657	1,394,937	3,525,594
Undesignated	<u>-</u>	<u>383,209</u>	<u>383,209</u>
Total funds	<u>\$ 3,970,660</u>	<u>\$ 5,330,687</u>	<u>\$ 9,301,347</u>

(Continued)



SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011 and 2010

**NOTE 5 – ENDOWMENT COMPOSITION**

The Foundation's endowment primarily consists of funds held by BlackRock Institutional Trust Company, N.A. Its endowment includes donor-restricted endowment funds. As required by applicable standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Donor-restricted endowment funds - 2011	\$ <u>(1,367)</u>	\$ <u>3,459,100</u>	\$ <u>5,576,597</u>	\$ <u>9,034,330</u>
Donor-restricted endowment funds - 2010	\$ <u>-</u>	\$ <u>3,970,660</u>	\$ <u>5,330,687</u>	\$ <u>9,301,347</u>

Changes in endowment net assets for year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ -	\$ 3,970,660	\$ 5,330,687	\$ 9,301,347
Investment return				
Investment income, net	-	(6,063)	-	(6,063)
Net appreciation (realized and unrealized gains/losses)	<u>(1,367)</u>	<u>49,769</u>	<u>-</u>	<u>48,402</u>
Total investment return	(1,367)	43,706	-	42,339
Contributions	-	1,540,114	245,910	1,786,024
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(2,095,380)</u>	<u>-</u>	<u>(2,095,380)</u>
Net assets, end of year	<u>\$ (1,367)</u>	<u>\$ 3,459,100</u>	<u>\$ 5,576,597</u>	<u>\$ 9,034,330</u>

Changes in endowment net assets for year ended December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ (15,222)	\$ 4,033,884	\$ 4,976,636	\$ 8,995,298
Investment return				
Investment income, net	-	(6,308)	(829)	(7,137)
Net appreciation (realized and unrealized gains/losses)	<u>15,222</u>	<u>650,648</u>	<u>85,096</u>	<u>750,966</u>
Total investment return	15,222	644,340	84,267	743,829
Contributions	-	943,006	269,784	1,212,790
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(1,650,570)</u>	<u>-</u>	<u>(1,650,570)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 3,970,660</u>	<u>\$ 5,330,687</u>	<u>\$ 9,301,347</u>

(Continued)

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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**NOTE 5 – ENDOWMENT COMPOSITION** (Continued)

Interpretation of Relevant Law: The Board of Trustees of the Foundation interprets the Ohio Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require consideration (except as otherwise provided by the donor in a gift instrument) of the following factors, if relevant, in making management and investment decisions for donor-restricted endowment funds:

- (a) The duration and preservation of the endowment fund
- (b) The purposes of the Foundation and donor-restricted endowment fund
- (c) The investment policy of the Foundation
- (d) General economic conditions
- (e) The possible effect of inflation or deflation
- (f) The expected tax consequence, if any, of investment decisions or strategies
- (g) The role that each investment or course of action plays within the overall investment portfolio of the fund
- (h) The expected total return from income and the appreciation of investments
- (i) Other resources of the Foundation
- (j) The need of the Foundation and of the fund to make distributions and preserve capital
- (k) An asset's special relationship or special value, if any, to the charitable purpose of the Foundation

Foundation Board policy requires the preservation of the fair value of original gifts as of the gift date for donor-restricted endowment funds absent explicit donor stipulations to the contrary. Investment losses that would lower a gift's fair value below this amount are reported in unrestricted net assets.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved primarily through capital appreciation (realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation intends to hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the rate of inflation (the Consumer Price Index) by three (3) percentage points over time on an annualized basis while assuming a moderate level of investment risk.

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(Continued)

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011 and 2010

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**NOTE 5 – ENDOWMENT COMPOSITION (Continued)**

Spending Policy: The Foundation has a policy of appropriating of distribution each year up to 5 percent of its endowment funds' three-year moving average fair value, calculated on a monthly basis, through the calendar year-end preceding the year in which the distribution is planned.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled \$1,367 for the year ended December 31, 2011. These deficiencies resulted from unfavorable market fluctuations. There were no funds in a deficient status at December 31, 2010.

**NOTE 6 – TRANSACTIONS WITH SINCLAIR COMMUNITY COLLEGE**

The Foundation processes payments through and maintains accounting and donor records on the computer systems of the College. The College allocates the cost of accounting, donor database management, and computer system support to the Foundation. The College also allocates certain donor development staff costs to the Foundation. Such allocations amounted to \$99,443 and \$110,448 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 7 – DONATED EQUIPMENT AND MATERIALS**

The Foundation receives donations of equipment and materials which are passed on to the College for various educational uses. For the years ended December 31, 2011 and 2010, these donations were valued at \$28,300 and \$168,698, respectively, and were reported as unrestricted contribution revenue and project support expense.

**NOTE 8 – FUND-RAISING COSTS**

Operating expenses include fund-raising costs of \$24,091 and \$48,253 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 9 – LIFE SETTLEMENT CONTRACTS**

As a result of donor bequests, the Foundation is the owner and beneficiary of two life insurance policies with a combined carrying value of \$215,000 and a combined face value of \$1,064,000. The carrying values are reported in pledges receivable. Both policies are paid in full. The Foundation does not expect to receive any proceeds from these policies within the next five years.

**NOTE 10 - SUBSEQUENT EVENTS**

In May and June of 2012, the Foundation purchased three properties immediately adjacent to Sinclair Community College's Courseview Campus in Mason, Ohio, at a cost of approximately \$2,500,000. The Foundation intends to lease the properties to the College on a long term basis, for the College's use in the planned expansion of the campus over the next two-to-three decades.

NOTE 5 - ENDOWMENT COMPOSITION (Continued)

Spending Policy: The Foundation has a policy of approximating its distribution each year up to 5 percent of its endowment funds three-year moving average fair value, calculated on a monthly basis through the calendar year-end preceding the year in which the distribution is planned.

Funds with liquidating restrictions: From time to time the fair value of assets associated with individual donor restricted endowment funds may fall below the level that is a donor or CRMAF's intent as the Foundation is required to maintain a fund of a certain dollar amount. Donations of this nature that are in excess of certain percentages remaining amount are reported as restricted net assets. Such amounts totaled \$1,387 for the year ended December 31, 2017. These donations resulted from irrevocable market purchases. There were no funds in a default state at December 31, 2017.

NOTE 6 - TRANSACTIONS WITH SINCLAIR COMMUNITY COLLEGE

The Foundation processes payments through and maintains accounting and bank records on the computer system of the College. The College allocates the cost of accounting, bank charges, management and computer support to the Foundation. The College also allocates certain donor development fund costs to the Foundation. Such allocations amounted to \$92,442 and \$113,447 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 - DONATED EQUIPMENT AND MATERIALS

**SUPPLEMENTARY INFORMATION**

The Foundation receives computer equipment and materials from the College for various educational uses. For the years ended December 31, 2017 and 2016, these donations were valued at \$28,200 and 7,000, respectively and were reported as unrestricted computer equipment and related support expense.

NOTE 8 - FUND-RAISING COSTS

Fundraising expenses include fundraising costs of \$24,081 and \$48,272 for the years ended December 31, 2017 and 2016, respectively.

NOTE 9 - LIFE SETTLEMENT CONTRACTS

As a result of donor bequests, the Foundation is the owner and beneficiary of two life insurance contracts with a combined carrying value of \$118,000 and a combined face value of \$1,024,000. The carrying value and reported in other assets. Both policies are paid in full. The Foundation does not expect to receive any proceeds from these policies within the next five years.

NOTE 10 - SUBSEQUENT EVENTS

In May and June of 2017, the Foundation purchased three properties immediately adjacent to Sinclair Community College's Courthouse Campus in Mason, Ohio at a cost of approximately \$2,500,000. The Foundation intends to lease the properties to the College on a long term basis for the College's use in the planned expansion of the campus over the next two to three decades.



Crowe Horwath LLP  
Independent Member Crowe 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

REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
Sinclair Community College Foundation and  
Dave Yost, Auditor of State  
Dayton, Ohio

We have audited the financial statements of Sinclair Community College Foundation (the "Foundation") as of and for the year ended December 31, 2011, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated the same date as this report. 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**

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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(Continued)

## 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 audits 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 for the information of the Board of Trustees, 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.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Columbus, Ohio  
June 13, 2012

We have audited the financial statements of Bishop Community College Foundation (the "Foundation") as of and for the year ended December 31, 2011, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated the same date as this report. 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

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we did not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be identified. Significant deficiencies or material weaknesses, if any, are identified, and weaknesses in internal control over financial reporting that we consider to be material weaknesses are disclosed below.

SINCLAIR COMMUNITY COLLEGE FOUNDATION  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 Year ended December 31, 2011

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships and project support	\$ 2,673,114	\$ -	\$ -	\$ 2,673,114
Salaries and related expenses	-	93,943	-	93,943
Accounting fees	-	5,500	-	5,500
Legal fees	-	15,787	-	15,787
Environmental assessment fee	-	1,985	-	1,985
Supplies	-	258	1,039	1,297
Software maintenance	-	7,777	1,500	9,277
Printing and publications	-	-	17,345	17,345
Annual audit	-	19,187	-	19,187
Receptions	-	1,439	4,207	5,646
State registration fees	-	225	-	225
Checking account fees	-	265	-	265
	-	265	-	265
 Total functional expenses	 <u>\$ 2,673,114</u>	 <u>\$ 146,366</u>	 <u>\$ 24,091</u>	 <u>\$ 2,843,571</u>

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# Dave Yost • Auditor of State

**SINCLAIR COMMUNITY COLLEGE FOUNDATION**

**MONTGOMERY 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  
AUGUST 07, 2012**