# CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
Cincinnati, Ohio

# FINANCIAL STATEMENTS
June 30, 2013 and 2012

# Dave Yost • Auditor of State

Board of Directors
Cincinnati State Technical and Community College Foundation
3520 Central Parkway
Cincinnati, Ohio 45223

We have reviewed the *Independent Auditor's Report* of the Cincinnati State Technical and Community College Foundation, Hamilton County, prepared by Crowe Horwath LLP, for the audit period July 1, 2012 through June 30, 2013. 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.

Dave Yost
Auditor of State

December 13, 2013

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CINCINNATI STATE TECHNICAL AND
COMMUNITY COLLEGE FOUNDATION
Cincinnati, Ohio

FINANCIAL STATEMENTS
June 30, 2013 and 2012

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Crowe Horwath.

**Crowe Horwath LLP**
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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cincinnati State Technical and Community
College Foundation
Cincinnati, Ohio

## Report on the Financial Statements

We have audited the accompanying financial statements of Cincinnati State Technical and Community College Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

***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, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards,* we have also issued our report dated October 14, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 14, 2013

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 542,692 | $ 1,275,716 |
| Investments | 4,144,041 | 2,839,317 |
| Pledges receivable, net | 201,037 | 182,225 |
| Interest income receivable | - | 38 |
| **Total assets** | $ 4,887,770 | $ 4,297,296 |
| **LIABILITIES AND NET ASSETS** | | |
| Accounts payable | $ 110,004 | $ 170,040 |
| Net assets | | |
| Unrestricted | 986,737 | 941,905 |
| Temporarily restricted | 1,459,187 | 1,070,378 |
| Permanently restricted | 2,331,842 | 2,114,973 |
| Total net assets | 4,777,766 | 4,127,256 |
| **Total liabilities and net assets** | $ 4,887,770 | $ 4,297,296 |

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2013 with comparative 2012 totals

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2013 Total | 2012 Total |
|---|---|---|---|---|---|
| Operating support and revenue | | | | | |
| Contributions | $ 65,852 | $ 713,560 | $ 216,869 | $ 996,281 | $ 1,277,122 |
| Interest and dividend income, net | 28,655 | 60,974 | - | 89,629 | 56,332 |
| Unrealized and realized gains/ (losses) on investments | 22,411 | 260,877 | - | 283,288 | 67,592 |
| Net assets released from restriction | 646,602 | (646,602) | - | - | - |
| Total operating support and revenue | 763,520 | 388,809 | 216,869 | 1,369,198 | 1,401,046 |
| Operating expenses | | | | | |
| General operating expenses and support | 152,170 | - | - | 152,170 | 183,946 |
| Student scholarships, financial aid and educational program funding | 566,518 | - | - | 566,518 | 508,384 |
| Total operating expenses | 718,688 | - | - | 718,688 | 692,330 |
| Changes in net assets | 44,832 | 388,809 | 216,869 | 650,510 | 708,716 |
| Net assets, beginning of year | 941,905 | 1,070,378 | 2,114,973 | 4,127,256 | 3,418,540 |
| Net assets, end of year | $ 986,737 | $ 1,459,187 | $ 2,331,842 | $ 4,777,766 | $ 4,127,256 |

See accompanying notes to financial statements.

# CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
## STATEMENT OF ACTIVITIES
Year ended June 30, 2012

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2012 Total |
|---|---|---|---|---|
| Operating support and revenue | | | | |
| Contributions | $ 60,617 | $ 499,072 | $ 717,433 | $ 1,277,122 |
| Interest and dividend income, net | 5,512 | 50,820 | - | 56,332 |
| Unrealized and realized gains/ (losses) on investments | 72 | 67,520 | - | 67,592 |
| Net assets released from restriction | 1,453,055 | (1,453,055) | - | - |
| Total operating support and revenue | 1,519,256 | (835,643) | 717,433 | 1,401,046 |
| Operating expenses | | | | |
| General operating expenses and support | 183,946 | - | - | 183,946 |
| Student scholarships, financial aid and educational program funding | 508,384 | - | - | 508,384 |
| Total operating expenses | 692,330 | - | - | 692,330 |
| Changes in net assets | 826,926 | (835,643) | 717,433 | 708,716 |
| Net assets, beginning of year | 114,979 | 1,906,021 | 1,397,540 | 3,418,540 |
| Net assets, end of year | $ 941,905 | $ 1,070,378 | $ 2,114,973 | $ 4,127,256 |

See accompanying notes to financial statements.

CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
Years ended June 30, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 650,510 | $ 708,716 |
| Adjustments to reconcile changes in net assets to net cash from operating activities | | |
| Contributions permanently restricted for endowment | (216,869) | (717,433) |
| Net realized and unrealized (gains)/losses on investments | (283,288) | (67,592) |
| Change in assets and liabilities | | |
| Pledges receivable | (18,812) | 29,400 |
| Interest income receivable | 38 | (22) |
| Accounts payable | (60,036) | (32,011) |
| Net cash from operating activities | 71,543 | (78,942) |
| **Cash flows from investing activities** | | |
| Proceeds from sale of investments | 828,094 | 661,441 |
| Purchase of investments | (1,849,530) | (1,426,448) |
| Net cash from investing operations | (1,021,436) | (765,007) |
| **Cash flows from financing activities** | | |
| Contributions permanently restricted for endowment | 216,869 | 717,433 |
| Net cash from financing activities | 216,869 | 717,433 |
| Net change in cash and cash equivalents | (733,024) | (126,516) |
| Cash and cash equivalents, beginning of year | 1,275,716 | 1,402,232 |
| **Cash and cash equivalents, end of year** | $ 542,692 | $ 1,275,716 |

See accompanying notes to financial statements.

## NOTE 1 – ORGANIZATION AND GENERAL INFORMATION

The Cincinnati State Technical and Community College Foundation (the "Foundation") was organized to promote and support the programs, services and capital improvement projects of Cincinnati State Technical and Community College (the "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.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under these principles, 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.

The carrying amount of cash and cash equivalents shown in the accompanying financial statements include checking and overnight investment accounts with one local financial institution. At various times throughout the fiscal year, the Foundation had in excess of $250,000 on deposit.

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.

Contributions that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Pledges receivable are reviewed annually to determine if an allowance for uncollectible contributions receivable is needed. Based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity, no allowance for uncollectible pledges receivable has been provided in 2013 and 2012.

Investments: Investments are reported at fair value and consist of pooled investments. The valuation of the investments 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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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 – 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. There were no quasi-endowments as of June 30, 2013.

*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. The primary purpose of temporarily restricted net assets is to support the College for scholarships and student financial aid.

*Permanently Restricted Endowment Net Assets*:

Endowment net assets are subject to the restrictions of gift instruments requiring in perpetuity that the principal 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.

Income Taxes: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements. Additionally, the Foundation has been determined not to be a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

Generally accepted accounting principles in the United States prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2013 and 2012. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2013 and 2012. The Foundation is no longer subject to examination by taxing authorities for the years before June 30, 2009.

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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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2013. Management has performed their analysis of subsequent events through October 14, 2013 the date the financial statements were available to be issued. Management has determined no subsequent events have occurred requiring disclosure in these financial statements.

**NOTE 3 – 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 due at June 30 are as follows:

| | 2013 | 2012 |
|---|---|---|
| One year or less | $ 99,153 | $ 43,502 |
| Between one and five years | 68,835 | 102,428 |
| Longer than five years | 43,950 | 47,850 |
| | 211,938 | 193,780 |
| Discounts and allowance for doubtful pledges | 10,901 | 11,555 |
| Net pledges receivable | $ 201,037 | $ 182,225 |

**NOTE 4 – FAIR VALUE**

The fair value of investments held by the Foundation at June 30, 2013 and 2012 is summarized as follows:

| | 2013 | 2012 |
|---|---|---|
| Money market accounts | $ 247,679 | $ 24,827 |
| Mutual fund – equities | 2,875,029 | 2,037,775 |
| Mutual fund – fixed income | 1,021,333 | 776,715 |
| Total | $ 4,144,041 | $ 2,839,317 |

The Foundation determines the fair values of its financial instruments based on the fair value hierarchy established in ASU 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

(Continued)

**NOTE 4 – FAIR VALUE** (Continued)

The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: 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 Inputs: Significant other observable inputs other than Level 1 quoted 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 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

Assets Measured on a Recurring Basis:

| | Fair Value Measurements at June 30, 2013 Using | |
|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Money market accounts | $ 143,083 | $ 104,596 |
| Mutual funds – equities | 1,021,333 | - |
| Mutual funds – fixed income | 2,875,029 | - |

| | Fair Value Measurements at June 30, 2012 Using | |
|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| Money market accounts | $ 7,981 | $ 16,846 |
| Mutual funds – equities | 776,715 | - |
| Mutual funds – fixed income | 2,037,775 | - |

The fair values of certain money market accounts, fixed income mutual funds and equity mutual funds, which are traded in the over-the-counter market, are determined using quoted market prices and are classified as Level 1 financial instruments. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Certain money market accounts are not readily marketable, and their fair value is based on the rates and credit of the issuer (market approach). These accounts are classified as Level 2 financial instruments.

**NOTE 5 – ENDOWMENT COMPOSITION**

The Foundation's endowment primarily consists of investments held at Merrill Lynch and Ross, Sinclair & Associates. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2013:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Totals |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ (172,617) | $ 850,264 | $ 2,331,842 | $ 3,009,489 |

Changes in endowment net assets for year ended June 30, 2013.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Totals |
|---|---|---|---|---|
| Net assets, beginning of year | $ (197,514) | $ 680,204 | $ 2,114,973 | $ 2,597,663 |
| Interest and dividends | - | 60,974 | - | 60,974 |
| Net appreciation (realized and unrealized gains/losses) | - | 260,877 | - | 260,877 |
| Total investment income | - | 321,851 | - | 321,851 |
| Contributions | - | - | 216,869 | 216,869 |
| Change in underwater endowments | 24,897 | (24,897) | - | - |
| Appropriation of endowment assets for expenditure | - | (126,894) | - | (126,894) |
| Net assets, end of year | $ (172,617) | $ 850,264 | $ 2,331,842 | $ 3,009,489 |

Endowment net asset composition by type of fund as of June 30, 2012:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Totals |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ (197,514) | $ 680,204 | $ 2,114,973 | $ 2,597,663 |

Changes in endowment net assets for year ended June 30, 2012.

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Totals |
|---|---|---|---|---|
| Net assets, beginning of year | $ (125,429) | $ 734,607 | $ 1,397,540 | $ 2,006,718 |
| Interest and dividends | 122 | 50,820 | - | 50,942 |
| Net appreciation (realized and unrealized gains/losses) | - | 67,520 | - | 67,520 |
| Total investment income | 122 | 118,340 | - | 118,462 |
| Contributions | - | - | 717,433 | 717,433 |
| Change in underwater endowments | (72,207) | 72,207 | - | - |
| Appropriation of endowment assets for expenditure | - | (244,950) | - | (244,950) |
| Net assets, end of year | $ (197,514) | $ 680,204 | $ 2,114,973 | $ 2,597,663 |

(Continued)

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

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

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 must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to maximize the total rate of return on investment within prudent parameters of risk of this type and in keeping with liquidity requirements as they relate to life income gifts.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop significant sources of revenue for the Foundation. In so doing, the Endowment Fund will enhance the ability of the Foundation to meet ongoing and changing needs in both the short and long-term.

To assist in achieving these objectives, the Foundation has established a Spending Policy that provides the criteria for annual distributions from the Endowment Fund. Each year, distributions will be limited to 5% of the average market value of the Endowment Fund balance over the previous thirteen quarters (3-year rolling average). Within these parameters, the amount of the disbursement shall be determined annually by the Board of Directors, who may also elect to take no distribution in any given year.

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 $172,617 and $197,514 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations.

Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations.

(Continued)

## 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 Horwath LLP
Independent Member Crowe Horwath International

**INDEPENDENT AUDITOR'S 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 Directors
Cincinnati State Technical and Community
College Foundation
and Auditor of State of Ohio
Cincinnati, Ohio

We have audited, in accordance with the 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, the financial statements of Cincinnati State Technical and Community College (the "Foundation"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(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 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*.

**Purpose of this Report**

The purpose of this report is solely 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 14, 2013

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**CINCINNATI STATE TECHNICAL AND COMMUNITY COLLEGE FOUNDATION**

**HAMILTON 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 26, 2013**