

***CUYAHOGA COMMUNITY
COLLEGE FOUNDATION***

*(A Component Unit of
Cuyahoga Community College)*

*Financial Statements
Years Ended June 30, 2019 and 2018
And Independent Auditor's Report*

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Community College Foundation, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2018 through June 30, 2019. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2019

This page intentionally left blank.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2019 and 2018:	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to the Financial Statements	7-24
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 <i>GOVERNMENT AUDITING STANDARDS</i>	25-26
STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND COMPLIANCE	27

This page intentionally left blank.

Independent Auditor's Report

To the Board of Directors
Cuyahoga Community College Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Cuyahoga Community College Foundation (the "Foundation," a nonprofit corporation), a component unit of Cuyahoga Community College, which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audits 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.

To the Board of Directors
Cuyahoga Community College Foundation

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities* during the year ended June 30, 2019. This ASU changes the reporting requirements for nonprofit organizations and their required disclosures and has been applied retrospectively. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, 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 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 Foundation's 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.

Civini + Panichi, PC

Cleveland, Ohio
October 31, 2019

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 5,253,566	\$ 3,016,052
Investments	77,951,654	73,824,632
Receivables:		
Interest	12,207	16,717
Pledges - Net	2,503,877	3,626,305
Due from Related Party	49,501	40,013
Beneficial Interest in Remainder Unitrust	449,061	417,695
Cash Surrender Value of Insurance	132,910	137,785
Prepaid Expenses	23,951	56,000
Other Assets	<u>125,000</u>	<u>125,000</u>
TOTAL	<u>\$ 86,501,727</u>	<u>\$ 81,260,199</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Due to Related Party	\$ 3,174,958	\$ 1,404,754
Accounts Payable	26,877	30,276
Annuities Payable	<u>11,250</u>	<u>11,742</u>
Total Liabilities	<u>3,213,085</u>	<u>1,446,772</u>
NET ASSETS:		
Without Donor Restrictions:		
Undesignated	<u>300,062</u>	<u>428,117</u>
With Donor Restrictions:		
Purpose Restrictions	67,875,731	64,515,061
Perpetual in Nature	<u>15,112,849</u>	<u>14,870,249</u>
Total With Donor Restrictions	<u>82,988,580</u>	<u>79,385,310</u>
Total Net Assets	<u>83,288,642</u>	<u>79,813,427</u>
TOTAL	<u>\$ 86,501,727</u>	<u>\$ 81,260,199</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND INVESTMENT ACTIVITIES:			
Contributions and Grants	\$ 348,091	\$ 6,536,936	\$ 6,885,027
Special Events Revenue	475,145	816,853	1,291,998
Investment Return - Net	165,954	3,676,274	3,842,228
Change in Value of Split-Interest Agreements	0	31,799	31,799
Net Assets Released from Restriction and Transfers	<u>7,458,592</u>	<u>(7,458,592)</u>	<u>0</u>
Total Revenues	<u>8,447,782</u>	<u>3,603,270</u>	<u>12,051,052</u>
EXPENSES:			
Program Services:			
Scholarships	2,973,806	0	2,973,806
Educational Development	4,408,671	0	4,408,671
Total Program Services	<u>7,382,477</u>	<u>0</u>	<u>7,382,477</u>
Administration and General	404,411	0	404,411
Fundraising	<u>788,949</u>	<u>0</u>	<u>788,949</u>
Total Expenses	<u>8,575,837</u>	<u>0</u>	<u>8,575,837</u>
CHANGES IN NET ASSETS	(128,055)	3,603,270	3,475,215
NET ASSETS - Beginning of year	<u>428,117</u>	<u>79,385,310</u>	<u>79,813,427</u>
NET ASSETS - End of year	<u>\$ 300,062</u>	<u>\$ 82,988,580</u>	<u>\$ 83,288,642</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND INVESTMENT ACTIVITIES:			
Contributions and Grants	\$ 581,050	\$ 4,729,221	\$ 5,310,271
Special Events Revenue	461,242	1,349,441	1,810,683
Investment Return - Net	144,178	4,300,414	4,444,592
Change in Value of Split-Interest Agreements	0	(35,591)	(35,591)
Net Assets Released from Restriction and Transfers	<u>4,402,620</u>	<u>(4,402,620)</u>	<u>0</u>
Total Revenues	<u>5,589,090</u>	<u>5,940,865</u>	<u>11,529,955</u>
EXPENSES:			
Program Services:			
Scholarships	2,144,806	0	2,144,806
Educational Development	<u>2,536,238</u>	<u>0</u>	<u>2,536,238</u>
Total Program Services	4,681,044	0	4,681,044
Administration and General	349,195	0	349,195
Fundraising	<u>435,152</u>	<u>0</u>	<u>435,152</u>
Total Expenses	<u>5,465,391</u>	<u>0</u>	<u>5,465,391</u>
CHANGES IN NET ASSETS	123,699	5,940,865	6,064,564
NET ASSETS - Beginning of year	<u>304,418</u>	<u>73,444,445</u>	<u>73,748,863</u>
NET ASSETS - End of year	<u>\$ 428,117</u>	<u>\$ 79,385,310</u>	<u>\$ 79,813,427</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,475,215	\$ 6,064,564
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Contributions Restricted for Perpetual Investment	(240,000)	(238,368)
Net Change in Fair Value of Investments	(2,239,822)	(3,036,053)
Change in Value of Split Interest Agreements	(31,799)	35,591
Change in Allowance for Uncollectible Pledges	0	(5,719)
Change in Discounts to Net Present Value	(15,646)	(96,846)
(Increases) / Decreases in Assets:		
Interest Receivable	4,510	(10,238)
Pledges Receivable	1,068,074	940,538
Due from Related Party	(9,488)	13,992
Prepaid Expenses	32,049	19,500
Increases / (Decreases) in Liabilities:		
Due to Related Party	1,770,204	(1,532,786)
Accounts Payable	(3,399)	(45,224)
Cash Provided by Operating Activities	<u>3,809,898</u>	<u>2,108,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(11,428,247)	(10,266,649)
Proceeds from Sale of Investments	9,545,863	5,896,332
Cash Used in Investing Activities	<u>(1,882,384)</u>	<u>(4,370,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of Perpetually Restricted Contributions	<u>310,000</u>	<u>441,702</u>
Cash Provided by Financing Activities	<u>310,000</u>	<u>441,702</u>
CHANGE IN CASH AND CASH EQUIVALENTS	2,237,514	(1,819,664)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,016,052</u>	<u>4,835,716</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 5,253,566</u>	<u>\$ 3,016,052</u>

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

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

1. DESCRIPTION OF ORGANIZATION

The Cuyahoga Community College Foundation (the “Foundation”) was incorporated in August 1973 as a tax-exempt, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code for the purpose of securing funding for scholarships and educational program development and enhancement for Cuyahoga Community College (the “College”). The Foundation is classified as a public charity under Code Section 170(b)(1)(A)(iv) and 509(a)(1) because of its relations with the College and is exempt from income taxes. The Foundation is a component unit of Cuyahoga Community College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation—The financial statements of the Foundation are prepared on the accrual basis of accounting. The accompanying financial statements of the Foundation present information regarding its net assets and activities in the following two categories:

Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. This may include funds designated by the Board of Directors (the “Board”) for specific purposes.

With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time and/or as used for donor specified purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and the income from such investments is available for general or specific use.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

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.

Reclassification—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. This reclassification did not impact net asset totals.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Investments—Investments of the funds – both with and without donor restrictions – are pooled for making investment transactions and are carried at fair value with any realized or unrealized gains and losses reported in the statement of activities. Ten percent of the total interest and dividend income is allocated to the Foundation’s General Operating Fund. The remaining interest and dividend income is allocated proportionally each month and is awarded according to the terms and conditions of the funds. For endowed funds, interest and dividend income and capital gains are considered to be restricted for the purposes of the related funds unless otherwise specified by the donor.

Contributions Receivable—Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor’s commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. The Foundation provides for uncollectible pledges receivable using the allowance method. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. Conditional promises are recorded when donor stipulations are substantially met. It is the Foundation’s policy that an initial minimum balance of \$50,000 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.

Beneficial Interest in Remainder Unitrust—The Foundation is the beneficiary of a charitable remainder unitrust for which the Foundation is not the trustee. The Foundation recognizes the present value of the estimated future benefits to be received when the unitrust assets are distributed as an asset with changes in the estimated fair value recorded as change in the value of split-interest agreements.

Contributions and Special Events—Contributions, including bequests, special gifts and other donations, are recorded as revenue when received or by pledge when an unconditional pledge is made. All contributions and gifts are considered to be available for use without donor restrictions unless specifically restricted by the donor. Noncash bequests, gifts, and donations, if any, would be recorded at the fair value of the asset at the date of donation. Special Event revenue is primarily generated through the annual Presidential Scholarship Luncheon (with donor restrictions) and through parking receipts generated from special events (without donor restrictions).

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

In-Kind Gifts—In-kind gifts, when received, are reflected as contributions in the accompanying financial statements at the estimated fair value as of the date of receipt. Such in-kind support is offset by like amounts in educational development, general and administrative, and fundraising expenses.

Program Services Expenses—All scholarships and other program services distributions are approved by the Board. Unconditional gifts to the College are recognized as educational development expense when approved. Gifts approved by the Board that are payable upon performance of specified conditions by the grantee (if any) are recognized in the statement of activities when the specified conditions are satisfied.

Annuities Payable—The Foundation is obligated under two charitable gift annuity contracts, whereby donors have contributed cash to the Foundation with the agreement that the donors shall be the sole recipient of quarterly annuity payments. These quarterly payments, currently totaling \$930 per year, shall terminate on the last payment date preceding the death of the donors. The discount rates used to estimate the obligations range from 1.4% to 2.4%. Assets held for the charitable gift annuities totaled \$20,404 and \$20,463 at June 30, 2019 and 2018 respectively, and are reported as investments in the accompanying statements of financial position.

Income Taxes—The Foundation accounts for income taxes in accordance with the “Income Taxes” topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation files its Form 990 in the U.S. federal jurisdiction and a charitable registration with the office of the state’s attorney general for the State of Ohio.

Subsequent Events—The Foundation has evaluated subsequent events through October 31, 2019, which is the date the financial statements were available to be issued.

Adopted Accounting Pronouncements—The FASB issued Accounting Standards Update (ASU) 2016-14, “Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities” in August 2016. This ASU changes the current reporting requirements for nonprofit organizations and their required disclosures. The changes include: (a) requiring the presentation of only two classes of net assets, entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation and disclosure of underwater endowment funds, (c) requiring the use of the placed-in-service approach to recognize the releases from restriction for gifts utilized to acquire or construct long-lived assets, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes to the financial statements and to summarize the allocation methodologies utilized to allocate the costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity, and (f) modifying other financial statement reporting requirements and disclosures to enhance the usefulness of nonprofit financial statements. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Foundation’s financial statements have been updated to reflect the implementation of this standard. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted and permanently restricted net assets are now combined and reported as net assets with donor restrictions.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

ASU 2016-14 is required to be retrospectively applied to all prior periods presented. As such, it was necessary for management to make certain changes in the current year presentation of amounts previously reported for the year ended June 30, 2018. These changes primarily relate to displaying investment return as a net amount, combining realized and unrealized gain/loss on investments, interest and dividend income, and investment fees, and presenting the total of these amounts within the revenues section of the Statement of Activities. Previously, management included investment fees in general and administrative expenses. These changes also affected net assets released from restriction. Additionally, management has broken out the change in value of split-interest agreements from contributions and grants revenue and displayed this amount as a separate line item in the revenues section of the Statement of Activities. There was no effect on total net assets reported in the prior year as a result of the implementation of ASU 2016-14.

Recent Accounting Pronouncements—In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 which deferred the effective date for the Foundation until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Foundation is evaluating the potential impact of adopting this guidance on its financial statements.

In June 2018, the FASB issued ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,” to address questions stemming from ASU 2014-09 regarding its implications on the grants and contracts of not-for-profit organizations. This ASU provides guidance on determining whether a transfer of assets is a contribution or an exchange transaction, and, if a contribution, whether the contribution is conditional. The ASU clarifies that a transfer of assets is an exchange transaction if the resource provider is receiving commensurate value in return for the resources transferred and provides points of consideration in making this determination. It also states that a contribution is conditional if the agreement includes both (a) a barrier that must be overcome before the recipient is entitled to the assets and (b) a right of return of the assets transferred or a right of release of a promisor’s obligation to transfer assets. This ASU is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Retrospective application of the amendments in this update is permitted, although a modified prospective application is recommended. The Foundation is evaluating the potential impact of adopting this guidance on its financial statements.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

3. INVESTMENTS

For investment purposes, assets are pooled for both funds with donor restrictions and funds without donor restrictions. Realized and unrealized gains and losses and investment income are allocated according to the net asset classifications of the individual funds until appropriated and disbursed in accordance with the agreements of the donors.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,282	\$ 652
Mutual Funds	69,646,084	65,573,022
Common Stock	352,998	402,451
Alternative Investments	7,951,290	7,848,507
Total	<u>\$ 77,951,654</u>	<u>\$ 73,824,632</u>

The investments are exposed to various risks such as interest rate, market, and credit risks. The Foundation is required to give up to 95 days advance notice of its intent to withdraw from the alternative investments.

4. CONTRIBUTIONS RECEIVABLE

For fiscal years 2019 and 2018, the recorded value of contributions receivable is the present value of estimated future cash receipts using a discount rate of 4.75%. Management has established an allowance of approximately 0.5% of gross contributions receivable for uncollectible promises to give. Amounts due are as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 1,190,999	\$ 2,266,633
One to five years	1,493,764	1,556,204
Totals	2,684,763	3,822,837
Unamortized Discount	(161,772)	(177,418)
Allowance for Uncollectible Pledges	(19,114)	(19,114)
Total	<u>\$ 2,503,877</u>	<u>\$ 3,626,305</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

5. BENEFICIAL INTEREST IN REMAINDER UNITRUST

The beneficial interest in the charitable remainder unitrust totaled \$449,061 and \$417,695 at June 30, 2019 and 2018, respectively, representing the estimated portion of the unitrust for which the Foundation is the designated beneficiary.

6. CASH SURRENDER VALUE OF INSURANCE

The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as beneficiary. These policies are valued at their cash surrender values. The cash surrender value of these policies totaled \$132,910 and \$137,785 at June 30, 2019 and 2018, respectively.

7. RELATED PARTY TRANSACTIONS

The Foundation recognized contributions and special events revenue from the College during the years ended June 30, 2019 and 2018 of \$735,595 and \$890,761, respectively. The amounts owed to the Foundation as of June 30, 2019 and 2018 are \$49,501 and \$40,013, respectively, which are reported as due from 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 \$265,242 and \$242,337 of contributed services as contribution revenue and as administrative, general, and fundraising expenses in fiscal years 2019 and 2018, respectively.

The Foundation received grants restricted for educational development programs and scholarships at the College from various donors of \$3,398,667 and \$2,570,720 in fiscal years 2019 and 2018, respectively. These grants are classified as part of net assets with donor restrictions until the College meets certain conditions. The undistributed amounts for which the College has met the conditions are \$3,174,958 and \$1,404,754 as of June 30, 2019 and 2018, respectively, and are reported as due to related party on the statements of financial position.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, are comprised of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 249,984	\$ 251,199
Due from related party	49,501	40,013
Total available for general expenditure within one year	<u>\$ 299,485</u>	<u>\$ 291,212</u>

The Foundation funds its operations primarily through administrative fees charged to endowed restricted funds and from contributions and special events revenue without donor restrictions.

Effective July 1, 2019, to support the Foundation's mission and operations, an administrative fee of up to 1% of the value of the endowment may be transferred to net assets without donor restrictions. The administrative fee will be calculated annually based on the three-year rolling quarterly average of the endowment's fair market value.

Endowment funds consist of donor-restricted endowments which are restricted as either perpetual in nature or for specific purposes. Donor-restricted endowment funds are not available for general expenditures.

The Foundation maintains funds restricted for educational development and special events. These funds are classified as net assets with donor restrictions and are not available for general expenditures.

Total available for general expenditure within one year excludes financial assets restricted to fund program service expenses which are almost entirely funded with donor-restricted net assets.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

9. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and benefits recognized as contributed services from the College. The College maintains a federally negotiated facilities and administrative rate agreement that is applied to the contributed services. These expenses are allocated on the basis of estimates of time and effort.

Expense allocation for the year ended June 30, 2019 is as follows:

	<u>Program</u>	<u>Administration & General</u>	<u>Fundraising</u>
Scholarships	\$ 2,973,806	\$ 0	\$ 0
Educational Development	4,408,671	0	0
Professional Fees	0	148,684	0
Conferences & Meetings	0	48,433	0
Miscellaneous	0	15,721	0
Personnel	0	191,573	73,669
Lobbying	0	0	316,000
Special Events	0	0	221,213
Donor Cultivation/Stewardship	0	0	178,067
Total	<u>\$ 7,382,477</u>	<u>\$ 404,411</u>	<u>\$ 788,949</u>

Expense allocation for the year ended June 30, 2018 is as follows:

	<u>Program</u>	<u>Administration & General</u>	<u>Fundraising</u>
Scholarships	\$ 2,144,806	\$ 0	\$ 0
Educational Development	2,536,238	0	0
Professional Fees	0	136,582	0
Conferences & Meetings	0	30,262	0
Personnel	0	145,401	96,934
Lobbying	0	0	86,000
Special Events	0	0	238,980
Donor Cultivation/Stewardship	0	36,950	13,238
Total	<u>\$ 4,681,044</u>	<u>\$ 349,195</u>	<u>\$ 435,152</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purposes:		
Scholarships	\$ 61,031,538	\$ 57,707,476
Educational Development	6,559,840	6,029,483
Special Events	284,353	778,102
	<u>\$ 67,875,731</u>	<u>\$ 64,515,061</u>
Perpetual in nature, subject to endowment spending policy and appropriation:		
Scholarships	\$ 3,555,528	\$ 3,245,528
Educational Development	11,500,000	11,500,000
Pledges receivable, net - permanently restricted to endowment	57,321	124,721
	<u>\$ 15,112,849</u>	<u>\$ 14,870,249</u>
Total Net Assets with Donor Restrictions	<u>\$ 82,988,580</u>	<u>\$ 79,385,310</u>

Net assets were released from donor restrictions by incurring expenses which satisfied the following purpose restrictions during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 3,006,889	\$ 1,800,911
Educational Development	4,313,296	2,444,104
Special Events	138,407	157,605
Totals	<u>\$ 7,458,592</u>	<u>\$ 4,402,620</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

11. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS

The Foundation places great importance on risk reduction through asset allocation and style diversification. Investment results are measured using a rolling five to seven year period or a full market cycle. The following are the investment performance objectives, in order of importance, for the portfolio:

- To generate a minimum annual real rate of return of approximately 5.0% after deducting for advisory, money management, custodial fees, and total transaction costs.
- To obtain a total return on the portfolio, net of all investment related fees, that exceeds the total return of the policy benchmark.
- Performance will be evaluated versus achievement of spending policy and comparisons to a similar set of investments.

The goals of the strategic asset allocation policy are to establish a long-term asset allocation plan for the Foundation's portfolio that is consistent with objectives and guidelines contained in this policy and carried out in an efficient manner. To that end, this policy establishes an acceptable range, defined to be any percentage above a minimum and below a maximum percentage of the portfolio allocated to a particular asset class, and a target percentage, defined to be the percentage goal for the investment of the portfolio in that asset class.

Market value fluctuations and operational needs may cause variations from the strategic asset allocation policy ranges stated in this policy. Depending upon market conditions, the percentage allocation to each asset class may vary as much as plus or minus 5.0%. The Foundation does not deem it acceptable to time the market with tactical allocation shifts. Asset mixes and the possibilities for rebalancing are considered on a monthly basis. The intention of this policy is to avoid short-term judgments that introduce significant unplanned risk.

Distributions from endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. The Foundation classifies net assets with donor restrictions that are perpetual in nature as: (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

11. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (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 Foundation 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 Foundation
7. The investment policies of the Foundation

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 (“underwater endowments”). UPMIFA legally allows the Foundation to make distributions from an underwater endowment in accordance with prudent measures prescribed under the law. There were no deficits of this nature in fiscal years 2019 or 2018.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

11. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

Endowment net asset composition by fund type consists of the following as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds:			
Purpose Restrictions	\$ 0	\$ 58,698,559	\$ 58,698,559
Original donor-restricted gifts and amounts required to be maintained in perpetuity by donor	0	15,055,528	15,055,528
Accumulated investment return	0	4,000,848	4,000,848
Total Endowment Funds	<u>\$ 0</u>	<u>\$ 77,754,935</u>	<u>\$ 77,754,935</u>

Changes in endowment net assets were as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 0	\$ 73,078,222	\$ 73,078,222
Investment return - net	0	3,617,422	3,617,422
Contributions and transfers	0	2,995,209	2,995,209
Appropriation of endowment assets for expenditure	0	(1,935,918)	(1,935,918)
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 77,754,935</u>	<u>\$ 77,754,935</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

11. INVESTMENT OBJECTIVES AND ENDOWMENT FUNDS – continued

Endowment net asset composition by fund type consists of the following as of June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment Funds:			
Purpose Restrictions	\$ 0	\$ 54,921,356	\$ 54,921,356
Original donor-restricted gifts and amounts required to be maintained in perpetuity by donor	0	14,745,528	14,745,528
Accumulated investment return	0	3,411,338	3,411,338
Total Endowment Funds	<u>\$ 0</u>	<u>\$ 73,078,222</u>	<u>\$ 73,078,222</u>

Changes in endowment net assets were as follows for the year ended June 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 66,923,853	\$ 66,923,853
Investment return - net	0	4,145,779	4,145,779
Contributions and transfers	0	3,273,895	3,273,895
Appropriation of endowment assets for expenditure	0	(1,265,305)	(1,265,305)
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 73,078,222</u>	<u>\$ 73,078,222</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

12. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value, require disclosure about fair value measurements, and establish a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models and market assumptions.

Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Common Stock—Common stock is valued at the closing price reported on the active markets in which the individual securities are traded and therefore is classified as Level 1.

Equity Mutual Funds—Equity mutual funds primarily invest in common stock of domestic and international corporations in a variety of industries. Quoted prices in active markets are used to value the equity mutual funds and therefore are classified as Level 1.

Fixed Income Mutual Funds—Fixed income mutual funds primarily invest in U.S. Treasuries and corporate bonds. Quoted prices in active markets are used to value the fixed income mutual funds and therefore are classified as Level 1.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

12. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Alternative Investments—Alternative investments do not have readily determined fair values as they are not listed on national exchanges or over-the-counter markets. Fair value has been determined based on the individual fund’s net asset valuation provided by the investment managers, based on the guidelines established by those investment managers. As a result, the Foundation has not classified these investments within the fair value hierarchy. The Foundation obtains and considers the audited financial statements of these investments when evaluating the overall reasonableness of the carrying value. The fund’s annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and the underlying investments are reported at fair value.

Beneficial Interest in Charitable Remainder Unitrust—The fair value of the beneficial interest in the charitable remainder unitrust is estimated at the present value of the projected proceeds that will be received from the unitrust as calculated annually according to IRS Publication 1458, *Actuarial Valuations*. As such, the fair value of the beneficial interest is considered to be determined based on Level 3 inputs.

Cash Surrender Value of Insurance—The cash surrender value of insurance is presented at fair value based on the amount in cash upon cancellation of the insurance policy before maturity as of the reporting period. The fair value is determined by the insurer and represents the exit price from the perspective of the Foundation. Since the valuation is unobservable, the cash surrender value calculation is considered a Level 3 input.

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

12. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Financial assets consisted of the following at June 30, 2019:

Measured at Fair Value

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and Cash Equivalents	\$ 1,282	\$ 0	\$ 0	\$ 1,282
Common Stock	352,998	0	0	352,998
Equity Mutual Funds				
Domestic Large-Cap	21,440,414	0	0	21,440,414
Domestic Mid-Cap	3,282,819	0	0	3,282,819
Domestic Small-Cap	2,693,298	0	0	2,693,298
Long-Short Equity	4,136,910	0	0	4,136,910
Global	3,930,941	0	0	3,930,941
International	15,207,848	0	0	15,207,848
Fixed Income Mutual Funds	18,953,854	0	0	18,953,854
Total Investments	<u>\$ 70,000,364</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 70,000,364</u>
Beneficial Interest in Remainder Unitrust	0	0	449,061	449,061
Cash Surrender Value of Insurance	0	0	132,910	132,910
Total Measured at Fair Value	<u>\$ 70,000,364</u>	<u>\$ 0</u>	<u>\$ 581,971</u>	<u>\$ 70,582,335</u>

Measured at Net Asset Value

	<u>Unfunded Commitments</u>	<u>Redemption Notice Period</u>	<u>Redemption Frequency</u>	<u>Net Asset Value</u>
Black Diamond Arbitrage, Ltd.	0	45 days	Monthly	\$ 3,682,139
Maverick Stable Fund, Ltd.	0	95 days	Quarterly	4,269,151
Total Measured at Net Asset Value				<u>\$ 7,951,290</u>
Total Financial Assets Measured at Fair Value and Net Asset Value				<u>\$ 78,533,625</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

12. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

Financial assets consisted of the following at June 30, 2018:

Measured at Fair Value

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and Cash Equivalents	\$ 652	\$ 0	\$ 0	\$ 652
Common Stock	402,451	0	0	402,451
Equity Mutual Funds				
Domestic Large-Cap	20,463,662	0	0	20,463,662
Domestic Mid-Cap	3,094,979	0	0	3,094,979
Domestic Small-Cap	2,724,163	0	0	2,724,163
Long-Short Equity	3,622,615	0	0	3,622,615
Global	3,945,030	0	0	3,945,030
International	14,698,165	0	0	14,698,165
Fixed Income Mutual Funds	17,024,408	0	0	17,024,408
Total Investments	<u>\$ 65,976,125</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,976,125</u>
Beneficial Interest in Remainder Unitrust	0	0	417,695	417,695
Cash Surrender Value of Insurance	0	0	137,785	137,785
Total Measured at Fair Value	<u>\$ 65,976,125</u>	<u>\$ 0</u>	<u>\$ 555,480</u>	<u>\$ 66,531,605</u>

Measured at Net Asset Value

	<u>Unfunded Commitments</u>	<u>Redemption Notice Period</u>	<u>Redemption Frequency</u>	<u>Net Asset Value</u>
Alternative Investments				
Institutional, L.P.	0	90 days	Semi-Annually	\$ 226,421
Maverick Stable Fund, Ltd.	0	95 days	Quarterly	4,115,600
Standard Life Investments				
Global Absolute Return Strategies	0	5 to 30 days	Monthly	<u>3,506,486</u>
Total Measured at Net Asset Value				<u>\$ 7,848,507</u>
Total Financial Assets Measured at Fair Value and Net Asset Value				<u>\$ 74,380,112</u>

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

12. INVESTMENTS AND FAIR VALUE MEASUREMENTS – continued

For the years ended June 30, 2019 and 2018, the changes in assets measured using significant unobservable inputs (Level 3) were as follows:

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 555,480	\$ 600,218
Purchases	0	0
Sales	0	0
Unrealized Gains (Losses)	<u>26,491</u>	<u>(44,738)</u>
Ending Balance	<u>\$ 581,971</u>	<u>\$ 555,480</u>

Black Diamond Arbitrage, Ltd. (the “Fund”) is a Cayman Islands exempted company with limited liability that was organized in March 1999. The Fund holds all or substantially all of its assets through Black Diamond Arbitrage Intermediate Ltd., which in turn invests all or substantially all of its assets in Black Diamond Arbitrage Offshore Ltd. (the “Master Fund”). The objective of the Master Fund is to invest in securities of companies that are the target of a merger with another company and companies that are facing a major corporate event, and are traded on United States and principal foreign exchanges and markets. Such events may include a significant restructuring, spin-off of operations, bankruptcy or major litigation. The Master Fund may also pursue investments in distressed securities. There are currently no redemption restrictions other than the required notice period.

Maverick Stable Fund, Ltd. (“Maverick”) is a Cayman Islands exempted company with limited liability that was organized in May 2002. Maverick’s objective is to preserve and grow capital by identifying high-quality investment managers with above-average investment histories and investing assets in private investment vehicles managed by such portfolio managers. There are currently no redemption restrictions other than the required notice period.

Alternative Investments Institutional, L.P. (AII) is a limited partnership that uses a collaborative approach to building hedge fund portfolios and is designed for U.S. tax-exempt investors and non-U.S. investors. Its objective is to earn attractive rates of return, protect capital in down markets and provide lower volatility compared to broad equity markets by allocating to highly talented, smaller, lesser-known managers. The Foundation liquidated its investment in AII during the fiscal year ended June 30, 2018 and received final payout of all proceeds by June 30, 2019.

Standard Life Investments Global Absolute Return Strategies Fund (the “Strategies Fund”) is a unit trust incorporated in the United Kingdom. The Strategies Fund’s objective is to provide positive investment returns in all market conditions over the medium to long-term. The Strategies Fund utilizes a combination of traditional assets (equities and bonds) and investment strategies based on advanced derivative techniques resulting in a highly diversified portfolio. The Foundation liquidated its investment in the Strategies Fund during the year ended June 30, 2019.

**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***

To the Board of Directors
Cuyahoga Community College Foundation

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 Cuyahoga Community College Foundation (the “Foundation,” a nonprofit corporation and a component unit of Cuyahoga Community College), which comprise the statement of financial position as of June 30, 2019, 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 31, 2019, wherein we noted that the Foundation implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities* during the year ended June 30, 2019, as disclosed in Note 2.

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.

To the Board of Directors
Cuyahoga Community College Foundation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation's financial statements are free from 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Civini & Panzani, Inc.

Cleveland, Ohio
October 31, 2019

CUYAHOGA COMMUNITY COLLEGE FOUNDATION

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND COMPLIANCE YEAR ENDED JUNE 30, 2019

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

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 26, 2019**