



**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Financial Statements

June 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of June 30, 1999 and 1998	2
Statement of Activities – Year ended June 30, 1999	3
Statement of Activities – Year ended June 30, 1998	4
Statements of Cash Flows – Years ended June 30, 1999 and 1998	5
Notes to Financial Statements	6



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

The Board of Directors
Owens State Community College Foundation

We have reviewed the Independent Auditor's Report of the Owens State Community College Foundation, Wood County, prepared by KPMG, for the audit period July 1, 1997 through June 30, 1999. 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 Owens State Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

April 13, 2000



Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

The Board of Directors
Owens State Community College Foundation:

We have audited the accompanying statements of financial position of Owens State Community College Foundation (the Foundation) as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

KPMG LLP

September 7, 1999



**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statements of Financial Position

June 30, 1999 and 1998

Assets	1999	1998
Cash and cash equivalents	\$ 233,205	209,101
Investments (note 3)	403,532	372,730
Due from Owens Community College (note 5)	6,917	—
Pledges receivable (less allowance for doubtful accounts of \$20,500 and \$14,000 in 1999 and 1998, respectively)	21,500	68,828
Land	<u>68,806</u>	<u>68,806</u>
Total assets	\$ <u>733,960</u>	<u>719,465</u>
Liabilities and Net Assets		
Due to Owens Community College (note 5)	\$ —	1,881
Accounts payable	—	7,192
Scholarship commitments (note 4)	<u>12,275</u>	<u>8,550</u>
Total liabilities	<u>12,275</u>	<u>17,623</u>
Net assets:		
Unrestricted	222,434	232,879
Temporarily restricted (note 6)	249,577	249,940
Permanently restricted (note 6)	<u>249,674</u>	<u>219,023</u>
Total net assets	<u>721,685</u>	<u>701,842</u>
Total liabilities and net assets	\$ <u>733,960</u>	<u>719,465</u>

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statement of Activities

Year ended June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Totals</u>
Revenue and support:				
Investment income:				
Interest and dividend income	\$ 11,087	13,675	—	24,762
Unrealized gain (loss) on investments	(186)	13,560	—	13,374
Donations received	13	71,124	30,651	101,788
Special event revenue (net of direct expense of \$5,302)	—	10,151	—	10,151
Revenue released from restrictions	108,873	(108,873)	—	—
Total revenue and support	119,787	(363)	30,651	150,075
Expenses:				
Program services:				
Scholarships	68,325	—	—	68,325
Library grant	35,000	—	—	35,000
Equipment grant	4,853	—	—	4,853
Other program services	8,836	—	—	8,836
Total program services	117,014	—	—	117,014
Management and general	13,218	—	—	13,218
Total expenses	130,232	—	—	130,232
Change in net assets	(10,445)	(363)	30,651	19,843
Net assets – beginning of year	232,879	249,940	219,023	701,842
Net assets – end of year	\$ 222,434	249,577	249,674	721,685

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statement of Activities

Year ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Totals</u>
Revenue and support:				
Investment income:				
Interest and dividend income	\$ 14,250	11,530	80	25,860
Unrealized gain on investments	710	31,500	—	32,210
Donations received	3,418	87,692	39,110	130,220
Special event revenue (net of direct expense of \$5,302)	—	9,575	—	9,575
Revenue released from restrictions	233,376	(233,376)	—	—
Total revenue and support	251,754	(93,079)	39,190	197,865
Expenses:				
Program services:				
Scholarships	78,272	—	—	78,272
Library grant	72,000	—	—	72,000
Equipment grant	39,416	—	—	39,416
Other program services	61,030	—	—	61,030
Total program services	250,718	—	—	250,718
Management and general	32,048	—	—	32,048
Total expenses	282,766	—	—	282,766
Change in net assets	(31,012)	(93,079)	39,190	(84,901)
Net assets – beginning of year	263,891	343,019	179,833	786,743
Net assets – end of year	\$ 232,879	249,940	219,023	701,842

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Statements of Cash Flows

Years ended June 30, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 19,843	(84,901)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(13,374)	(32,210)
Increase in due from Owens Community College	(6,917)	—
Decrease in loans receivable	—	1,100
Decrease in pledges receivable	47,328	82,365
Decrease in due to Owens Community College	(1,881)	(11,730)
Increase in scholarship commitments	3,725	2,425
(Decrease) increase in accounts payable	(7,192)	272
Donations restricted for long-term endowment investment	(30,651)	(39,110)
Net cash provided by (used in) operating activities	10,881	(81,789)
Cash flows used in investing activities – purchase of investments	(17,428)	(17,168)
Cash flows provided by financing activities – proceeds from donations restricted for long-term endowment investment	30,651	39,110
Increase (decrease) in cash and cash equivalents	24,104	(59,847)
Cash and cash equivalents at beginning of year	209,101	268,948
Cash and cash equivalents at end of year	\$ 233,205	209,101

See accompanying notes to financial statements.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Notes to Financial Statements

June 30, 1999 and 1998

(1) Organization and Purpose

Effective July 1, 1996, pursuant to Chapter 3358 of the Ohio Revised Code, the trustees of Owens Community College (the College) terminated the Michael J. Owens Technical College Charitable Trust (the Trust). The assets of the Trust were transferred to the newly established Owens State Community College Foundation (the Foundation). The Foundation was established for the benefit of the College and its students.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The Foundation's financial statements are prepared using the accrual basis of accounting, in accordance with generally accepted accounting principles.

(b) Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations to 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.

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 (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash in bank, time deposits, and highly liquid debt instruments with maturities of three months or less when purchased to be cash and cash equivalents.

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Notes to Financial Statements

June 30, 1999 and 1998

(d) Investments

Investments are recorded at fair value based on quoted market prices and consist of certificates of deposit with maturities in excess of three months and marketable securities. Investment income is recognized as earned.

(e) Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

(f) Land

Land is stated at cost of the property, which approximates fair market value.

(g) Income Taxes

The Internal Revenue Service, in a letter dated September 29, 1997, determined that the Foundation was exempt from Federal income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

(h) Use of Estimates

Management of the Foundation has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(3) Investments

Investments at June 30, 1999, by major security type, were as follows:

	<u>Cost</u>	<u>Fair value</u>
Marketable securities	\$ 10,454	76,644
Long-term certificates of deposit	<u>326,888</u>	<u>326,888</u>
Total investments	<u>\$ 337,342</u>	<u>403,532</u>

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Notes to Financial Statements

June 30, 1999 and 1998

Investments at June 30, 1998, by major security type, were as follows:

	Cost	Fair value
Marketable securities	\$ 10,454	63,271
Long-term certificates of deposit	309,459	309,459
Total investments	\$ 319,913	372,730

(4) Commitments

The Foundation has outstanding commitments of approximately \$12,275 and \$8,550 at June 30, 1999 and 1998, respectively, to fund educational scholarships through fiscal year 1999. Such commitments are conditional upon the recipients' maintaining, among other things, a minimum number of credit hours.

(5) Related Party Transactions

Expenses incurred on behalf of the College were \$117,014 and \$191,171 for fiscal years 1999 and 1998, respectively. In some instances, the College may accept deposit of donations for initially incurring the expense for a project and then reimburse or request reimbursement by the Foundation. At June 30, 1999, the net amount the Foundation requested to be reimbursed by the College was \$6,917. At June 30, 1998, the net amount the College requested to be reimbursed by the Foundation was \$1,881.

(6) Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets are available for the following purposes:

	1999	1998
Gifts and other unexpended revenues available for:		
Library campaign	\$ 33,227	74,652
Other supplies and equipment	83,996	67,019
Scholarships	128,175	104,090
Student loans	4,179	4,179
	\$ 249,577	249,940

**OWENS STATE COMMUNITY COLLEGE
FOUNDATION**

Notes to Financial Statements

June 30, 1999 and 1998

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	<u>1999</u>	<u>1998</u>
Library campaign	\$ 35,000	72,000
Other supplies and equipment	20,433	106,789
Scholarships	<u>53,440</u>	<u>54,587</u>
	<u>\$ 108,873</u>	<u>233,376</u>

Permanently restricted net assets consist of endowment funds. In certain cases, the donors of these funds have restricted the use of the income from such funds for scholarships. These expenses are reflected in the appropriate program services category on the statement of activities.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

OWENS STATE COMMUNITY COLLEGE FOUNDATION

WOOD 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.

By: Susan Babbitt

Date: MAY 2, 2000