

**NORTHWEST STATE COMMUNITY
COLLEGE FOUNDATION**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Northwest State Community College Foundation

We have reviewed the Independent Auditor's Report of the Northwest State Community College Foundation, Henry County, prepared by Steyer & Co, CPA's for the audit period July 1, 2002 through June 30, 2003. 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 Northwest State Community College Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 5, 2003

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C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9

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Independent Auditor's Report

To the Board of Directors of
Northwest State Community College Foundation
Archbold, Ohio

We have audited the accompanying statement of financial position of Northwest State Community College Foundation (a nonprofit organization) as of June 30, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest State Community College Foundation as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2003, on our consideration of Northwest State Community College Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.



STEYER & CO.

Defiance, Ohio
November 13, 2003

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2003

ASSETS

Cash and cash equivalents (Note 2)	\$ 78,604
Marketable securities (Note 3)	614,869
Student loans	1,913
Pledges receivable (Note 4)	<u>29,814</u>
Total assets	<u>\$ 725,200</u>

LIABILITIES & NET ASSETS

Accounts payable	<u>\$ 103,267</u>
Total liabilities	103,267
Net Assets:	
Unrestricted	(18,761)
Temporarily restricted (Note 5)	143,961
Permanently restricted (Note 5)	<u>496,733</u>
Total net assets	<u>621,933</u>
Total liabilities and net assets	<u>\$ 725,200</u>

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

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2003

REVENUES, GAINS, AND OTHER SUPPORT	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions				
Individuals	\$ 795	\$ 5,954	\$ 15,596	22,345
Business organizations	2,500	12,750	25,198	40,448
Foundations	-	32,500	-	32,500
Contributed services (Note 1)	36,893	-	-	36,893
Cancellation of pledges	-	(21,375)	(110)	(21,485)
Investment return	837	13,047	-	13,884
Net assets released from restrictions				
Restrictions satisfied by payments	<u>19,907</u>	<u>(19,907)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	60,932	22,969	40,684	124,585
EXPENSES				
Program services				
Scholarships	21,420	-	-	21,420
Supporting services				
Management and general	14,668	-	-	14,668
Fund-raising	<u>27,069</u>	<u>-</u>	<u>-</u>	<u>27,069</u>
TOTAL EXPENSES	<u>63,157</u>	<u>-</u>	<u>-</u>	<u>63,157</u>
CHANGE IN NET ASSETS	(2,225)	22,969	40,684	61,428
NET ASSETS AT BEGINNING OF YEAR	<u>(16,536)</u>	<u>120,992</u>	<u>456,049</u>	<u>560,505</u>
NET ASSETS AT END OF YEAR	<u>\$ (18,761)</u>	<u>\$ 143,961</u>	<u>\$ 496,733</u>	<u>\$ 621,933</u>

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

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2003

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and general</u>	<u>Fundraising</u>	
UNRESTRICTED				
Scholarship and loan expenditures to Northwest State Community College	\$ 21,420	\$ -	\$ -	\$ 21,420
Professional service	-	3,205	-	3,205
Services provided by Northwest State Community College	-	10,088	26,805	36,893
Other	-	1,375	264	1,639
	<u>\$ 21,420</u>	<u>\$ 14,668</u>	<u>\$ 27,069</u>	<u>\$ 63,157</u>

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

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 61,428
Adjustments to reconcile change in net assets to net cash used in operating activities	
Amortization of bond premium and discount	9
Investment return restricted	(14,416)
Contributions restricted for long-term purposes	(91,998)
Cancellation of pledges	21,485
Unrealized loss on marketable securities	1,360
Decrease in student loans	1,399
Decrease in unrestricted pledges and funds receivable	3,972
Decrease in accounts payable	(13,482)
	<u>(91,671)</u>
Net cash used in operating activities	(30,243)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of short-term investments	(131,307)
Proceeds from return of principal	2,541
	<u>(128,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for long-term purposes	103,042
Investment return restricted	14,416
	<u>117,458</u>
NET DECREASE IN CASH	(41,551)
CASH AT BEGINNING OF YEAR	<u>120,155</u>
CASH AT END OF YEAR	<u><u>\$ 78,604</u></u>

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

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Northwest State Community College Foundation (the Organization) exists to provide financial assistance to the educational programs, services and facilities of Northwest State Community College. To that end, the Organization solicits inter vivos and testamentary gifts.

BASIS OF ACCOUNTING - The financial statements of Northwest State Community College Foundation have been prepared on the accrual basis and accordingly reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117 the Organization is required to report information regarding its financial position 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 - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude donor restricted cash and cash equivalents.

DONATED SERVICE AND FACILITIES - The Organization has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by business office personnel who are employees of Northwest State Community College, utilizing equipment and facilities of Northwest State Community College.

For accounting purposes, the value of facilities is considered immaterial and it has not been recognized in the financial statements. However, the value of the services provided by college personnel in the amount of \$36,893 have been recognized in the statement of activities as supporting revenue and as "In-Kind" supporting expense as required by SFAS 116.

MANAGEMENT ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

RESTRICTED AND UNRESTRICTED REVENUE - Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

INCOME TAX STATUS - The Organization is a not-for-profit organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

INVESTMENTS - Investments are comprised of bonds, stocks and marketable certificates of deposit and are carried at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

EXPENSE ALLOCATION – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates.

Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

NOTE 2 – CASH AND MONEY MARKET FUNDS

Balances as of June 30, 2003 are summarized as follows:

Savings accounts and certificates	\$ <u>78,604</u>
Total of all cash accounts	\$ <u>78,604</u>

NOTE 3 – MARKETABLE SECURITIES

Investments as of June 30, 2003 are summarized as follows:

	Cost	Market Value
Restricted cash and cash equivalents	\$ 477,736	\$ 477,736
Certificates of deposit	116,000	115,788
Bonds	17,671	18,195
Stocks	14,625	3,150
	<u>\$ 626,032</u>	<u>\$ 614,869</u>

Investment return is summarized as follows:

	Unrestricted	Temporarily Restricted	Total
Interest income	\$ 837	\$ 14,416	\$ 15,253
Amortization – bond discount	-	3	3
Amortization – bond premium	-	(12)	(12)
Net unrealized loss	-	(1,360)	(1,360)
Total investment return	<u>\$ 837</u>	<u>\$ 13,047</u>	<u>\$ 13,884</u>

NOTE 4 – PLEDGES RECEIVABLE

As of June 30, 2003, the Foundation had received unconditional promises to give totaling \$29,814. The unconditional promises are a result of the Foundation's current fund raising campaign, in which the donor has the option of designating a specific field of study. Undesignated promises must be used for general needs. At June 30, 2003, the promises to give are recorded at the present value of future cash flows and are due as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Less than one year	\$ 4,674	\$ 8,481	\$ 13,663	\$ 26,818
One to five years	1,228	1,430	338	2,996
More than five years	-	-	-	-
	<u>\$ 5,902</u>	<u>\$ 9,911</u>	<u>\$ 14,001</u>	<u>\$ 29,814</u>

Unconditional promises to give that are receivable in more than one year are discounted at 2.28% to recognize the present value of future cash flows. No allowance for uncollectible promises to give is considered necessary.

NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2003

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes after June 30, 2003:

Academic chair	\$ 1,700
Loan funds	76,416
Student scholarships	26,452
Technology programs	33,376
Operating expenses	3,259
Memorials	2,758
	<u>\$ 143,961</u>

Permanently restricted net assets consist of endowment funds to be held indefinitely, income from which is to be used for scholarships. At June 30, 2003 endowments totaled \$496,733.

NOTE 6 – NORTHWEST STATE COMMUNITY COLLEGE

Not included in these financial statements is the Northwest State Community College, a component unit of the State of Ohio. The College is organized for the principal purpose of offering educational programs beyond high school, normally not exceeding two years duration, and leading to the award of an associate degree.

The foundation contributes funds to the College for scholarships and other designated purposes. The contributions are subject to the approval by the Board of Trustees of the Foundation. The College paid expenses related to the Foundation's capital campaign, loan fund and scholarships which will be reimbursed. At June 30, 2003, \$99,256 for the capital campaign, \$3,129 for the loan fund, and \$882 for the scholarships are due to the College and were included in accounts payable.

STEYER & CO.

Certified Public Accountants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Northwest State Community College Foundation

We have audited the financial statements of Northwest State Community College Foundation (a nonprofit organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northwest State Community College Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwest State Community College Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be used and should not be used by anyone other than these specified parties.



STEYER & CO.

Defiance, Ohio
November 13, 2003



**Auditor of State
Betty Montgomery**

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NORTHWEST STATE COMMUNITY COLLEGE FOUNDATION

HENRY 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 18, 2003**