

TERRA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

June 30, 2007 and 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Terra College Foundation
2830 Napoleon Road
Fremont, Ohio 43420

We have reviewed the *Report of Independent Auditors* of the Terra College Foundation, Sandusky County, prepared by Crowe Chizek and Company LLC, for the audit period July 1, 2006 through June 30, 2007. 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 Terra College Foundation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 16, 2007

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TERRA COLLEGE FOUNDATION

FINANCIAL STATEMENTS

June 30, 2007 and 2006

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Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Terra College Foundation
Fremont, Ohio

We have audited the accompanying statements of financial position of Terra College Foundation (a not-for-profit component unit of Terra Community College) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Terra College Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Terra College Foundation as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2007 on our consideration of Terra College 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Columbus, Ohio
October 15, 2007

TERRA COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 327,621	\$ 346,657
Contributions receivable	90,666	102,672
Other accounts receivable	63,348	62,131
Investments	<u>909,666</u>	<u>790,832</u>
Total assets	<u>1,391,301</u>	<u>1,302,292</u>
Liabilities		
Accounts payable	<u>34,236</u>	<u>9,296</u>
Total liabilities	<u>34,236</u>	<u>9,296</u>
Net assets		
Unrestricted	3,734	1,392
Temporarily restricted	442,245	426,950
Permanently restricted	<u>911,086</u>	<u>864,654</u>
Total net assets	<u>\$ 1,357,065</u>	<u>\$ 1,292,996</u>

See accompanying notes to financial statements

TERRA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 2,744	\$ 176,477	\$ 46,432	\$ 225,653
Contributed services and supplies	84,910	--	--	84,910
Investment return	11,262	121,379	--	132,641
Net assets released from restrictions	<u>282,561</u>	<u>(282,561)</u>	<u>--</u>	<u>--</u>
Total revenues, gains and other support	381,477	15,295	46,432	443,204
 Expenses				
Program services				
Scholarships and loans	89,156			89,156
Instructional equipment	47,742			47,742
Other	470			470
Supporting services				
Management and general	42,482			42,482
Fund raising	<u>199,285</u>			<u>199,285</u>
Total expenses	<u>379,135</u>			<u>379,135</u>
Change in net assets	2,342	15,295	46,432	64,069
 Net assets				
Net assets - beginning of year	<u>1,392</u>	<u>426,950</u>	<u>864,654</u>	<u>1,292,996</u>
Net assets - end of year	<u>\$ 3,734</u>	<u>\$ 442,245</u>	<u>\$ 911,086</u>	<u>\$ 1,357,065</u>

See accompanying notes to financial statements

TERRA COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	\$ 1,614	\$ 134,018	\$ 11,496	\$ 147,128
Contributed services and supplies	105,177	--	--	105,177
Investment return	7,463	66,099	--	73,563
Net assets released from restrictions	<u>142,909</u>	<u>(142,909)</u>	<u>--</u>	<u>--</u>
Total revenues, gains and other support	257,163	57,208	11,496	325,867
 Expenses				
Program services				
Scholarships and loans	50,043			50,043
Instructional equipment	14,128			14,128
Other	2,336			2,336
Supporting services				
Management and general	61,170			61,170
Fund raising	<u>128,136</u>	<u> </u>	<u> </u>	<u>128,136</u>
Total expenses	<u>255,813</u>	<u> </u>	<u> </u>	<u>255,813</u>
 Change in net assets	1,350	57,208	11,496	70,054
 Net assets				
Net assets - beginning of year	<u>42</u>	<u>369,742</u>	<u>853,158</u>	<u>1,222,942</u>
Net assets - end of year	<u>\$ 1,392</u>	<u>\$ 426,950</u>	<u>\$ 864,654</u>	<u>\$ 1,292,996</u>

See accompanying notes to financial statements

TERRA COLLEGE FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in net assets	\$ 64,069	\$ 70,054
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized/Unrealized (gain)/loss on investments	(79,370)	(39,620)
Contributions restricted for long-term purposes	(46,432)	(11,496)
Changes in operating assets and liabilities		
Accounts receivable	(1,217)	69,830
Contributions receivable	12,006	15,520
Accounts payable	<u>24,939</u>	<u>(68,527)</u>
Net cash from operating activities	<u>(26,005)</u>	<u>35,761</u>
 Cash flows from investing activities		
Proceeds from sale of long-term investments	1,396,805	470,537
Purchase of long-term investments	<u>(1,436,268)</u>	<u>(493,231)</u>
Net cash from investing activities	<u>(39,463)</u>	<u>(22,694)</u>
 Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	<u>46,432</u>	<u>11,496</u>
Net cash from financing activities	<u>46,432</u>	<u>11,496</u>
 Net change in cash	(19,036)	24,563
 Cash and cash equivalents, beginning of period	<u>346,657</u>	<u>322,094</u>
 Cash and cash equivalents, end of period	<u>\$ 327,621</u>	<u>\$ 346,657</u>

See accompanying notes to financial statements

TERRA COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization: Terra College Foundation (the Foundation) is an Ohio not-for-profit corporation and is a component unit of Terra Community College. The Foundation operates exclusively for the benefit of Terra Community College.

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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: For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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.

Donated Services and Facilities: The Foundation has no employees. Substantially all clerical, management and fund raising duties are presently performed by employees of Terra Community College, utilizing equipment and facilities of Terra Community College. The value of services provided, in the amount of \$84,910 and \$105,177 for the years ended June 30, 2007 and 2006 has been recognized in the statement of activities as required by SFAS No. 116.

Investments: Investments are valued at fair value, which is generally determined by use of published market quotations. Realized gains or losses from sale or redemption of investments are based on the cost of the specific investment sold or redeemed. Purchases and sales of investments are reflected on a trade-date basis.

Income Tax Status: The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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TERRA COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 - SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Concentration of Credit Risk: The Federal Deposit Insurance Corporation insures financial institution depositors up to \$100,000. The Foundation maintains deposits exceeding \$100,000 in a financial institution.

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - NET ASSETS

Unrestricted net assets represent funds that can be used by the Foundation for any purpose authorized by the Foundation's Board of Trustees.

Temporarily restricted net assets are contributions and investment earnings that have been designated by the donor for a specific purpose, but have not yet been spent. At June 30, 2007 and 2006, temporarily restricted net assets were designated for scholarships and support of College programs.

Permanently restricted net assets are restricted to investment in perpetuity as endowment funds. The endowment funds represent contributions for which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income (or portions thereof) of the funds be expended as the donor has specified, principally for scholarships and support of College programs.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose, collecting payment on unconditional promises to give or by occurrence of other events specified by donors. Release of restrictions represents primarily amounts for capital purchases and other operational items and scholarships.

NOTE 3 - INVESTMENTS

The fair value of investments held by the Foundation at June 30, 2007 and 2006 is summarized as follows:

	<u>2007</u>	<u>2006</u>
Money market funds	\$ 64,673	\$ 40,249
Debt securities	130,133	148,038
Equity securities	<u>714,860</u>	<u>602,545</u>
Total	<u>\$ 909,666</u>	<u>\$ 790,832</u>

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TERRA COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 3 - INVESTMENTS (Continued)

Investment income for the years ended June 30, 2007 and 2006 is comprised of the following:

	<u>2007</u>	<u>2006</u>
Dividends and interest	\$ 53,271	\$ 33,943
Net realized and unrealized gains/(losses)	<u>79,370</u>	<u>39,620</u>
Total	<u>\$ 132,641</u>	<u>\$ 73,563</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2007 and 2006 are promises to give from various donors that are unconditional and are summarized as follows:

	<u>2007</u>	<u>2006</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 29,510	\$ 26,170
One year to five years	68,005	87,480
Over five years	<u>4,000</u>	<u>5,000</u>
	101,515	119,190
Less:		
Unamortized discount and allowance for doubtful pledges	<u>10,849</u>	<u>16,518</u>
	<u>\$ 90,666</u>	<u>\$ 102,672</u>

NOTE 5 - SUPPORT TO TERRA COMMUNITY COLLEGE

During the years ended June 30, 2007 and 2006, the Foundation made contributions of approximately \$137,000 and \$66,500 to or on behalf of the College for both restricted and unrestricted purposes.



Crowe Chizek and Company LLC
Member Horwath International

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 Trustees
Terra College Foundation
Fremont, Ohio

We have audited the financial statements of Terra College Foundation as of and for the year ended June 30, 2007, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

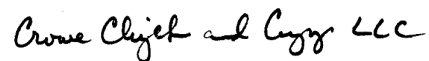
We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted certain matters that we reported to management of Terra College Foundation in a separate letter dated October 15, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Terra College 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*.

We noted certain matters that we reported to management of Terra College Foundation in a separate letter dated October 15, 2007.

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



Crowe Chizek and Company LLC

Columbus, Ohio
October 15, 2007



Mary Taylor, CPA
Auditor of State

TERRA COLLEGE FOUNDATION

SANDUSKY 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 4, 2007**